MT. SAN ANTONIO GARDENS

# STATE OF CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

# ANNUAL REPORT

## CONTINUING CARE LICENSING DIVISION
## AND
## INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

# ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 9/30/2024

PROVIDER(S):
CONGREGATIONAL HOMES, INC.

CCRC(S):
MT. SAN ANTONIO GARDENS

PROVIDER CONTACT PERSON:
JENNIFER OSBORNE, CFO

| TELEPHONE NUMBER: | E-MAIL ADDRESS: |
|---|---|
| (909) 399-1281 | josborne@the-gardens.org |

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

- ☑ Annual Report Checklist.
- ☑ Annual Provider Fee in the amount of: $29,067
  - ☐ If applicable, late fee in the amount of: $________
- ☑ Certification by the provider's ***Chief Executive Officer*** that:
  - ☑ The reports are correct to the best of his/her knowledge.
  - ☑ Each continuing care contract form in use or offered to new residents has been approved by the Department.
  - ☑ The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- ☑ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☑ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☑ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- ☑ "Continuing Care Retirement Community Disclosure Statement" for ***each*** community.
- ☑ Form 7-1, "Report on CCRC Monthly Service Fees" for ***each*** community.
- ☐ Form 9-1, "Calculation of Refund Reserve Amount", if applicable.
- ☐ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

MT. SAN ANTONIO
GARDENS

*CONGREGATIONAL HOMES, INC.*

900 E. Harrison Avenue, Pomona, CA 91767
(909) 624-5061 Fax: (909) 621-3327

January 27, 2025

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 8-16-91
Sacramento, CA 95814

Dear Sir/Madam:

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER**

1. The annual reserve report and any attachments thereto for our fiscal year ending 9/30/24 are correct to the best of my knowledge.

2. Each continuing care contract form in use or offered to new residents has been approved by the Department.

3. Mt. San Antonio Gardens has and will continue to maintain the required liquid reserve and, if applicable, the required refund reserve.

Sincerely,

Patricia L. Williams

Patricia Williams
President and CEO

## FORM 1-1
## RESIDENT POPULATION

| Line | Continuing Care Residents | TOTAL |
|---|---|---|
| [1] | Number at beginning of fiscal year | 397 |
| [2] | Number at end of fiscal year | 444 |
| [3] | Total Lines 1 and 2 | 841 |
| [4] | Multiply Line 3 by ".50" and enter result on Line 5. | x .50 |
| [5] | Mean number of continuing care residents | 420.5 |
| | **All Residents** | |
| [6] | Number at beginning of fiscal year | 402 |
| [7] | Number at end of fiscal year | 459 |
| [8] | Total Lines 6 and 7 | 861 |
| [9] | Multiply Line 8 by ".50" and enter result on Line 10. | x .50 |
| [10] | Mean number of *all* residents | 430.5 |
| [11] | Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places). | 0.98 |

## FORM 1-2
## ANNUAL PROVIDER FEE

| Line | | | TOTAL |
|---|---|---|---|
| [1] | Total Operating Expenses (including depreciation and debt service - interest only) | | $37,795,620 |
| [a] | Depreciation | $5,086,566 | |
| [b] | Debt Service (Interest Only) | $2,950,474 | |
| [2] | Subtotal (add Line 1a and 1b) | | $8,037,040 |
| [3] | Subtract Line 2 from Line 1 and enter result. | | $29,758,580 |
| [4] | Percentage allocated to continuing care residents (Form 1-1, Line 11) | | 98% |
| [5] | Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) | | $29,067,324 |
| | | | x .001 |
| [6] | **Total Amount Due** (multiply Line 5 by .001) | | $29,067 |

PROVIDEI Congregational Homes, Inc
COMMUN Mt. San Antonio Gardens

# ACORD® CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/5/2024

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

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

**PRODUCER**
(WC) Heffernan Insurance Brokers
1350 Carlback Avenue
Walnut Creek CA 94596
License#: 0564249

CONTACT NAME: Heather Pate
PHONE (A/C, No, Ext): 925-934-8500 FAX (A/C, No): 925-934-8278
E-MAIL ADDRESS: heatherp@heffins.com

| INSURER(S) AFFORDING COVERAGE | NAIC # |
|---|---|
| INSURER A : Care West Insurance Company | 10520 |
| INSURER B : Nationwide Mutual Insurance Company | |
| INSURER C : AMCO Insurance Company | 19100 |
| INSURER D : | |
| INSURER E : | |
| INSURER F : | |

