




Christian Health Care Center (dba Christian Health) and Affiliates

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2023 and 2022



Christian Health Care Center (dba Christian Health) and Affiliates
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December 31, 2023 and 2022

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Independent Auditor's Report

Board of Trustees
Christian Health Care Center (dba Christian Health) and Affiliates
Wyckoff, New Jersey

Opinion

We have audited the consolidated financial statements of Christian Health Care Center (dba Christian Health) and Affiliates (collectively, the Company), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023, and the consolidated results of its operations, changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Year Audited by Other Auditors

The 2022 consolidated financial statements, before they were revised for the matters discussed in Note 18, were audited by other auditors, and their report thereon, dated June 30, 2023, expressed an unmodified opinion. Our opinion is not modified with respect to these matters.

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 Company's ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 Company'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 Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents is 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 audit 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.

Forvis Mazars, LLP

**New York, New York
July 1, 2024**

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 21,252,538	\$ 16,973,480
Short-term investments	13,831,601	4,322,204
Assets limited as to use, current portion	4,273,462	8,272,154
Accounts receivable, net	10,087,195	8,526,175
Prepaid expenses and other current assets	<u>8,255,074</u>	<u>10,602,432</u>
Total current assets	<u>57,699,870</u>	<u>48,696,445</u>
Long-Term Assets		
Assets limited as to use	13,849,435	22,588,011
Other assets, net	9,424,231	9,115,929
Intangible assets, net	1,074,991	1,193,107
Right of use assets - Operating Lease	1,460,055	1,466,500
Property, plant, and equipment, net	<u>200,127,968</u>	<u>192,667,574</u>
Total long-term assets	<u>225,936,680</u>	<u>227,031,121</u>
Total assets	<u>\$ 283,636,550</u>	<u>\$ 275,727,566</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of long-term debt	\$ 2,812,601	\$ 13,489,601
Accounts payable and accrued expenses	5,981,658	7,530,346
Accrued payroll	3,377,555	3,393,589
Accrued interest	2,052,201	2,031,959
Deferred revenue	1,812,462	1,501,147
Operating lease liabilities	43,364	43,555
Due to third parties	<u>1,411,316</u>	<u>885,414</u>
Total current liabilities	<u>17,491,157</u>	<u>28,875,611</u>
Long-Term Liabilities		
Benefits payable	1,163,105	1,170,572
Other liabilities	12,964,925	11,364,191
Refundable fee obligations	33,800,685	28,270,846
Deferred revenue	48,348,697	41,439,400
Operating lease liabilities	1,416,691	1,422,945
Long-term debt, less current portion	<u>118,609,483</u>	<u>113,892,122</u>
Total long-term liabilities	<u>216,303,586</u>	<u>197,560,076</u>
Total liabilities	<u>233,794,743</u>	<u>226,435,687</u>
Net Assets		
Without donor restrictions	48,447,228	47,953,406
With donor restrictions	<u>1,394,579</u>	<u>1,338,473</u>
Total net assets	<u>49,841,807</u>	<u>49,291,879</u>
Total liabilities and net assets	<u>\$ 283,636,550</u>	<u>\$ 275,727,566</u>

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidated Statements of Operations
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Net patient service revenue	\$ 86,067,748	\$ 77,044,627
Rents	3,316,155	5,294,682
Service fee revenue	9,435,205	7,181,979
Amortization of life care and service fees	4,670,642	3,520,649
Other revenue	5,167,218	5,574,114
Net assets released from restrictions	-	1,500,000
	<u>108,656,968</u>	<u>100,116,051</u>
Expenses		
Salaries and wages	56,021,323	51,290,127
Employee benefits	13,238,589	11,013,362
Supplies and other	26,016,046	23,920,343
Interest and amortization	5,623,450	6,111,982
Amortization of intangible asset	118,116	224,974
Depreciation	9,614,014	9,458,410
	<u>110,631,538</u>	<u>102,019,198</u>
Operating Loss	<u>(1,974,570)</u>	<u>(1,903,147)</u>
Nonoperating		
Investment return	1,869,696	(1,222,177)
Gifts, contributions, and special events (net of direct costs of \$116,653 and \$128,125 for 2023 and 2022, respectively without donor restrictions)	1,941,835	1,413,621
Change in equity method investment	-	100
Fundraising expenses	(71,200)	-
Change in fair value of derivative instrument	(2,126,115)	3,013,599
Inherent contribution of net assets without donor restrictions received in the acquisition of Home Care Options	-	2,671,919
	<u>1,614,216</u>	<u>5,877,062</u>
Excess (Deficiency) of Revenues over Expenses	(360,354)	3,973,915
Grant proceeds for capital expenditures and other	413,904	165,730
Change in pension liability to be recognized in future periods	440,272	1,915,095
	<u>493,822</u>	<u>6,054,740</u>
Change in Net Assets Without Donor Restrictions	<u>493,822</u>	<u>6,054,740</u>
Changes in Net Assets With Donor Restrictions		
Change in beneficial interest in remainder trust	56,106	(256,808)
Net assets released from restrictions	-	(1,500,000)
Change in Net Assets With Donor Restrictions	56,106	(1,756,808)
Change in Net Assets	549,928	4,297,932
Net Assets, Beginning of Year	<u>49,291,879</u>	<u>44,993,947</u>
Net Assets, End of Year	<u>\$ 49,841,807</u>	<u>\$ 49,291,879</u>

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2023 and 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total Net Assets
		Purpose and Time Restrictions	Permanent Endowment	Total	
Balance at December 31, 2021, as previously reported	\$ 42,765,966	\$ 1,500,000	\$ 727,981	\$ 2,227,981	\$ 44,993,947
Revision (Note 18)	(867,300)	867,300	-	867,300	-
Balance at December 31, 2021, as revised	41,898,666	2,367,300	727,981	3,095,281	44,993,947
Excess of revenue over expenses	3,973,915	-	-	-	3,973,915
Other Changes in Net Assets					
Grant proceeds for capital expenditures and other	165,730	-	-	-	165,730
Change in pension liability to be recognized in future periods	1,915,095	-	-	-	1,915,095
Net assets released from restrictions	-	(1,500,000)	-	(1,500,000)	(1,500,000)
Change in beneficial interest in remainder trust	-	(256,808)	-	(256,808)	(256,808)
Change in net assets	6,054,740	(1,756,808)	-	(1,756,808)	4,297,932
Balance at December 31, 2022	47,953,406	610,492	727,981	1,338,473	49,291,879
Excess of revenue over expenses	(360,354)	-	-	-	(360,354)
Other Changes in Net Assets					
Grant proceeds for capital expenditures and other	413,904	-	-	-	413,904
Change in pension liability to be recognized in future periods	440,272	-	-	-	440,272
Change in beneficial interest in remainder trust	-	56,106	-	56,106	56,106
Change in net assets	493,822	56,106	-	56,106	549,928
Balance at December 31, 2023	\$ 48,447,228	\$ 666,598	\$ 727,981	\$ 1,394,579	\$ 49,841,807

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Activities		
Change in net assets	\$ 549,928	\$ 4,297,932
Items not requiring (providing) operating cash flows		
Depreciation	9,614,015	9,458,410
Amortization of deferred financing costs	271,620	203,365
Amortization of intangible assets	118,116	224,974
Net realized and unrealized (gains) losses on investments	(1,639,806)	1,254,951
Change in fair value derivative instrument	2,126,115	(3,013,599)
Change in pension liability to be recognized in future periods	(440,272)	(1,915,095)
Cash received for nonrefundable advance fees	11,455,432	18,788,275
Amortization of advance fees	(5,038,016)	(3,520,649)
Inherent contribution received in the acquisition of Home Care Options	-	(2,671,919)
Contributions for acquisition of property and equipment	(418,836)	(165,730)
Changes in		
Accounts receivable, net	(1,561,020)	(1,789,110)
Prepaid expenses and other current assets	2,347,358	(5,530,193)
Other assets	(2,033,373)	1,853,130
Accounts payable and accrued expenses, accrued payroll, and accrued interest	(1,559,997)	(365,947)
Benefits payable, pension obligation, and other liabilities	2,033,539	(4,206,580)
Due to third parties	525,902	885,414
Deferred revenue	311,315	1,501,147
	<u>16,662,020</u>	<u>15,288,776</u>
Investing Activities		
Purchases of property, plant, and equipment	(17,058,442)	(16,685,012)
Purchases of short-term investments and assets limited as to use	(9,684,798)	(8,285,967)
Proceeds from disposition of short-term investments and assets limited as to use	4,987,806	1,746,269
Payment to Holland Christian Home	(300,000)	-
Cash received in acquisition of Home Care Options	-	1,293,194
	<u>(22,055,434)</u>	<u>(21,931,516)</u>
Financing Activities		
Proceeds from issuance of long-term debt	20,847,531	10,385,285
Re-payment of long-term debt	(26,647,751)	(30,631,784)
Refundable entrance fee deposits	7,185,831	12,436,658
Refundable entrance fee refunds	(1,164,111)	(2,566,674)
Payment on deferred financing costs	(532,083)	-
Proceeds from contribution for acquisition of property and equipment	418,386	165,730
	<u>107,803</u>	<u>(10,210,785)</u>

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

(Continued)

	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	\$ (5,285,611)	\$ (16,853,525)
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Year	<u>34,350,456</u>	<u>51,203,981</u>
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Year	<u>\$ 29,064,845</u>	<u>\$ 34,350,456</u>
Reconciliation of Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	\$ 21,252,538	\$ 16,973,480
Restricted cash in assets limited as to use	<u>7,812,307</u>	<u>17,376,976</u>
	<u>\$ 29,064,845</u>	<u>\$ 34,350,456</u>
Supplemental Cash Flows Information		
Cash paid during the year for interest	\$ 6,014,973	\$ 5,773,358
Property and equipment in accounts payable	485,275	500,792

Christian Health Care Center (dba Christian Health) and Affiliates
Notes to Consolidated Financial Statements
December 31, 2023 and 2022

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Organization

Individuals associated with churches from the Reformed tradition founded Christian Health Care Center (dba Christian Health) in 1911. Christian Health and its affiliates (collectively, the Company) provide senior life, short-term rehabilitation, and mental health services from a campus in Wyckoff and Hawthorne, New Jersey and on two additional campuses in Wayne, New Jersey. Programs on the Company's 78-acre Wyckoff/Hawthorne campus consist of a 254-skilled bed nursing facility (Heritage Manor), a 44-bed specialized long-term care behavior management facility (Southgate), a 95-bed assisted living residence (Longview), a 39-bed congregate residence (Hillcrest), a 40-unit senior residential housing program (Evergreen Court), a continuing care retirement community (The Vista) with 161 independent living units, a 58-bed mental health facility (Ramapo Ridge), and two mental health outpatient programs. Programs on the two campuses in Wayne provide 250 units, CHCC of Wayne, LLC (dba Siena Village), and 164 units, Summer Hill of Wayne, LP (dba Summer Hill), of senior residential housing.

The accompanying consolidated financial statements include the consolidated financial position and operating results of Christian Health, the Christian Health Care Center Foundation, Inc. dba Christian Health Foundation (the Foundation), CHCC CCRC, Inc. dba The Vista, Siena Village, Summer Hill, Visiting Homemaker Services of Passaic County, Inc. dba Home Care Options (Home Care Options), and CH of Summer Hill Managing Member LLC (Managing Member). The Foundation was established to assist Christian Health in the furtherance of its charitable mission. Christian Health is the sole member of the Foundation, The Vista, Siena Village, Summer Hill, Home Care Options and Managing Member.

Effective August 3, 2022, Christian Health acquired and became the sole member of Home Care Options, a New Jersey not-for-profit corporation established in 1954 to offer assistance with problems caused by illness or social and environmental stress by providing a variety of in-home services in northern New Jersey. These services include, but are not limited to, certified home health aides' services, bath services, respite care, registered nurse home care, needs assessment, and supervision. Christian Health accounted for this business combination by applying the acquisition method and, accordingly, the inherent contribution received was valued as the excess of the fair value of Home Care Options' assets over liabilities as of August 3, 2022. In 2022, Christian Health recorded an inherent contribution of approximately \$2,672,000 in relation to assets acquired of approximately \$2,827,000 (primarily cash, receivables, and other assets) and liabilities assumed of approximately \$155,000 (primarily accrued expenses). The accompanying consolidated financial statements include the consolidated financial position at December 31, 2022 and operating results for the period August 3, 2022 to December 31, 2022 for Home Care Options.

On December 30, 2022, Christian Health closed on a transaction with National Equity Fund (NEF) to renovate the Summer Hill apartments. As part of this transaction, a new ownership structure was established whereby the property (totaling approximately \$11,422,000) and certain related assets and liabilities were sold from Summer Hill of Wayne, LP to a newly created entity, Summer Hill of Wayne II, LLC (Summer Hill II), for \$14,000,000. As part of the transaction, Summer Hill II received \$2,500,000 of equity from NEF and a \$20,100,000 construction loan commitment. In consideration of the transaction, Summer Hill II issued a note payable of \$5,000,000 bearing interest at 5% to Summer Hill, which is recorded at \$2,700,000 net of a reserve of \$2,300,000 as a long-term receivable for Summer Hill, included in other assets in the Company's consolidated financial statements, for payments to be received from NEF in the future for developer fees. As part of the transaction, all of the outstanding debt for Summer Hill (approximately \$9,203,000) was repaid. The members of Summer Hill II are NEF, which owns 99.99% and a newly created entity, Managing Member, a subsidiary of Christian Health, which serves as the managing member of Summer Hill II and owns 0.01%. NEF holds the controlling interest in Summer Hill II. Managing Member has recorded its equity

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method investment in Summer Hill II of \$100 within other assets in the Company's consolidated financial statements. In 2022, intangible assets previously recorded by Summer Hill with a net carrying value of approximately \$1,407,000 were written off.

In 2023, Christian Health initiated a joint venture with Valley Hospital to construct a 46-bed skilled nursing facility. The project costs are to be allocated between Christian Health and Valley Hospital at 60% and 40%, respectively. As of December 31, 2023, the agreement has not been finalized.

In 2023 and 2022, Christian Health entered into agreements to become the sole member of two not-for-profit entities. These agreements are currently awaiting governmental approval.

All significant intercompany and inter-entity balances and transactions have been eliminated in the accompanying consolidated financial statements.

Coronavirus Disease 2019 Pandemic and CARES Act Funding

In 2023 and 2022, the Company has applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund. The Company received reimbursement payment advances and recognized approximately \$1,494,000 and \$2,554,000 as other revenue (for reimbursement of operating costs) in 2023 and 2022, respectively. The FEMA funds are subject to examination and audit.

Under the CARES Act, the Company is eligible to receive an employee retention credit (ERC) against the employer portion of Social Security taxes for certain wages. The ERC was designed to encourage employers to retain employees during the COVID-19 pandemic. The Company had determined it was eligible for ERC for the period of March 13, 2020 to September 30, 2021, as extended through further legislation. The Company submitted amended Forms 941-X for calendar year 2020 and 2021 to claim the ERC. The Company recognized \$1,275,000 and \$725,000 as other revenue for ERC in 2023 and 2022, respectively. The ERC funds are subject to examination and audit.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Company considers all highly liquid financial instruments with a maturity of three months or less when purchased to be cash equivalents, except for amounts included in short-term investments. Amounts within restricted cash include cash and cash equivalents held within assets whose use is limited and represent funds set aside within the investment portfolio based on management's policy or contractual arrangements. Management believes that the institutions are viable entities and minimal risk of loss exists.

Receivables for Patient Care

The Company's patient accounts receivables are stated at the estimated net realizable amounts from payors, net of implicit price concessions, which are generally less than the established billing rates. These established billing rates produce payments under cost reimbursement methodologies, prospective payment formulas, or negotiated rates which cover the majority of the Company's patient services.

Christian Health Care Center (dba Christian Health) and Affiliates
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The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

The Company determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies, and historical experience by payor groups. The Company determines its estimate of implicit price concessions based on its historical collection experience by classes of patients.

Investments and Investment Income

Investments in marketable securities are reported at fair value in the accompanying consolidated statements of financial position. The fair value of marketable investments is determined by reference to quoted market prices. The Company's interest in a hedge fund limited partnership is reported based on the fund's net asset value derived from the application of the equity method of accounting. The Company's risk with respect to the hedge fund's investment activities, which may include securities lending, short sales, and trading in futures or other derivative products, is limited to the Company's capital balance with the fund. Donated investments are recorded at their fair value at the date of gift. All investments are classified as trading securities.

Investment income (including realized gains and losses on investments, interest, and dividends) and net change in unrealized gains and losses are included in the excess (deficiency) of revenue over expenses unless the income is restricted by donor or law. Investment income related to assets held by trustees under debt financing arrangements is included in loss from operations.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under debt financing agreements, escrow deposits, and assets designated for a deferred employee compensation plan and assets designated for specific purposes by the Board or donors.

Contributions

Contributions are provided to the Company either with or without restrictions placed on the gift by the donor. Revenue and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Company overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value

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Nature of the Gift	Value Recognized
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations as net assets released from restrictions.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are reported as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Company meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Deferred Financing Costs

Deferred financing costs represent costs incurred to obtain financing and are amortized over the term of the related debt using the effective interest method.

Intangible Assets

Definite-lived intangible assets of the Company represent the estimated fair value of leases acquired through the Siena Village business combination. Amortization is calculated using the straight-line method over the estimated useful lives of the intangible assets as defined below.

Land lease	40 years
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The Company reviews the carrying value of its definite-lived intangible assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If these future undiscounted cash flows are less than the carrying value of the asset, then the carrying amount of the asset is written down to its fair value, based on the related estimated discounted future cash flows. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the intangible assets are used and the effects of obsolescence, demand, competition, and other economic factors.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, except for donated property, plant, and equipment, which are recorded at fair value at the date of donation. Annual provisions for depreciation of property, plant, and equipment are computed using the straight-line method over the estimated useful lives of the assets (ranging from 3 to 40 years).

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Notes to Consolidated Financial Statements
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Long-Lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Insurance Liabilities

The Company maintains claims-made professional and general liability and worker's compensation coverage through a commercial insurance carrier. The Company recorded an estimated insurance recovery receivable and an insurance claim liability related to workers' compensation, professional and general liabilities of approximately \$2,262,500 and \$1,897,000 at December 31, 2023 and 2022, respectively, which are included in other assets, net and other liabilities in the accompanying consolidated financial statements.

The Company has a self-insured employee health insurance plan and maintains stop-loss coverage with an insurance company for claims in excess of \$200,000 for the years ended December 31, 2023 and 2022. At December 31, 2023 and 2022, the Company has recorded reserves for incurred but not reported medical claims of \$625,000 and \$500,000, which are included in other liabilities within the accompanying consolidated statements of financial position.

Refundable Fee Obligations

Residents of The Vista are required to pay an advanced fee to obtain a non-transferable right to lifetime occupancy at the Company's independent living, assisted living, or nursing facilities. Current residents have selected one of two continuing care contract plans: Life Care or Non-Life Care. Each plan offers a 90%, 50%, and traditional, refundable options, as defined.

Refundable advance fees to which The Vista does not expect to be entitled are recorded as a refundable fee obligation upon receipt. Refunds are reduced by sums owed by the resident to The Vista, including repayment of subsidies provided to the resident and the cost of refurbishing the resident's independent living unit.

Under the 90% and 50% refundable options, 10% and 50%, respectively, of the advance fees are refundable to the resident on a declining balance basis amortized at 2% per month after residency in independent living is established, or 4% per month for residency in a nursing facility, after which they are non-refundable. Non-refundable fees are recorded as deferred revenue upon receipt and amortized to income as performance obligations are satisfied using the straight-line method over the estimated remaining life expectancy of the resident, adjusted annually.

The Company has an obligation to provide future services and use of facilities to current residents. Future cash flows, discounted at 5% annually, are projected to exceed these costs, and thus no liability for future service obligations is recorded.

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The Vista is regulated by the New Jersey Department of Community Affairs pursuant to the *Continuing Care Retirement Community Regulation and Financial Disclosure Act* (the Act). The Act requires, among other things, that The Vista establish and maintain liquid reserves which generally are equal to the greater of 15% of the projected annual operating expenses (excluding depreciation) or the principal and interest due in the next 12 months on bonds issued to finance the construction of The Vista (see Note 9(A)). The Vista believes it has complied with that requirement at December 31, 2023 and 2022.

Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board designated purposes and resources.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

Net assets with donor restrictions that are permanent endowments have been restricted by donors to be maintained in perpetuity. The Company follows the requirements of the *Uniform Prudent Management of Institutional Funds Act* as it relates to its permanently restricted contributions and endowment net assets, as enacted by the State of New Jersey in 2009.

Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration (reductions to revenue) for retroactive revenue adjustments due to settlement of ongoing and future audits, reviews, and investigations.

The Company uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing revenue on an individual contract basis. Based on historical collection trends and other analyses, the Company believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

The Company's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to the patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, and other reductions to the Company's standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for the services rendered. The estimates for contractual allowances and discounts are based on contractual agreements, the Company's discount policies, and historical experience. For uninsured and under-insured patients who do not qualify for charity care, the Company determines the transaction price associated with services on the basis of charges reduced by implicit price concessions. Implicit price concessions included in the estimate of the transaction price are based on the Company's contractual agreements historical collection experience for applicable patient portfolios. Under the Company's charity care policy, a patient who has no insurance or is under-insured and is ineligible for any government assistance program has his or her bill reduced to the discounted rates under the Company's self-pay patient policy. Patients who meet the Company's criteria for free care are provided care without charge; such amounts are not reported as revenue.

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Generally, the Company bills patients and third-party payors several days after the services are performed and/or the patient is discharged. Net patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Company. Net patient service revenue for performance obligations satisfied over time is recognized based on estimated expected payment at that point in time. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving services through the term of their stay.

From time to time, the Company will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenue and are recorded as liabilities until they are refunded. As of December 31, 2023 and 2022, the Company has a liability for refunds to third-party payors and patients recorded of \$1,411,316 and \$885,414, respectively.

Revenue from contracts with customers for the years ended December 31, 2023 and 2022, by payor, is as follows:

	<u>2023</u>	<u>2022</u>
Commercial insurance and managed care organizations	\$ 14,832,076	\$ 12,819,564
Medicaid and Medicaid managed care	19,056,010	19,149,637
Medicare	31,175,418	26,214,386
Self-pay and other	21,004,244	18,861,040
Rents	3,316,155	5,294,682
Service fee revenue	9,435,205	7,181,979
Amortization of life care and service fees	4,670,642	3,520,649
	<u>\$ 103,489,750</u>	<u>\$ 93,041,937</u>

The following table provides information about the Company's receivables from contracts with customers:

	<u>2023</u>	<u>2022</u>
Accounts receivable, beginning of year	\$ 8,526,175	\$ 6,359,812
Accounts receivable, end of year	10,087,195	8,526,175

Deductibles, copayments and coinsurance under third-party payment programs which are the patient's responsibility are included within the third-party payor amounts above.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended December 31, 2023 and 2022, changes in the Company's estimates of implicit price concessions, discounts, contractual adjustments, or other reductions to expected payments for performance obligations satisfied in prior periods were not significant. Portfolio collection estimates are updated quarterly based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis when applicable) are recorded as credit loss expense.