**INSURED** CONGHOM-01
Congregational Homes, Inc. Dba Mt San Antonio Gardens
900 E. Harrison Avenue
Pomona CA 91767

**COVERAGES** **CERTIFICATE NUMBER:** 628232308 **REVISION NUMBER:**

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

| INSR LTR | TYPE OF INSURANCE | ADDL INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS | |
|---|---|---|---|---|---|---|---|---|
| B | X COMMERCIAL GENERAL LIABILITY<br>CLAIMS-MADE; X OCCUR<br>X $1M/$3M<br>GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY; PRO-JECT; X LOC<br>OTHER: | | | ACP 3078499237 | 12/1/2024 | 12/1/2025 | EACH OCCURRENCE<br>DAMAGE TO RENTED PREMISES (Ea occurrence)<br>MED EXP (Any one person)<br>PERSONAL & ADV INJURY<br>GENERAL AGGREGATE<br>PRODUCTS - COMP/OP AGG<br>ABUSE | $ 1,000,000<br>$ 1,000,000<br>$ 15,000<br>$ 1,000,000<br>$ 3,000,000<br>$ 3,000,000<br>$ 1M/3M |
| B | AUTOMOBILE LIABILITY<br>X ANY AUTO<br>OWNED AUTOS ONLY; SCHEDULED AUTOS<br>X HIRED AUTOS ONLY; X NON-OWNED AUTOS ONLY | | | ACP 3078499237 | 12/1/2024 | 12/1/2025 | COMBINED SINGLE LIMIT (Ea accident)<br>BODILY INJURY (Per person)<br>BODILY INJURY (Per accident)<br>PROPERTY DAMAGE (Per accident) | $ 1,000,000<br>$<br>$ 1,000,000<br>$<br>$ |
| C | X UMBRELLA LIAB; X OCCUR<br>EXCESS LIAB; CLAIMS-MADE<br>DED; X RETENTION $ 10,000 | | | ACP 3078499237 | 12/1/2024 | 12/1/2025 | EACH OCCURRENCE<br>AGGREGATE | $ 1,000,000<br>$<br>$ |
| A | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N<br>ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)<br>If yes, describe under DESCRIPTION OF OPERATIONS below | N / A | | W12401002038 | 1/1/2024 | 1/1/2025 | X PER STATUTE; OTH-ER<br>E.L. EACH ACCIDENT<br>E.L. DISEASE - EA EMPLOYEE<br>E.L. DISEASE - POLICY LIMIT | <br>$ 1,000,000<br>$ 1,000,000<br>$ 1,000,000 |
| B | EMPLOYEE BENEFITS<br>RETRO 12/1/2014<br>LIQUOR LIABILITY | | | ACP 3078499237 | 12/1/2024 | 12/1/2025 | LIMIT/AGG/DEDUCTIBLE<br>COMMON CAUSE/AGG | $1M/$3M/$1K<br>$1M/$3M |

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**
Re: As Per Contract or Agreement on File with Insured.

**CERTIFICATE HOLDER**

California Department of Social Services
744 P Street
Sacramento CA 95814

**CANCELLATION**

**SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.**

AUTHORIZED REPRESENTATIVE



 

Report of Independent Auditors and
Financial Statements

**Congregational Homes, Inc.**
**dba Mt. San Antonio Gardens**

September 30, 2024 and 2023

MOSSADAMS

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# Report of Independent Auditors

The Board of Directors
Congregational Homes, Inc. dba Mt. San Antonio Gardens

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Congregational Homes, Inc. dba Mt. San Antonio Gardens, which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Congregational Homes, Inc. dba Mt. San Antonio Gardens as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Congregational Homes, Inc. dba Mt. San Antonio Gardens' ability to continue as a going concern within one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Congregational Homes, Inc. dba Mt. San Antonio Gardens' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Congregational Homes, Inc. dba Mt. San Antonio Gardens' ability to continue as a going concern for a reasonable period of time.