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The Company does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Company does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Service Fee Revenue

Service fee revenue is reported at amounts that reflect the consideration the Company expects to receive in exchange for continuing care retirement community services provided. These amounts are due from residents or third-party payors and include provisions for variable consideration. Service fee revenue is recognized as performance obligations are satisfied.

The Company has determined that the services included under the residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. The Company recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers*, for its residency agreements for which it has estimated that the non-lease components of such residency agreements are the predominant component of the contract.

Performance Indicator

The consolidated statements of operations include excess (deficiency) of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from the performance indicator include grant proceeds for capital expenditures and change in pension liability to be recognized in future periods and net change in interest in Foundation assets. Transactions deemed by management to be ongoing and central to the provision of the Company's services are reported as revenue and expenses from operations.

Tax Status

Christian Health, the Foundation, The Vista and Home Care Options are not-for-profit corporations, as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The entities are also exempt from state and local income taxes. Siena Village, Summer Hill and Managing Member are disregarded for tax purposes. Disregarded entity status provides that the Company is subject to unrelated business income taxation on Siena Village and Summer Hill income derived from activities not specific to the Company. Provisions for income tax are not material to the consolidated financial statements.

Guarantees

The Company guarantees certain loans payable held by unconsolidated affiliates. Effective November 2, 2023, the Company guarantees the loan for Holland Christian Home limited to 50% of the outstanding indebtedness during the initial 12 months of the \$8,400,000 loan and unlimited in connection with the outstanding indebtedness after the 1st day of the 13th month through the maturity date of the \$8,400,000. The fair value is estimated based on fees charged by third parties for comparable guarantees. The initial liability is being amortized on a straight-line basis over the term of the underlying loans.

At December 31, 2023, the total outstanding balances on guaranteed loans were approximately \$5,743,000.

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Contract Liability

Amounts received related to services that have not yet been provided to customers are contract liabilities. Contract liabilities consist of payments made by customers or third-party payors for services not yet performed.

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 42,940,547	\$ 28,515,108
Effects of		
Revenue recognized that was included in the contract liability balance at the beginning of the period	(4,546,135)	(3,484,649)
Increase due to cash received, excluding amounts recognized as revenue during the period	<u>11,766,747</u>	<u>17,910,088</u>
Balance, end of year	<u>\$ 50,161,159</u>	<u>\$ 42,940,547</u>

Note 2. Grant Reimbursements Receivable and Future Commitments

The Company receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Company are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2023, have been recorded as receivables. The grant commitments will be recognized into revenue as allowable expenses are incurred or milestones are achieved. Following are the grant commitments that extend beyond December 31, 2023:

<u>Grant</u>	<u>Term</u>	<u>Grant Amount</u>	<u>Through 2023</u>	<u>Funding Available</u>
New Jersey Office of Homeland Security and Preparedness	Feb 2023 - Feb 2024	\$ 150,000	\$ 75,000	\$ 75,000
Passaic County Community Development Block Grant	Jan 2023 - Sept 2024	<u>15,000</u>	<u>4,483</u>	<u>10,517</u>
		<u>\$ 165,000</u>	<u>\$ 79,483</u>	<u>\$ 85,517</u>

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Note 3. Availability and Liquidity of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 21,252,538	\$ 16,973,480
Short-term investments	13,831,601	4,322,204
Assets limited as to use, current portion	4,273,462	8,272,154
Accounts receivable, net	10,087,195	8,526,175
Other receivables and other assets	<u>8,255,074</u>	<u>10,602,432</u>
	57,699,870	48,696,445
Less board designated net assets	<u>(4,273,462)</u>	<u>(3,772,153)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 53,426,408</u>	<u>\$ 44,924,292</u>

The Company has certain board-designated assets limited as to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been excluded in the quantitative information above for financial assets to meet general expenditures within one year.

As part of the Company's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Company invests cash in excess of daily requirements in short-term investments and money market funds.

Note 4. Charity Care

The Company maintains records to identify and monitor the level of charity care it provides. These records include total charges forgone for services and supplies furnished under its charity care policy. As the collection of amounts determined to qualify as charity care is not pursued, such services are not reported as patient revenue. The cost of charity care is derived from both estimated and actual data. The estimated cost of charity care includes the direct and indirect cost of providing such services and is estimated utilizing the Company's ratio of cost to gross charges, which is then multiplied by the gross uncompensated charges associated with providing care to charity patients.

In addition, the Company provides several other charitable programs and activities, such as educational and health monitoring programs, that are primarily offered for the benefit of the local communities that the Company serves. In accordance with its mission, the Company commits substantial resources to sponsor a broad range of services to both the indigent and the broader community. Community benefits provided to the indigent include the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care, unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs, services such as free clinics and meal programs for which a patient is not billed or for which a

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nominal fee has been assessed, and cash and in-kind donations of equipment, supplies, or staff time volunteered on behalf of the community.

Community benefits provided to the broader community include the costs of providing services to other populations who may not qualify as indigent but need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis, unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions, and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

A summary of the estimated cost of community benefits provided to both the indigent and the broader community follows:

	<u>2023</u>	<u>2022</u>
Community benefits provided to the indigent		
Charity care provided	\$ 891,000	\$ 857,300
Unpaid cost of public programs, Medicaid, and other indigent care programs	8,311,300	8,630,800
Community benefits provided to the broader community		
Non-billed services for the community	<u>94,100</u>	<u>92,500</u>
Balance, end of year	<u>\$ 9,296,400</u>	<u>\$ 9,580,600</u>

Note 5. Short-Term Investments and Assets Limited as to Use

Assets Limited as to Use

Assets limited as to use at December 31, 2023 and 2022 include:

	<u>2023</u>	<u>2022</u>
Restricted cash	\$ 7,812,307	\$ 17,376,976
Certificates of deposit	727,981	727,981
Equity securities	4,721,109	5,188,754
Bonds	2,542,226	6,320,145
Alternatives	163,609	205,416
Fixed income	<u>2,155,665</u>	<u>1,040,893</u>
	<u>\$ 18,122,897</u>	<u>\$ 30,860,165</u>

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Assets limited as to use, which include restricted cash, equities, and mutual funds, are maintained for the following purposes. Management determines the classification of current versus long-term based on the intended use of the assets within the upcoming year:

	<u>2023</u>	<u>2022</u>
Under debt financing arrangements	\$ 8,294,189	\$ 21,888,186
Escrow deposits	1,887,265	1,717,845
Board designated	4,273,462	3,772,153
Permanently restricted by donor	727,981	727,981
Deferred employee compensation plan	<u>2,940,000</u>	<u>2,754,000</u>
Total assets limited as to use	18,122,897	30,860,165
Less current portion	<u>(4,273,462)</u>	<u>(8,272,154)</u>
Assets limited as to use, less current portion	<u>\$ 13,849,435</u>	<u>\$ 22,588,011</u>

Short-Term Investments

Short-term investments at December 31, 2023 and 2022 include:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 7,033,926	\$ 111,747
Certificates of deposit	322,164	321,684
Equity securities	2,499,258	687,345
Mutual funds	2,588,244	2,214,829
Fixed income	878,330	-
Limited partnership	509,679	556,202
Alternative investment - hedge fund (equity method)	<u>-</u>	<u>430,397</u>
	<u>\$ 13,831,601</u>	<u>\$ 4,322,204</u>

Investment return, excluding return derived from assets held by trustees under debt financing arrangements, is as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income - other holdings	\$ 229,890	\$ 283,633
Net realized gains and losses	908,974	(507,667)
Net change in unrealized gains and losses	<u>730,832</u>	<u>(998,143)</u>
	<u>\$ 1,869,696</u>	<u>\$ (1,222,177)</u>

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Note 6. Property and Equipment

Property and equipment at December 31, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 5,965,269	\$ 5,194,848
Building and improvements	225,899,127	211,439,902
Major movable equipment	18,751,601	17,643,995
Fixed and other equipment	42,861,474	37,860,516
Transportation vehicles	<u>3,183,261</u>	<u>3,107,923</u>
Total fixed assets	296,660,732	275,247,184
Less accumulated depreciation	<u>(107,675,259)</u>	<u>(98,061,243)</u>
	188,985,473	177,185,941
Construction in progress	<u>11,142,495</u>	<u>15,481,633</u>
Net	<u>\$ 200,127,968</u>	<u>\$ 192,667,574</u>

Substantially all property, plant, and equipment have been collateralized under debt agreements.

The Company capitalized interest of approximately \$475,600 and \$324,000 during 2023 and 2022, respectively, related to construction projects.

Note 7. Leases

Accounting Policies

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Center combines lease and nonlease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings and employee vehicles.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined either by using a period comparable with the lease term, or estimated as the 30 year risk-free rate as the longest term available, which is estimated by the Company to be not materially different from a rate for a 75 year lease.

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Lease expense is generally recognized on a straight-line basis over the lease term.

Nature of Leases

The Company has entered into the following lease arrangements:

Operating Leases

The Company leases land for 99 years with expiration date of December 31, 2092 and annual payments of \$50,000.

All Leases

The Company has no material related-party leases.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	<u>2023</u>	<u>2022</u>
Lease cost		
Operating lease cost	\$ 50,000	\$ 50,000
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 50,000	\$ 50,000
Weighted-average remaining lease term		
Operating leases	69 years	70 years
Weighted-average discount rate		
Operating leases	2.97%	2.97%

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Future minimum lease payments and reconciliation to the consolidated statement of financial position at December 31, 2023, are as follows:

	Finance Leases
2024	\$ 50,000
2025	50,000
2026	50,000
2027	50,000
2028	50,000
Thereafter	<u>3,200,000</u>
Total future undiscounted lease payments	3,450,000
Less imputed interest	<u>(1,989,945)</u>
Lease liabilities	<u>\$ 1,460,055</u>

Note 8. Benefits Payable

Benefits payable represents amounts due toward death benefit certificates held by subscribers of an unrelated not-for-profit organization that was previously merged into the Company. These certificates entitle the subscribers to receive a death benefit and is calculated based on the dollar value of the certificate that they had purchased. As of December 31, 2023 and 2022, there were 2,175 and 2,189 certificates outstanding, respectively.

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Note 9. Long-Term Debt

Long-term debt consists of the following:

	<u>2023</u>	<u>2022</u>
National Financing Authority (NFA) 2019 Series A Bonds (A)	\$ 62,980,000	\$ 62,980,000
NFA 2019 Series B Bonds (A)	-	10,420,000
New Jersey Health Care Facilities Financing Authority (NJHCFFA)		
Revenue and Refunding Series 1997 B Bonds (B)	2,900,000	3,400,000
NJHCFFA Variable Rate Series 2005 Bond (C)	3,930,000	4,160,000
NJHCFFA Variable Rate Revenue Series 2009 Bonds (D)	5,800,000	6,655,000
NFA 2020 Series A Bonds (E)	14,871,937	15,371,671
NFA 2020 Series B Bonds (E)	12,613,071	13,000,000
NFA Series 2023 Bonds Siena Village (F)	13,428,000	-
New Jersey Economic Development Authority 2015 (F)	-	13,534,616
NFA Series 2023 Bonds (G)	7,419,531	-
Other obligations (H)	11,953	121,224
	<u>123,954,492</u>	<u>129,642,511</u>
Less unamortized deferred financing costs	(2,532,408)	(2,260,788)
Less current portion	<u>(2,812,601)</u>	<u>(13,489,601)</u>
	<u>\$ 118,609,483</u>	<u>\$ 113,892,122</u>

(A) On August 15, 2019 the NFA issued \$119,980,000 of Revenue Bonds on behalf of The Vista (NFA 2019 Bonds). The proceeds for the bonds were used to finance the cost of construction of The Vista, to repay the outstanding balance of pre-construction and preliminary construction financing (discussed further below), to fund a related debt service reserve fund and capitalized interest, and to pay a portion of the costs of issuance of the 2019 Bonds. The NFA 2019 Bonds were issued in three series (Series 2019 A Bonds, Series 2019 B Bonds and Series 2019 C Bonds):

- I. The Series 2019 A Bonds, with an aggregate principal amount of \$62,980,000 (of which all is outstanding) were sold at a premium of approximately \$1,498,000. Repayment of principal will begin in 2026. The bonds mature on July 1, 2039, 2046, and 2054 and bear interest at fixed rates ranging from 5.25% to 5.75%.
- II. The Series 2019 B Bonds, issued through tax-exempt non-qualified bank debt, with an aggregate principal amount of \$31,660,000, had \$10,420,000 outstanding as of December 31, 2022. The bonds matured and were fully repaid on August 14, 2023, which bore interest at a floating rate of 83% of 30-day Securities Industry and Financial Markets Association (SIFMA) plus 3.00%. The interest rate at December 31, 2022 was 5.91%.

The NFA 2019 Bonds are secured by a first security interest in the gross receipts of The Vista, a first mortgage lien on a leasehold interest in the property that The Vista is built upon, and by certain funds and accounts created under the terms of the loan agreement.

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In connection with the NFA 2019 Bonds, Christian Health provided a Liquidity Support Account (LSA) to the Master Trustee, totaling \$5,000,000 that consists of \$2,000,000 in cash and cash equivalents and a \$3,000,000 irrevocable, direct pay letter of credit issued for the benefit of the Master Trustee. The LSA is recorded within Christian Health's assets limited as to use and The Vista's other liabilities and such amounts are eliminated in consolidation.

Christian Health entered into a subordinated note payable in 2017 with The Vista to advance funds to pay for pre-construction costs. The principal and interest on the note payable of \$6,500,000 is payable from available funds after The Vista will achieve stabilized occupancy, which is expected to be in 2025. The note bears interest at a rate of 7.50% per annum and will be due when certain restrictions are met. The subordinated note and the note payable is recorded within Christian Health's other assets and The Vista's other liabilities and such amounts are eliminated in consolidation. Accrued interest of \$2,174,000 has been recorded in Christian Health and The Vista. Such amounts are eliminated in consolidation.

- (B) On January 7, 1998, the New Jersey Health Care Facilities Financing Authority (NJHCFFA) issued \$10,500,000 of Revenue and Refunding Series 1997 B Bonds (Series 1997 B Bonds). The Series 1997 B Bonds carry a variable interest rate with maturities through 2028. The average interest rate during 2023 and 2022, was 3.97% and 1.29%, respectively. The proceeds of the Series 1997 B Bonds were used for the construction of the assisted living facility and are secured by substantially all the assets and gross receipts of Christian Health and the Foundation (collectively, the Obligated Group) and a letter of credit with a bank. The letter of credit is approximately \$4,879,000 and expires January 1, 2026.
- (C) In December 2005, the Obligated Group financed \$6,600,000 through NJHCFFA Variable Rate Series 2005 Bonds for the construction and equipping of a two-story addition to the inpatient mental health facility, the acquisition of property situated adjacent to the Wyckoff/Hawthorne campus, and various other renovations. The Series 2005 Bonds are payable in annual principal installments through July 2035 and at a variable interest rate (not to exceed 12%) that averaged 4.81% and 1.45% during 2023 and 2022, respectively. The bonds are secured by a letter of credit with a bank. The letter of credit is approximately \$4,677,000 and expires January 1, 2026.
- (D) On February 19, 2009, NJHCFFA issued \$14,970,000 of Series 2009 Variable Rate Revenue Bonds (Series 2009 Bonds) on behalf of the Obligated Group. The proceeds were used for the refunding of NJHCFFA Series A Bonds issued in 1997 and renovations to the existing nursing facility. The Series 2009 Bonds are payable in annual principal installments through July 2038 with interest at a variable interest rate (not to exceed 12%). The interest rates as of December 31, 2023 were 3.88% and 1.29%, respectively. The Series 2009 Bonds are secured by a letter of credit with a bank with an available amount of approximately \$9,107,000, which expires January 1, 2026.

The holders of the Series 1997 B Bonds (b), the Series 2005 (c) Bonds, and the Series 2009 Bonds (d), have the right to tender their bonds for purchase on a weekly basis. The reimbursement terms of the letters of credit securing these debt issuances provide that, in the event of a bondholder demand for repayment, the Company would reimburse the letter of credit bank over a long-term period if adequate funds are not available from the remarketing of the bonds.

- (E) On December 15, 2020, the NFA issued two tax-exempt non-qualified revenue bonds in the amount of \$16,300,000 (Series 2020A Bonds) and \$13,000,000 (Series 2020B Bonds) on behalf of the Obligated Group. The Series 2020A Bonds were issued to repay then outstanding capital improvement loans. The Series 2020B Bonds were issued for financing the costs of constructing

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and equipping certain improvements to the nursing home and mental health facilities. During 2023 and 2022, the final draw of approximately \$8,474,000 was drawn to fund construction, respectively. The NFA 2020 Series A and B Bonds have a 25-year term, maturing in 2045, bearing interest at a variable rate of the 90-day SIFMA plus 1.87%, with a rate floor of 2.19%. The interest rate for the Series 2020 A and Series 2020 B Bonds as of December 31, 2023 and 2022 was 5.16% and 5.27%, respectively.

In connection with the issuance of the Series 2020A and 2020B Bonds, the Obligated Group entered into two 10-year derivative instruments (the Swap Agreements). For the Series 2020A Bonds, the swap period is from January 4, 2021 through December 2031. For the Series 2020B Bonds, the swap period is from January 1, 2023 through December 2033.

- (F) In December 2015, Christian Health acquired Siena Village with bond proceeds issued through the New Jersey Economic Development Authority (NJEDA). These NJEDA 2015 Bonds were payable in monthly installments on a 30-year fully amortizing basis through December 2045 and bear interest at 65% of the 30-day SIFMA plus 1.20% with a minimum of 1.63% and a maximum of 2.68%. The interest rate at December 31, 2022 was 1.63%. The NJEDA 2015 Bonds are secured by a first leasehold mortgage on a gross receipts pledge of Siena Village.

On December 14, 2023, the debt issued by NJEDA was refinanced with NFA. The NFA Series 2023 Bonds Siena Village are payable in monthly installments on a 30-year fully amortizing basis through December 2053 and bear interest at a variable rate based on Secured Overnight Financing Rate (SOFR) plus 185 basis points. Siena Village also entered into an interest rate swap agreement, which expires on January 2, 2031 and has an interest rate of 4.4%. The interest rate at December 31, 2023 was 4.44%. The debt is secured by a first leasehold mortgage on a gross receipts pledge of Siena Village.

- (G) On October 27, 2023, the NFA issued tax-exempt non-qualified revenue bonds in the amount of \$20,000,000 (NFA Series 2023 Bonds) on behalf of the Obligated Group and entered into an interest rate swap agreement, which expires on January 1, 2033 and has an interest rate of 5.16%. The Series 2023 Bonds were issued for financing the costs of constructing and equipping certain improvements to the nursing home and mental health facilities. The NFA 2023 Series Bonds have a 30-year term, maturing in 2053, bearing interest at a variable rate based on Secured Overnight Financing Rate (SOFR) plus 85 basis points. The interest rate for the Series 2023 Bonds as of December 31, 2023 was 5.16%.

In connection with the issuance of the Series 2023 Bonds, the Obligated Group entered into a ten-year derivative instrument (the Swap Agreement). For the Series 2023 Bonds, the swap period is from November 2023 through November 2033.

- (H) The Company has entered into various non-interest-bearing loan agreements totaling approximately \$11,000 and \$121,000 at December 31, 2023 and 2022, respectively.

Through the use of derivative financial instruments, the Obligated Group is exposed to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of the derivative contract is positive, the counterparty owes the Obligated Group, which creates credit risk to the Obligated Group. When the fair value of the derivative contract is negative, the Obligated Group owes the counterparty, and there is no credit risk to the Obligated Group at that point in time. The Obligated Group minimizes the credit risk in derivative instruments by entering into transactions that require the counterparty to post collateral for the benefit of the fair value of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The fair

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value of derivative instruments is determined utilizing forward interest rate estimates and present value techniques and is therefore considered a Level 2 financial instrument (as described in Note 12).

The following is a summary of the outstanding fixed payor rate swaps as of December 31, 2023:

<u>Origination Date</u>	<u>Notional Amounts</u>	<u>The Company Receives</u>	<u>The Company Pays</u>	<u>Maturity Date</u>
December 2020 Series A	\$ 14,871,937	79.5% of SOFR +1.67%	2.41%	January 2031
December 2020 Series B	12,613,071	79.5% of SOFR +1.51%	2.50%	January 2033
October 2023 Series	7,419,531	79.5% of SOFR +1.47%	5.16%	November 2033
December 2023 Series B	13,428,000	80% of 1M SOFR + 1.36%	4.44%	January 2031

The Swap Agreements do not qualify for hedge accounting; therefore, the change in the fair value of the Swap Agreements (approximately \$(2,126,000) and \$3,014,000 for the years ended December 31, 2023 and 2022, respectively) is recorded as change in fair value of derivative instrument within the accompanying consolidated statements of operations. The corresponding long-term receivable of approximately \$2,997,000 and \$3,520,000 is recorded within other assets and long term liabilities of approximately \$1,603,000 and \$0 recorded within other liabilities in the consolidated statements of financial position at December 31, 2023 and 2022, respectively.

Under the terms of the various loan documents for its long-term debt, the Obligated Group, Siena Village, Summer Hill and The Vista are required to maintain certain financial ratios and comply with other restrictive financial covenants as described in the respective agreements. Management believes the Obligated Group, Siena Village, Summer Hill, and The Vista were in compliance with the applicable financial covenants at December 31, 2023 and 2022.

Aggregate annual maturities requirements of long-term debt at December 31, 2023 are:

	<u>NFA Series Bonds (A)</u>	<u>Other Bonds (B), (C), (D), (E), (G),</u>	<u>Other Obligations (F)</u>	<u>Total</u>
2024	\$ -	\$ 2,800,648	\$ 11,953	\$ 2,812,601
2025	-	2,327,000	-	2,327,000
2026	860,000	2,363,400	-	3,223,400
2027	905,000	2,418,000	-	3,323,000
2028	955,000	2,758,000	-	3,713,000
Thereafter	60,260,000	48,295,491	-	108,555,491
Total	<u>\$ 62,980,000</u>	<u>\$ 60,962,539</u>	<u>\$ 11,953</u>	123,954,492
Less unamortized debt issuance costs				<u>(2,532,408)</u>
				<u>\$ 121,422,084</u>

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The Obligated Group has a bank line of credit with \$3,000,000 available at December 31, 2023 and 2022. Advances under the line of credit bear an interest rate of 7.75%. The line of credit is secured by substantially all the Obligated Group's assets and gross receipts maturing on December 14, 2024. At December 31, 2023 and 2022, there were no outstanding amounts drawn on the line of credit.

Note 10. Pension Plans

Benefit Plan

The Company has a defined benefit pension plan (the Plan) that was frozen effective December 31, 1999. Benefits ceased to accrue after that date and all participants in the Plan became fully vested in 2005.