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

### *Other Information*

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

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

Moss Adams LLP

Irvine, California
December 6, 2024

# Financial Statements

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Statements of Financial Position
## September 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 3,801,220 | $ 6,663,901 |
| Short-term investments | 1,671,543 | 1,853,221 |
| Accounts receivable, net | 2,157,024 | 773,214 |
| Assets limited as to use, required for current liabilities | 4,675,015 | 2,472,004 |
| Other current assets | 532,616 | 610,118 |
| Total current assets | 12,837,418 | 12,372,458 |
| NONCURRENT ASSETS | | |
| Assets limited as to use, net of current portion | 3,130,296 | 9,352,823 |
| Assets limited by board as to use | 27,205,080 | 22,518,384 |
| Investments | 21,836,912 | 20,469,447 |
| Restricted cash for Cedars Development | - | 1,592,177 |
| Property, plant, and equipment, net | 100,223,472 | 96,911,675 |
| Total assets | $ 165,233,178 | $ 163,216,964 |
| **LIABILITIES AND NET ASSETS** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 1,112,175 | $ 1,137,553 |
| Accrued expenses | 2,494,134 | 6,054,295 |
| Workers' compensation liability | 82,024 | 129,382 |
| Refundable deposits and other liabilities | 124,614 | 204,029 |
| Legal liability | - | 1,755,000 |
| Current portion of long-term debt | 5,275,000 | 585,000 |
| Total current liabilities | 9,087,947 | 9,865,259 |
| NONCURRENT LIABILITIES | | |
| Liabilities under split-interest agreements | 227,929 | 266,323 |
| Deferred revenue from advance fees, including estimated refundable fees of $150,000 in 2024 and 2023 | 57,588,296 | 37,865,740 |
| Deposits for Cedars Development | - | 1,592,177 |
| Deferred revenue from service contract | 220,416 | 268,507 |
| Asset retirement obligation | 140,863 | 140,863 |
| Long-term debt, net of current portion | 61,306,660 | 76,893,367 |
| Total liabilities | 128,572,111 | 126,892,236 |
| NET ASSETS | | |
| Without donor restriction | 22,644,653 | 23,298,488 |
| With donor restriction | 14,016,414 | 13,026,240 |
| Total net assets | 36,661,067 | 36,324,728 |
| Total liabilities and net assets | $ 165,233,178 | $ 163,216,964 |

See accompanying notes.

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Statements of Operations
## Years Ended September 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| REVENUES | | |
| Residential services | $ 21,208,054 | $ 18,439,306 |
| Patient services | 2,942,135 | 2,868,140 |
| Amortization of advance fees | 4,314,138 | 4,846,778 |
| Contributions | 230,813 | 942,177 |
| Grant revenues | - | 5,433,500 |
| Other | 1,012,518 | 914,795 |
| Net assets released from donor restriction, used for operations | 2,073,201 | 1,557,682 |
| Total revenues | 31,780,859 | 35,002,378 |
| EXPENSES | | |
| Salaries and benefits | 20,643,950 | 19,241,043 |
| Contract services and professional fees | 5,730,477 | 6,137,212 |
| Depreciation | 5,086,566 | 3,978,450 |
| Legal settlement | - | 1,755,000 |
| Interest | 1,983,704 | 1,132,317 |
| Utilities | 1,539,923 | 1,422,023 |
| Taxes and insurance | 1,057,471 | 949,439 |
| Other expense | 945,869 | 618,694 |
| Supplies and equipment | 603,071 | 632,494 |
| Medical supplies and equipment | 430,494 | 454,698 |
| Repairs and maintenance | 624,230 | 466,346 |
| Accretion of asset retirement obligation | - | 4,791 |
| Total operating expenses | 38,645,755 | 36,792,507 |
| OPERATING LOSS | (6,864,896) | (1,790,129) |
| NONOPERATING (EXPENSES) REVENUES | | |
| Net loss on disposal of capital assets | (44,953) | (92,559) |
| Interest and dividend income, net | 1,219,791 | 1,027,651 |
| Realized and unrealized gains on investments, net | 4,400,781 | 994,912 |
| Total nonoperating revenues, net | 5,575,619 | 1,930,004 |
| (Deficiency) excess of revenues over expenses | (1,289,277) | 139,875 |
| Net assets released from restriction for capital projects | 635,442 | 233,102 |
| Change in net assets without donor restriction | $ (653,835) | $ 372,977 |

See accompanying notes.

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Statements of Changes in Net Assets
## Years Ended September 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION | | |
| (Deficiency) excess of revenues over expenses | $ (1,289,277) | $ 139,875 |
| Net assets released from restriction for capital projects | 635,442 | 233,102 |
| Change in net assets without donor restriction | (653,835) | 372,977 |
| CHANGE IN NET ASSETS WITH DONOR RESTRICTION | | |
| Contributions | 855,020 | 438,664 |
| Changes in the actuarial value of split-interest agreements | (131,511) | (131,538) |
| Matured split-interest agreements | 113,298 | 148,850 |
| Net assets released from restrictions, used for operations | (2,073,201) | (1,557,682) |
| Net assets released from restriction for capital projects | (635,442) | (233,102) |
| Gardens Club activity | 291,248 | 459,530 |
| Interest and dividend income, net | 378,230 | 376,383 |
| Realized and unrealized gains on investments, net | 2,192,532 | 1,002,347 |
| Total change in net assets with donor restriction | 990,174 | 503,452 |
| CHANGE IN NET ASSETS | 336,339 | 876,429 |
| NET ASSETS – BEGINNING OF YEAR | 36,324,728 | 35,448,299 |
| NET ASSETS – END OF YEAR | $ 36,661,067 | $ 36,324,728 |

See accompanying notes.