The funded status of the Plan as recognized in the Company's consolidated statements of financial position is as follows:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 11,180,803	\$ 15,258,305
Interest cost	579,332	408,593
Expected return on plan assets	289,890	(3,697,988)
Benefit paid	<u>(788,071)</u>	<u>(788,107)</u>
Benefit obligation at end of year	<u>11,261,954</u>	<u>11,180,803</u>
Change in plan assets		
Fair value of plan assets at beginning of year	7,010,294	8,627,931
Actual return on plan assets	925,830	(1,593,271)
Employer contributions	777,636	763,741
Benefits paid	<u>(788,071)</u>	<u>(788,107)</u>
Fair value of plan assets at end of year	<u>7,925,689</u>	<u>7,010,294</u>
Unfunded status of plan	<u>\$ (3,336,265)</u>	<u>\$ (4,170,509)</u>

The funded status of the pension plan is included in pension obligation and other liabilities in the consolidated statements of financial position. The accumulated benefit obligation for the Company's pension plan totaled approximately \$11,261,900 and \$11,180,800 at December 31, 2023 and 2022, respectively.

At December 31, 2023 and 2022, there are approximately \$2,399,000 and \$2,859,000, respectively, of actuarial losses that have not yet been recognized in net periodic pension cost, but have been cumulatively recorded in net assets without donor restrictions. The actuarial gains in 2023 and 2022, primarily relate to changes in discount rate and mortality assumptions used to measure the projected benefit obligation.

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The Company recorded net periodic pension cost as follows:

	<u>2023</u>	<u>2022</u>
Interest cost on the projected benefit obligation	\$ 579,332	\$ 408,593
Expected return on plan assets	(439,725)	(622,423)
Net amortization and deferrals	<u>263,442</u>	<u>432,801</u>
Net periodic pension benefit cost	<u>\$ 403,049</u>	<u>\$ 218,971</u>

The following assumptions were used in determining the benefit obligations and net periodic benefit costs:

	<u>2023</u>	<u>2022</u>
Weighted-average assumptions used to determine benefit obligations at December 31		
Discount rate	5.05%	5.42%
Weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31		
Discount rate	5.42%	2.83%
Expected long-term rate of return on plan assets	6.30%	7.25%

The expected long-term rate of return on plan assets was selected by applying historical yields to the asset allocation of the Plan's portfolio. A 6.30% and 7.25% expected long-term return on plan assets was based on the investment policy and asset allocation in effect as of the beginning of 2023 and 2022, respectively.

The Plan's investment policy is designed to achieve the following long-term investment objectives:

- To maintain or exceed a target funding level of 100% of the Plan's liabilities, defined as the market value of the portfolio assets as a percentage of the accumulated benefit obligation
- To achieve a long-term rate of return as established by management

Recognizing that the pension liabilities are of a long-term nature, the objective is to achieve these goals over a three- to five-year timeframe.

The asset allocation guidelines and permissible ranges by asset category are as follows:

	<u>Guideline Allocation</u>	<u>Permissible Range</u>
Asset category		
Equities	66%	34% to 100%
Debt securities	22%	8% to 74%
Other	12%	Up to 42%

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The Plan's asset allocations by asset category are as follows:

	<u>2023</u>	<u>2022</u>
Equities	64%	70%
Debt securities	26%	21%
Other	10%	9%
	<u>100%</u>	<u>100%</u>

The Plan has received a favorable ruling from the Internal Revenue Service to operate as a church plan. Under church plan status, the Plan is not subject to many of the compliance provisions of the *Employee Retirement Income Security Act of 1974* (ERISA), such as minimum funding levels.

The Company makes contributions to the Plan based on the recommendations of its consulting actuary and subject to available cash resources. The Company expects to contribute \$756,000 to the Plan in 2024. Benefits under the Plan are not covered by the Pension Benefit Guaranty Corporation.

The measurement date used to determine the pension amounts is December 31. The benefit payments under the Plan are expected to be paid as follows:

2024	\$	855,499
2025		880,505
2026		875,556
2027		869,216
2028		871,812
2029 - 2033		4,220,833

Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include cash and cash equivalents, equity securities, and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include fixed income.

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The fair values of the Company's pension plan assets at December 31, 2023 and 2022, by asset class, are as follows:

	2023	
	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Cash equivalents	\$ 437,933	\$ 437,933
Equity securities		
U.S. large cap	1,723,513	1,723,513
U.S. mid cap	866,666	866,666
International developed equity	1,789,656	1,789,656
International emerging equity	665,136	665,136
Mutual funds - fixed income		
Investment grade	2,022,230	2,022,230
Fixed income other	420,555	420,555
Total	\$ 7,925,689	\$ 7,925,689

	2022		
	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 239,694	\$ 239,694	\$ -
Equity securities			
U.S. large cap	1,600,602	1,600,602	-
U.S. mid cap	762,368	762,368	-
U.S. small cap	438,913	438,913	-
International developed equity	1,487,005	1,487,005	-
International emerging equity	549,275	549,275	-
Mutual funds - equity	124,170	124,170	-
Mutual funds - fixed income			
Investment grade	1,141,257	1,141,257	-
Corporate bonds	187,891	187,891	-
Fixed income other	387,297	387,297	-
Fixed income securities	91,822	-	91,822
Total	\$ 7,010,294	\$ 6,678,778	\$ 91,822

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Defined Contribution Plan

Effective January 1, 2000, the Company adopted a defined contribution 401(k) plan (the 401(k) Plan). The 401(k) Plan provides for employer and employee contributions. Employees can make elective contributions to the 401(k) Plan of up to 100% of compensation, which will be contributed by the Employer of the Plan, unless prohibited by applicable deferral limits. Employer contributions to the Plan consist of a regular contribution and a matching contribution. The matching employer contribution is 50% of a Participant's elective deferrals for the plan year as described below:

Less than one year of service	Not eligible for matching employer
One but less than six years	Up to 2% of participant's compensation
Six but less than 15 years	Up to 3% of participant's compensation
Fifteen years or more	Up to 4% of participant's compensation

Pension expense under the 401(k) Plan was approximately \$1,145,000 and \$1,055,000 for the years ended December 31, 2023 and 2022, respectively.

Deferred Employee Compensation Plan

Effective January 1, 2002, the Company adopted a deferred compensation 457(b) plan (the 457(b) Plan). The 457(b) Plan provides for employee contributions and discretionary employer contributions. Employees can make elective contributions to the 457(b) Plan of up to 100% of compensation, unless prohibited by applicable deferral limits. The Company has not made any discretionary contributions to the 457(b) Plan for the years ended December 31, 2023 and 2022. The consolidated statements of financial position as of December 31, 2023 and 2022 include an asset and liability of approximately \$2,940,000 and \$2,754,000, respectively, related to the 457(b) Plan recorded within assets limited as to use and other assets and other liabilities.

Note 11. Net Assets

Net Assets With and Without Donor Restrictions

The Company has internally designated certain net assets without donor restrictions for discretionary employee expenditures, such as employee events and residents' assistance.

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Net assets with and without donor restrictions at December 31, 2023 and 2022 are available for the following purposes and/or time restrictions:

	<u>2023</u>	<u>2022</u>
Net assets with donor restrictions		
Beneficial interest in remainder trust	\$ 666,598	\$ 610,492
Permanently restricted	<u>727,981</u>	<u>727,981</u>
Total net assets without donor restrictions	<u>1,394,579</u>	<u>1,338,473</u>
Net assets without donor restrictions		
General	44,173,766	44,181,253
Employee fund	674,436	429,948
Residents' assistance	<u>3,599,026</u>	<u>3,342,205</u>
Total net assets without donor restrictions	<u>48,447,228</u>	<u>47,953,406</u>
	<u>\$ 49,841,807</u>	<u>\$ 49,291,879</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Time restricted	<u>\$ -</u>	<u>\$ 1,500,000</u>

Foundation fundraising income is reported net of related expenses of approximately \$116,000 and \$128,000 in 2023 and 2022, respectively.

Note 12. Beneficial Interest in Remainder Trust

The Company is the charitable beneficiary of a beneficial interest in trust held by others. The present value of future distributions from the trust is included within assets limited as to use. A contribution was recognized at the date that the trust was established, after recording liabilities for the present value of the estimated future payments to be made to the primary beneficiary. The beneficial trust asset is adjusted during the term of the trust for changes in the value of the trust's underlying asset and other changes in the estimates of future benefits.

The estimated value of the expected future cash flows is \$666,598 and \$610,492, which represents the fair value of the trust assets at December 31, 2023 and 2022, respectively. The income from this trust for 2023 was \$56,102. The loss from this trust for 2022 was \$256,808.

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Note 13. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	2023				
	Total	Fair Value Measurements Using			Investments Measured at NAV (A)
Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)		
Assets					
Cash and cash equivalents	\$ 7,033,926	\$ 7,033,926	\$ -	\$ -	\$ -
Certificate of deposit	322,164	322,164	-	-	-
Equity securities					
U.S. large cap	1,433,921	1,433,921	-	-	-
U.S. small cap	357,160	357,160	-	-	-
Foreign equities	708,177	708,177	-	-	-
Fixed income					
Corporate bonds	878,330	878,330	-	-	-
Mutual funds					
U.S. large cap	619,674	619,674	-	-	-
Mutual funds - fixed income					
Corporate bonds	982,260	982,260	-	-	-
Government bonds	986,310	986,310	-	-	-
Limited partnership	509,679	-	-	-	509,679
Total short term investments	13,831,601	13,321,922	-	-	509,679
Beneficial interest in remainder trust	666,598	-	-	666,598	-
Interest rate swap agreement	2,997,137	-	2,997,137	-	-
	<u>\$ 17,495,336</u>	<u>\$ 13,321,922</u>	<u>\$ 2,997,137</u>	<u>\$ 666,598</u>	<u>\$ 509,679</u>
Liabilities					
Interest rate swap agreement	<u>\$ 1,603,565</u>	<u>\$ -</u>	<u>\$ 1,603,565</u>	<u>\$ -</u>	<u>\$ -</u>

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	2023	
	Total	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)
Assets		
Cash and cash equivalents	\$ 7,812,307	\$ 7,812,307
Certificate of deposit	727,981	727,981
Equity securities		
U.S. large cap	2,091,524	2,091,524
U.S. mid cap	561,945	561,945
U.S. small cap	62,047	62,047
Foreign equities	176,002	176,002
Mutual funds - equity		
U.S. large cap	425,999	425,999
U.S. mid cap	371,819	371,819
U.S. small cap	285,149	285,149
International developed equity	701,846	701,846
International emerging equity	40,611	40,611
Mutual funds - fixed income		
Government bonds	988,450	988,450
Corporate bonds	3,093,062	3,093,062
High yield bonds	296,904	296,904
International developed/emerging market bonds	41,740	41,740
Fixed income - other	208,537	208,537
Mutual funds - other		
Global public REITs	203,281	203,281
Commodities and natural resources	33,693	33,693
	<u>\$ 18,122,897</u>	<u>\$ 18,122,897</u>
Total assets limited as to use	<u>\$ 18,122,897</u>	<u>\$ 18,122,897</u>

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	2022			
	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at NAV (A)
Assets				
Cash and cash equivalents	\$ 34,203,969	\$ 34,203,969	\$ -	\$ -
Certificate of deposit	1,049,665	1,049,665	-	-
Equity securities				
U.S. large cap	2,915,336	2,915,336	-	-
U.S. mid cap	339,752	339,752	-	-
U.S. small cap	282,386	282,386	-	-
Foreign equities	829,700	829,700	-	-
Stocks, options, and ETFs	140,082	140,082	-	-
Fixed income				-
Corporate bonds	2,710,771	-	2,710,771	-
Government bonds and GSE bonds	3,728,464	-	3,728,464	-
Mutual funds - equity				
U.S. large cap	443,846	443,846	-	-
U.S. mid cap	394,893	394,893	-	-
U.S. small cap	326,944	326,944	-	-
International developed equity	536,267	536,267	-	-
International emerging equity	71,941	71,941	-	-
Mutual funds - fixed income				
Corporate bonds	1,900,229	1,900,229	-	-
High yield bonds	368,509	368,509	-	-
International developed/emerging market bonds	36,292	36,292	-	-
Fixed income - other	44,454	44,454	-	-
Mutual funds - other				-
Global public REITs	176,748	176,748	-	-
Realty shares	48,476	48,476	-	-
Commodities and natural resources	32,571	32,571	-	-
Open end mutual funds	288,955	288,955	-	-
Limited partnership	556,202	-	-	556,202
Total investments	<u>51,426,452</u>	<u>44,431,015</u>	<u>6,439,235</u>	<u>-</u>
Interest rate swap agreement	<u>3,519,687</u>	<u>-</u>	<u>3,519,687</u>	<u>-</u>
Total assets	<u>\$ 54,946,139</u>	<u>\$ 44,431,015</u>	<u>\$ 9,958,922</u>	<u>\$ -</u>

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(A) Certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest in Trust
	<u> </u>
Balance, January 1, 2022	\$ 867,300
Total realized and unrealized gains and losses included in change in net assets	
Unrealized depreciation on investments	<u>(256,808)</u>
Balance, December 31, 2022	610,492
Total realized and unrealized gains and losses included in change in net assets	
Unrealized appreciation on investments	<u>56,106</u>
Balance, December 31, 2023	<u>\$ 666,598</u>

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Investments in certain entities measured at fair value using NAV per share as a practical expedient consist of the following:

	2023 NAV	2022 NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
(A) Ziggler I	\$ 113,347	\$ 142,005	\$ -	Quarterly	60 days
(A) Ziggler II	284,202	294,624	-	Quarterly	60 days
(A) Ziggler III	112,130	119,573	215,625	Quarterly	60 days
	<u>\$ 509,679</u>	<u>\$ 556,202</u>	<u>\$ 215,625</u>		

(A) These limited partnerships seek to invest predominantly in senior living industries that are technology driven startups. These investments are subject to the terms of the respective limited partnership or other agreements and operating agreements.

Note 14. Functional Expenses

The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general, and fundraising categories based on the direct expenses charged, time allocations, and other methods.

The Company's consolidated program services consist of certain health care and related services. For the years ended December 31, 2023 and 2022, program expenses related to providing these services are summarized as follows:

	2023				
	Senior Life, Short-Term Rehabilitation, and Mental Health Services	Management and General	Fundraising	Direct Cost of Special Events	Total
Salaries and wages	\$ 40,506,207	\$ 15,515,117	\$ -	\$ -	\$ 56,021,324
Employee benefits	9,773,787	3,464,802	-	-	13,238,589
Supplies and other	10,017,498	15,998,548	71,199	116,653	26,203,898
Interest and amortization	4,048,884	1,574,566	-	-	5,623,450
Amortization of intangible asset	118,116	-	-	-	118,116
Depreciation	6,922,090	2,691,924	-	-	9,614,014
Total expenses	<u>71,386,582</u>	<u>39,244,957</u>	<u>71,199</u>	<u>116,653</u>	<u>110,819,391</u>
Less direct cost of special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>(116,653)</u>	<u>(116,653)</u>
Total expenses	<u>\$ 71,386,582</u>	<u>\$ 39,244,957</u>	<u>\$ 71,199</u>	<u>\$ -</u>	<u>\$ 110,702,738</u>

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	2022			
	Senior Life, Short -Term Rehabilitation, and Mental Health Services	Management and General	Direct Cost of Special Events	Total
Salaries and wages	\$ 35,395,452	\$ 15,895,350	\$ -	\$ 51,290,802
Employee benefits	7,621,270	3,392,092	-	11,013,362
Supplies and other	12,473,720	11,445,948	128,125	24,047,793
Interest and amortization	4,217,268	1,894,714	-	6,111,982
Amortization of intangible asset	224,974	-	-	224,974
Depreciation	6,526,303	2,932,107	-	9,458,410
Total expenses	66,458,987	35,560,211	128,125	102,147,323
Less expenses included with revenues on the statement of activities				
Less direct cost of special events	-	-	(128,125)	(128,125)
Total expenses	<u>\$ 66,458,987</u>	<u>\$ 35,560,211</u>	<u>\$ -</u>	<u>\$ 102,019,198</u>

Note 15. ASU 2016-03, Financial Instruments – Credit Losses

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instrument – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*, related to the impairment of financial instruments. This guidance, commonly referred to as current expected credit loss (CECL), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables. It also applies to off-balance-sheet credit exposures and net investments in leases recognized by a lessor in accordance with Topic 842 on leases.

There was no cumulative effect of applying the new guidance as of January 1, 2023 and no adjustment to beginning net assets as of January 1, 2023 was necessary.

Note 16. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 28% of all contributions were received from two donors in 2023.

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Concentrations of Credit Risk

The Company grants credit, under contractual arrangements, without collateral to its residents and patients, many of whom are from the northern New Jersey area and are insured under third-party payor agreements. Concentrations of gross accounts receivable from patients and third-party payors were as follows:

	<u>2023</u>	<u>2022</u>
Medicare	27%	27%
Medicaid	23%	20%
Self-pay patients and residents	10%	10%
Commercial and other insurance	<u>40%</u>	<u>43%</u>
	<u>100%</u>	<u>100%</u>

Litigation

Various lawsuits and claims arising in the normal course of operations are pending or on appeal against the Company. While the ultimate effect of such actions cannot be determined at this time, it is the opinion of management that litigation will not result in losses in excess of insurance coverage and will not materially affect the consolidated financial position or results of operations of the Company. No provision has been made in the accompanying consolidated financial statements for any deductibles or claims that have been incurred but not reported.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Note 1.

Investments and Pension Plan Investment

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

Note 17. Related-Party Transactions

During 2023, the Company transferred \$300,000 as a note receivable to Holland Christian Home, an uncontrolled affiliate with board members in common with the Company. In addition, the Company has a receivable of \$158,000 and \$51,000 at December 31, 2023 and 2022, respectively, for services provided.

The Company guarantees certain loans payable held by related entities (Note 1). The Company guarantees the loan for Holland Christian Home limited to 50% of the outstanding indebtedness during the initial 12 months of the \$8,400,000 loan, unlimited in connection with the outstanding indebtedness after the 1st day of the 13th month through the maturity date of the \$8,400,000.

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Christian Health serves as the managing member of CH of Summer Hill Managing Member, LLC and has a receivable of \$125,000 and \$0 at December 31, 2023 and 2022, respectively. Furthermore, Christian Health is authorized to act as managing member of the Summer Hills of Wayne II, LLC and do all acts and things necessary, appropriate, incidental to, or convenient for the furtherance and accomplishment of the Summer Hills of Wayne II, LLC purpose.

Interest is not charged on intercompany payables and receivables.

Note 18. Revisions

Certain immaterial revisions have been made to the 2022 financial statements summarized in the table below. These revisions did not have a significant impact on the financial statement line items impacted.

1. Revision has been made to the December 31, 2022 statement of financial position, cash flow and related notes:
 - To exclude credit balances of \$1,731,833 in account receivable and to include \$846,419 in deferred revenue that were advances from patients and \$885,414 in due to third parties
 - To properly exclude cash and cash equivalent from short-term investments and assets limited as to use, long term of \$676,724 and \$2,405,465, respectively
 - To properly present deferred employee compensation plan of \$299,000 that was in prepaid expenses and other current assets instead of assets limited as to use, long term
 - To properly exclude the advance cash receipt from patients of \$654,728 that was in accounts payable and accrued expenses to deferred revenue
2. The December 31, 2022 statement of financial position, statement of operations, statement of cash flows, and related notes have been revised to include right-of-use assets of \$1,466,000 and lease liability of \$1,466,000.
3. Revision has been made to the December 31, 2022 statement of financial position, statement of changes in net assets, and related notes to properly include \$610,492 of beneficiary interest trust as net assets with donor restrictions. These revisions had no effect on total net assets.
4. The December 31, 2022 statement of operations has been revised to include change in fair value of derivative instruments as a nonoperating item instead of outside the excess (deficiency) of revenue over expenses. There were no changes to the statement of financial position or change in net assets as a result of this revision.
5. The December 31, 2022 statement of cash flows for financing activities has been revised to separately report the gross amount of refundable entrance fee deposits of \$12,436,658 and refundable entrance fees refunds of \$2,566,674. There were no changes to the statement of financial position, statement of operations and change in net assets as a result of this revision.
6. The December 31, 2022 statement of cash flows has been revised to accurately reflect the contributions for acquisition of property and equipment, as well as the proceeds from these contributions, amounting to \$165,730, within operating and financing activities section. There were no changes to the statement of financial position, statement of operations and change in net assets as a result of this revision.

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7. The December 31, 2022 disclosure in Note 3 has been revised to include other receivable and other assets of \$10,602,432 and exclude board-designated net assets of \$3,505,558. There were no changes to the statement of financial position or change in net assets as a result of this revision.
8. The December 31, 2022 disclosure in Note 1 section Net Patient Service Revenue – revenue disaggregation has been revised to properly disclose revenue by payor class.
9. The December 31, 2022 disclosures in Note 5 – assets limited as to use have been revised to include \$299,000 of deferred compensation that was previously omitted and exclude \$2,496,544 of unrestricted cash that was incorrectly included.
10. The December 31, 2022 disclosure in Note 10 has been revised to include \$299,000 of deferred compensation that was previously omitted.
11. The December 31, 2022 disclosure in Note 11 has been revised to include beneficial interest in remainder trust of \$610,492 as net assets with donor restrictions. The board-designated employee fund and residents' assistance fund in net assets without donor restrictions were revised to \$429,948 and \$3,342,205, respectively. There were no changes to the statement of financial position or change in net assets as a result of this revision. Additionally, assets released from the Foundation for use at the Company was revised to \$4,568,500 to agree to consolidating statement of operations.

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Notes to Consolidated Financial Statements
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	<u>As Revised</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Financial Position			
Assets			
Current Assets			
Cash and cash equivalents	\$ 16,973,480	\$ 13,891,291	\$ 3,082,189
Short-term investments	4,322,204	5,174,435	(852,231)
Assets limited as to use	8,272,154	8,005,558	266,596
Accounts receivable, net	8,526,175	6,794,342	1,731,833
Prepaid expenses and other current assets	10,602,432	10,901,432	(299,000)
Total current assets	48,696,445	44,767,058	3,929,387
Long-Term Assets			
Assets limited as to use	22,588,011	24,785,565	(2,197,554)
Right of use assets - Operating Lease	1,466,500	-	1,466,500
Total long-term assets	227,031,121	227,762,175	(731,054)
Total assets	275,727,566	272,529,233	3,198,333
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	7,530,346	8,484,074	(953,728)
Deferred revenue	1,501,147	-	1,501,147
Due to third parties	885,414	-	885,414
Operating lease liabilities	43,555	-	43,555
Total current liabilities	28,875,611	27,399,222	1,476,389
Long-Term Liabilities			
Other liabilities	11,364,191	11,065,192	298,999
Operating lease liabilities	1,422,945	-	1,422,945
Total long-term liabilities	197,560,076	195,838,132	1,721,944
Total liabilities	226,435,687	223,237,354	3,198,333
Net Assets			
Without donor restrictions	47,953,406	48,563,898	(610,492)
With donor restrictions	1,338,473	727,981	610,492
Statement of Changes in Net Assets			
Net Assets, December 31, 2022 - Subtotal Without Donor Restrictions	47,953,406	48,563,898	(610,492)
Net Assets, December 31, 2022 - Subtotal With donor restrictions	1,338,473	727,981	610,492

Christian Health Care Center (dba Christian Health) and Affiliates
Notes to Consolidated Financial Statements
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	<u>As Revised</u>	<u>As Previously Reported</u>	<u>Effect of Change</u>
Statement of Operations			
Revenues			
Net assets released from restrictions	\$ 1,500,000	\$ -	\$ 1,500,000
Nonoperating activities			
Investment return	(1,222,177)	(224,034)	(998,143)
Unrestricted gifts, contributions, and special events (net of direct costs of \$128,125)	1,413,621	2,913,621	(1,500,000)
Net change in unrealized gains and losses on investments	-	(1,254,951)	1,254,951
Change in fair value of derivative instruments	3,013,599	-	3,013,599
Excess (Deficiency) of Revenue over Expenses	3,973,915	703,508	3,270,407
Change in fair value of derivative instruments	-	3,013,599	(3,013,599)
Changes in Net Assets Without Donor Restrictions	6,054,740	5,797,932	256,808
Changes in Net Assets With Donor Restrictions			
Change in beneficial interest in remainder trust	(256,808)	-	(256,808)
Net assets released from restrictions	(1,500,000)	-	(1,500,000)
Change in net assets with donor restrictions	(1,756,808)	(1,500,000)	(256,808)
Consolidated Statement of Changes in Net Assets			
Net Assets, December 31, 2022 - Without Donor Restrictions	41,898,666	42,765,966	(867,300)
Net Assets, December 31, 2022 - With Donor Restrictions	3,095,281	2,227,981	867,300
Statement of Cash Flows			
Operating Activities			
Items not requiring (providing) operating cash flows			
Contributions for acquisition of property and equipment	(165,730)	-	(165,730)
Changes in			
Accounts receivable, net	(1,789,110)	(57,277)	(1,731,833)
Prepaid expenses and other current assets	(5,530,193)	(5,829,193)	299,000
Accounts payable and accrued expenses, accrued payroll, and accrued interest	(365,947)	587,781	(953,728)
Due to third parties	885,414	-	885,414
Deferred revenue	1,501,147	-	1,501,147
Net cash provided by operating activities	15,288,776	15,454,506	(165,730)
Investing Activities			
Purchases of short-term investments and assets limited as to use	(8,285,967)	(5,930,811)	(2,355,156)
Proceeds from disposition of short-term investments and assets limited as to use	1,746,269	-	1,746,269
Net cash used in investing activities	(21,931,516)	(21,322,629)	(608,887)
Financing Activities			
Refundable entrance fee deposits and deferred revenue	12,436,658	9,869,984	2,566,674
Refundable entrance fee refunds	(2,566,674)	-	(2,566,674)
Proceeds from contribution for acquisition of property and equipment	165,730	-	165,730
Net cash used in financing activities	(10,210,785)	(10,376,515)	165,730
Reconciliation of Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents to the Statements of Financial Position			
Cash and cash equivalents	16,973,480	13,891,291	3,082,189
Restricted cash in assets limited as to use	17,376,976	21,068,052	(3,691,076)
Total cash, cash equivalent and restricted cash	34,350,456	34,959,343	(608,887)

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Note 19. Subsequent Events

Effective January 1, 2024, Christian Health became the sole member of Wayne Senior Housing Development Corporation.

Subsequent events have been evaluated through July 1, 2024, which is the date the consolidated financial statements were issued.

Supplementary Information

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidating Statement of Financial Position
December 31, 2023

	Christian Health	Christian Health Foundation	Eliminations/Reclassifications	Total Obligated Group	The Vista	Siena Village	Summer Hill	Home Care Options	CH of Summer Hill Managing Member	Eliminations/Reclassifications	Consolidated Total
ASSETS											
Current Assets											
Cash and cash equivalents	\$ 4,259,182	\$ 1,045,849	\$ -	\$ 5,305,031	\$ 12,800,890	\$ 1,674,862	\$ 208,892	\$ 1,262,863	\$ -	\$ -	\$ 21,252,538
Short-term investments	4,141,107	119,128	-	4,260,235	8,996,226	-	-	575,140	-	-	13,831,601
Assets limited as to use, current portion	4,273,462	-	-	4,273,462	-	-	-	-	-	-	4,273,462
Accounts receivable, net	9,477,096	-	-	9,477,096	-	9,590	151	600,358	-	-	10,087,195
Prepaid expenses and other current assets	9,070,817	272,770	-	9,343,587	1,885,008	-	545,737	140,563	125,004	(3,784,825)	8,255,074
Total current assets	31,221,664	1,437,747	-	32,659,411	23,682,124	1,684,452	754,780	2,578,924	125,004	(3,784,825)	57,699,870
Long-Term Assets											
Assets limited as to use	5,244,277	-	-	5,244,277	8,334,290	270,868	-	-	-	-	13,849,435
Other assets, net	19,190,731	666,598	-	19,857,329	-	675,000	2,915,592	-	100	(14,023,790)	9,424,231
Interest in the assets of the Foundation	2,103,845	-	(2,103,845)	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	1,074,991	-	-	-	-	1,074,991
Right of use assets - Operating Lease	-	-	-	-	-	1,460,055	-	-	-	-	1,460,055
Property, plant, and equipment, net	75,164,373	-	-	75,164,373	111,078,602	13,884,993	-	-	-	-	200,127,968
Total assets	<u>\$ 132,924,890</u>	<u>\$ 2,104,345</u>	<u>\$ (2,103,845)</u>	<u>\$ 132,925,390</u>	<u>\$ 143,095,016</u>	<u>\$ 19,050,359</u>	<u>\$ 3,670,372</u>	<u>\$ 2,578,924</u>	<u>\$ 125,104</u>	<u>\$ (17,808,615)</u>	<u>\$ 283,636,550</u>
LIABILITIES AND NET ASSETS											
Current Liabilities											
Current portion of long-term debt	\$ 2,614,753	\$ -	\$ -	\$ 2,614,753	\$ -	\$ 197,848	\$ -	\$ -	\$ -	\$ -	\$ 2,812,601
Accounts payable and accrued expenses	4,439,605	500	-	4,440,105	4,836,366	84,127	405,480	405	-	(3,784,825)	5,981,658
Accrued payroll	3,249,676	-	-	3,249,676	-	-	-	127,879	-	-	3,377,555
Accrued interest	224,980	-	-	224,980	1,769,113	58,108	-	-	-	-	2,052,201
Deferred revenue	894,973	-	-	894,973	917,489	-	-	-	-	-	1,812,462
Operating lease liabilities	-	-	-	-	-	43,364	-	-	-	-	43,364
Due to third parties	1,411,316	-	-	1,411,316	-	-	-	-	-	-	1,411,316
Total current liabilities	12,835,303	500	-	12,835,803	7,522,968	383,447	405,480	128,284	-	(3,784,825)	17,491,157
Long-Term Liabilities											
Benefits payable	1,163,105	-	-	1,163,105	-	-	-	-	-	-	1,163,105
Other liabilities	12,288,008	-	-	12,288,008	8,472,116	3,454,378	2,774,213	-	-	(14,023,790)	12,964,925
Refundable fee obligations	-	-	-	-	33,800,685	-	-	-	-	-	33,800,685
Deferred revenue	-	-	-	-	48,348,697	-	-	-	-	-	48,348,697
Operating lease liabilities	-	-	-	-	-	1,416,691	-	-	-	-	1,416,691
Long-term debt, less current portion	43,840,652	-	-	43,840,652	61,925,105	12,843,726	-	-	-	-	118,609,483
Total liabilities	70,127,068	500	-	70,127,568	160,069,571	18,098,242	3,179,693	128,284	-	(17,808,615)	233,794,743
Net Assets											
Without donor restrictions	61,403,243	2,103,845	(2,103,845)	61,403,243	(16,974,555)	952,117	490,679	2,450,640	125,104	-	48,447,228
With donor restrictions	1,394,579	-	-	1,394,579	-	-	-	-	-	-	1,394,579
Total net assets	<u>62,797,822</u>	<u>2,103,845</u>	<u>(2,103,845)</u>	<u>62,797,822</u>	<u>(16,974,555)</u>	<u>952,117</u>	<u>490,679</u>	<u>2,450,640</u>	<u>125,104</u>	<u>-</u>	<u>49,841,807</u>
Total liabilities and net assets	<u>\$ 132,924,890</u>	<u>\$ 2,104,345</u>	<u>\$ (2,103,845)</u>	<u>\$ 132,925,390</u>	<u>\$ 143,095,016</u>	<u>\$ 19,050,359</u>	<u>\$ 3,670,372</u>	<u>\$ 2,578,924</u>	<u>\$ 125,104</u>	<u>\$ (17,808,615)</u>	<u>\$ 283,636,550</u>

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidating Statement of Financial Position
December 31, 2022

	Christian Health	Christian Health Foundation	Eliminations/Reclassifications	Total Obligated Group	The Vista	Siena Village	Summer Hill	Home Care Options	CH of Summer Hill Managing Member	Eliminations/Reclassifications	Consolidated Total
ASSETS											
Current Assets											
Cash and cash equivalents	\$ 10,723,619	\$ 658,255	\$ -	\$ 11,381,874	\$ 2,496,554	\$ 1,912,576	\$ 36,984	\$ 1,145,492	\$ -	\$ -	\$ 16,973,480
Short-term investments	3,689,990	91,431	-	3,781,421	-	-	-	540,783	-	-	4,322,204
Assets limited as to use	3,772,154	-	-	3,772,154	4,500,000	-	-	-	-	-	8,272,154
Accounts receivable, net	7,750,964	-	-	7,750,964	141,315	29,358	-	604,538	-	-	8,526,175
Prepaid expenses and other current assets	3,249,182	165,576	-	3,414,758	6,094,782	-	1,097,007	594,261	-	(598,376)	10,602,432
Total current assets	29,185,909	915,262	-	30,101,171	13,232,651	1,941,934	1,133,991	2,885,074	-	(598,376)	48,696,445
Long-Term Assets											
Assets limited as to use	4,716,567	-	-	4,716,567	17,604,027	267,417	-	-	-	-	22,588,011
Other assets, net	18,938,535	610,492	-	19,549,027	-	675,000	2,915,592	-	100	(14,023,790)	9,115,929
Interest in the assets of the Foundation	1,525,754	-	(1,525,754)	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	1,193,107	-	-	-	-	1,193,107
Right of use assets - Operating Lease	-	-	-	-	-	1,466,500	-	-	-	-	1,466,500
Property, plant, and equipment, net	65,601,485	-	-	65,601,485	112,985,501	14,080,588	-	-	-	-	192,667,574
Total assets	\$ 119,968,250	\$ 1,525,754	\$ (1,525,754)	\$ 119,968,250	\$ 143,822,179	\$ 19,624,546	\$ 4,049,583	\$ 2,885,074	\$ 100	\$ (14,622,166)	\$ 275,727,566
LIABILITIES AND NET ASSETS											
Current Liabilities											
Current portion of long-term debt	\$ 2,639,855	\$ -	\$ -	\$ 2,639,855	\$ 10,420,000	\$ 429,746	\$ -	\$ -	\$ -	\$ -	\$ 13,489,601
Accounts payable and accrued expenses	4,975,875	-	-	4,975,875	2,303,104	43,740	784,691	21,312	-	(598,376)	7,530,346
Accrued payroll	3,270,983	-	-	3,270,983	-	-	-	122,606	-	-	3,393,589
Accrued interest	160,324	-	-	160,324	1,840,400	31,235	-	-	-	-	2,031,959
Deferred revenue	846,419	-	-	846,419	654,728	-	-	-	-	-	1,501,147
Operating lease liabilities	-	-	-	-	-	43,555	-	-	-	-	43,555
Due to third parties	885,414	-	-	885,414	-	-	-	-	-	-	885,414
Total current liabilities	12,778,870	-	-	12,778,870	15,218,232	548,276	784,691	143,918	-	(598,376)	28,875,611
Long-Term Liabilities											
Benefits payable	1,170,572	-	-	1,170,572	-	-	-	-	-	-	1,170,572
Other liabilities	10,678,262	-	-	10,678,262	8,715,841	3,219,665	2,774,213	-	-	(14,023,790)	11,364,191
Refundable fee obligations	-	-	-	-	28,270,846	-	-	-	-	-	28,270,846
Deferred revenue	-	-	-	-	41,439,400	-	-	-	-	-	41,439,400
Operating lease liabilities	-	-	-	-	-	1,422,945	-	-	-	-	1,422,945
Long-term debt, less current portion	39,346,352	-	-	39,346,352	61,811,847	12,733,923	-	-	-	-	113,892,122
Total liabilities	63,974,056	-	-	63,974,056	155,456,166	17,924,809	3,558,904	143,918	-	(14,622,166)	226,435,687
Net Assets											
Without donor restrictions	54,655,721	1,525,754	(1,525,754)	54,655,721	(11,633,987)	1,699,737	490,679	2,741,156	100	-	47,953,406
With donor restrictions	1,338,473	-	-	1,338,473	-	-	-	-	-	-	1,338,473
Total net assets	55,994,194	1,525,754	(1,525,754)	55,994,194	(11,633,987)	1,699,737	490,679	2,741,156	100	-	49,291,879
Total liabilities and net assets	\$ 119,968,250	\$ 1,525,754	\$ (1,525,754)	\$ 119,968,250	\$ 143,822,179	\$ 19,624,546	\$ 4,049,583	\$ 2,885,074	\$ 100	\$ (14,622,166)	\$ 275,727,566

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidating Statement of Operations
Year Ended December 31, 2023

	Christian Health	Christian Health Foundation	Eliminations/ Reclassifications	Total Obligated Group	The Vista	Siena Village	Summer Hill	Home Care Options	CH of Summer Hill Managing Member	Eliminations/ Reclassifications	Consolidated Total
Revenues											
Net patient service revenue	\$ 83,436,207	\$ -	\$ -	\$ 83,436,207	\$ -	\$ -	\$ -	\$ 2,631,541	\$ -	\$ -	\$ 86,067,748
Rents	457,489	-	-	457,489	-	2,858,666	-	-	-	-	3,316,155
Service fee revenue	-	-	-	-	9,435,205	-	-	-	-	-	9,435,205
Amortization of life care and service fees	-	-	-	-	4,670,642	-	-	-	-	-	4,670,642
Other revenue	6,663,032	-	-	6,663,032	448,634	65,365	-	1,583	125,004	(2,136,400)	5,167,218
Total revenues	90,556,728	-	-	90,556,728	14,554,481	2,924,031	-	2,633,124	125,004	(2,136,400)	108,656,968
Expenses											
Salaries and wages	49,984,845	-	-	49,984,845	3,354,828	490,035	-	2,191,615	-	-	56,021,323
Employee benefits	11,619,860	-	-	11,619,860	985,211	128,001	-	505,517	-	-	13,238,589
Supplies and other	20,304,017	-	-	20,304,017	6,201,039	1,375,445	-	271,945	-	(2,136,400)	26,016,046
Interest and amortization	1,151,327	-	-	1,151,327	3,743,856	728,267	-	-	-	-	5,623,450
Amortization of intangible asset	-	-	-	-	-	118,116	-	-	-	-	118,116
Depreciation	4,725,668	-	-	4,725,668	4,267,623	620,723	-	-	-	-	9,614,014
Total operating expenses	87,785,717	-	-	87,785,717	18,552,557	3,460,587	-	2,969,077	-	(2,136,400)	110,631,538
Operating Income (Loss)	2,771,011	-	-	2,771,011	(3,998,076)	(536,556)	-	(335,953)	125,004	-	(1,974,570)
Nonoperating Activities											
Investment return	944,884	27,669	-	972,553	831,508	20,198	-	45,437	-	-	1,869,696
Gifts, contributions, and special events (net of direct costs of \$116,653 for 2023, without donor restrictions)	-	1,941,835	-	1,941,835	-	-	-	-	-	-	1,941,835
Fundraising expenses	-	(71,200)	-	(71,200)	-	-	-	-	-	-	(71,200)
Change in fair value of derivative instruments	(1,894,853)	-	-	(1,894,853)	-	(231,262)	-	-	-	-	(2,126,115)
Contributions from (to) affiliate	1,376,319	(1,376,319)	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenue over Expenses	3,197,361	521,985	-	3,719,346	(3,166,568)	(747,620)	-	(290,516)	125,004	-	(360,354)
Other Changes in Net Assets Without Donor Restrictions											
Grant proceeds for capital expenditures	413,904	-	-	413,904	-	-	-	-	-	-	413,904
Change in pension liability to be recognized in future periods	440,272	-	-	440,272	-	-	-	-	-	-	440,272
Subordinate note interest income	2,174,000	-	-	2,174,000	-	-	-	-	-	(2,174,000)	-
Subordinate note interest expenses	-	-	-	-	(2,174,000)	-	-	-	-	2,174,000	-
Change in Net Assets Without Donor Restrictions	6,225,537	521,985	-	6,747,522	(5,340,568)	(747,620)	-	(290,516)	125,004	-	493,822
Changes in Net Assets With Donor Restrictions											
Net change in interest in Foundation net assets	578,091	-	(578,091)	-	-	-	-	-	-	-	-
Change in beneficial interest in remainder trust	-	56,106	-	56,106	-	-	-	-	-	-	56,106
Change in net assets with donor restrictions	578,091	56,106	(578,091)	56,106	-	-	-	-	-	-	56,106
Change in Net Assets	6,803,628	578,091	(578,091)	6,803,628	(5,340,568)	(747,620)	-	(290,516)	125,004	-	549,928
Net Assets, Beginning of Year	55,994,194	1,525,754	(1,525,754)	55,994,194	(11,633,987)	1,699,737	490,679	2,741,156	100	-	49,291,879
Net Assets, End of Year	\$ 62,797,822	\$ 2,103,845	\$ (2,103,845)	\$ 62,797,822	\$ (16,974,555)	\$ 952,117	\$ 490,679	\$ 2,450,640	\$ 125,104	\$ -	\$ 49,841,807

Christian Health Care Center (dba Christian Health) and Affiliates
Consolidating Statement of Operations
Year Ended December 31, 2022

	Christian Health	Christian Health Foundation	Eliminations/Reclassifications	Total Obligated Group	The Vista	Siena Village	Summer Hill	Home Care Options	CH of Summer Hill Managing Member	Eliminations/Reclassifications	Consolidated Total
Revenues											
Net patient service revenue	\$ 75,726,673	\$ -	\$ -	\$ 75,726,673	\$ -	\$ -	\$ -	\$ 1,317,954	\$ -	\$ -	\$ 77,044,627
Rents	446,462	-	-	446,462	-	2,822,584	2,025,636	-	-	-	5,294,682
Service fee revenue	-	-	-	-	7,181,979	-	-	-	-	-	7,181,979
Amortization of life care and service fees	-	-	-	-	3,520,649	-	-	-	-	-	3,520,649
Other revenue	4,764,429	-	-	4,764,429	733,922	55,652	19,689	422	-	-	5,574,114
Net assets released from restrictions	-	1,500,000	-	1,500,000	-	-	-	-	-	-	1,500,000
Total revenues	80,937,564	1,500,000	-	82,437,564	11,436,550	2,878,236	2,045,325	1,318,376	-	-	100,116,051
Expenses											
Salaries and wages	47,182,887	-	-	47,182,887	2,431,719	469,231	271,016	935,274	-	-	51,290,127
Employee benefits	10,051,420	-	-	10,051,420	564,711	118,269	96,135	182,827	-	-	11,013,362
Supplies and other	18,080,307	-	-	18,080,307	3,806,507	1,189,022	715,511	128,996	-	-	23,920,343
Interest and amortization	830,898	-	-	830,898	4,341,636	321,257	618,191	-	-	-	6,111,982
Amortization of intangible asset	-	-	-	-	-	117,984	106,990	-	-	-	224,974
Depreciation	4,408,255	-	-	4,408,255	4,086,196	610,356	353,603	-	-	-	9,458,410
Total expenses	80,553,767	-	-	80,553,767	15,230,769	2,826,119	2,161,446	1,247,097	-	-	102,019,198
Operating Income (Loss)	383,797	1,500,000	-	1,883,797	(3,794,219)	52,117	(116,121)	71,279	-	-	(1,903,147)
Nonoperating Activities											
Investment return	(1,188,714)	(18,772)	-	(1,207,486)	(104,683)	815	91,219	(2,042)	-	-	(1,222,177)
Change in equity method investment	-	-	-	-	-	-	-	-	100	-	100
Gifts, contributions, and special events (net of direct costs of \$128,125 for 2022, without donor restrictions)	-	1,413,621	-	1,413,621	-	-	-	-	-	-	1,413,621
Inherent contribution of net assets without donor restrictions received in the acquisition of Home Care Options	-	-	-	-	-	-	-	2,671,919	-	-	2,671,919
Change in fair value of derivative instruments	3,013,599	-	-	3,013,599	-	-	-	-	-	-	3,013,599
Contributions from (to) affiliate	4,568,520	(4,568,520)	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of Revenue over Expenses	6,777,202	(1,673,671)	-	5,103,531	(3,898,902)	52,932	(24,902)	2,741,156	100	-	3,973,915
Other Changes in Net Assets Without Donor Restrictions											
Grant proceeds for capital expenditures	165,730	-	-	165,730	-	-	-	-	-	-	165,730
Change in pension liability to be recognized in future periods	1,915,095	-	-	1,915,095	-	-	-	-	-	-	1,915,095
Change in Net Assets Without Donor Restrictions	8,858,027	(1,673,671)	-	7,184,356	(3,898,902)	52,932	(24,902)	2,741,156	100	-	6,054,740
Changes in Net Assets With Donor Restrictions											
Net change in interest in Foundation net assets	(1,930,479)	-	1,930,479	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	(1,500,000)	-	(1,500,000)	-	-	-	-	-	-	(1,500,000)
Change in beneficial interest in remainder trust	-	(256,808)	-	(256,808)	-	-	-	-	-	-	(256,808)
Change in net assets with donor restrictions	(1,930,479)	(1,756,808)	1,930,479	(1,756,808)	-	-	-	-	-	-	(1,756,808)
Change in Net Assets	6,927,548	(3,430,479)	1,930,479	5,427,548	(3,898,902)	52,932	(24,902)	2,741,156	100	-	4,297,932
Net Assets, Beginning of Year	49,066,646	4,956,233	(3,456,233)	50,566,646	(7,735,085)	1,646,805	515,581	-	-	-	44,993,947
Net Assets, End of Year	\$ 55,994,194	\$ 1,525,754	\$ (1,525,754)	\$ 55,994,194	\$ (11,633,987)	\$ 1,699,737	\$ 490,679	\$ 2,741,156	\$ 100	\$ -	\$ 49,291,879