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Statements of Cash Flows – Direct Method
## Years Ended September 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from residents | $ 21,495,659 | $ 20,376,497 |
| Cash received from advance fees | 24,036,694 | 6,254,836 |
| Cash paid from Cedars Development deposits | (1,592,177) | (37,962) |
| Cash received from contributions | 1,341,735 | 1,897,021 |
| Cash received from grants | - | 5,433,500 |
| Cash received from investment income | 1,598,021 | 1,404,034 |
| Cash received from other sources | 2,034,282 | 1,940,515 |
| Cash paid for interest on long-term debt | (2,950,474) | (2,985,739) |
| Cash paid to employees and vendors | (33,084,157) | (28,620,792) |
| Net cash from operating activities | 12,879,583 | 5,661,910 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (6,129,964) | (2,375,622) |
| Proceeds from sale of investments | 6,737,496 | 2,632,676 |
| Purchases of investments, assets limited as to use | (14,750,000) | (1,142,032) |
| Proceeds from sale of investments, assets limited as to use | 23,580,083 | 20,605,269 |
| Acquisition of property, plant, and equipment | (11,388,527) | (25,905,282) |
| Net cash used in investing activities | (1,950,912) | (6,184,991) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on long-term debt | (10,665,000) | (560,000) |
| Payments on split-interest agreements | (56,606) | (61,148) |
| Proceeds from contributions restricted for long-term purposes | 148,644 | 92,200 |
| Net cash used in financing activities | (10,572,962) | (528,948) |
| NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH | 355,709 | (1,052,029) |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF THE YEAR | 11,041,067 | 12,093,096 |
| CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF THE YEAR | $ 11,396,776 | $ 11,041,067 |

See accompanying notes.

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Statements of Cash Flows – Reconciliation to Operating Activities
## Years Ended September 30, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | $ 336,339 | $ 876,429 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | 5,086,566 | 3,978,450 |
| Accretion of asset retirement obligation | - | 4,791 |
| Deposits paid for Cedars Development | (1,592,177) | (37,962) |
| Advance fees received | 24,271,349 | 6,269,139 |
| Advance fees refunded | (234,655) | (14,303) |
| Amortization of bond premium | (291,869) | (295,450) |
| Amortization of entrance fees | (4,314,138) | (4,846,778) |
| Amortization of revenue from service contract | (48,091) | (48,091) |
| Change in credit loss reserves | 248,956 | - |
| Contributions restricted for long-term purposes | (148,644) | (92,200) |
| Donated capital assets | (641,557) | (250,013) |
| Net gains on investments | (6,593,313) | (1,997,260) |
| Changes in actuarial value of split-interest agreements | 131,510 | 131,538 |
| Amortization of deferred financing costs | 60,162 | 60,162 |
| Net loss on disposal of capital assets | 44,953 | 92,559 |
| Increase (decrease) in operating assets | | |
| Accounts receivable | (1,632,766) | 94,771 |
| Other current assets | 30,144 | 53,770 |
| Increase (decrease) in operating liabilities | | |
| Accounts payable | (25,378) | (68,744) |
| Accrued expenses | 26,607 | (3,753) |
| Legal settlement | (1,755,000) | 1,755,000 |
| Refundable deposits and other liabilities | (79,415) | (145) |
| Net cash from operating activities | $ 12,879,583 | $ 5,661,910 |
| SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS | | |
| Donated capital assets | $ 641,557 | $ 250,013 |
| Accrued capital expenditures | $ 266,710 | $ 2,104,377 |

See accompanying notes.

### Note 1 – Organization

Congregational Homes, Inc. dba Mt. San Antonio Gardens (MSAG), incorporated as a California not-for-profit public benefit corporation, is a nationally accredited life care retirement community. MSAG owns and operates 287 independent living units, 81 assisted living units, 10 memory care units, and 46 skilled nursing facility units.

The Gardens Club, consisting of all the residents of MSAG, engages in activities for the betterment of MSAG. The Gardens Club assets, net assets, and results of operations are included in MSAG's financial statements as part of net assets with donor restriction.

### Note 2 – Summary of Significant Accounting Policies

**Basis of presentation** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is distributed. Based on the existence or absence of donor-imposed restrictions, MSAG classifies resources into two categories: without donor restrictions and with donor restrictions.

*Net assets without donor restriction* – Net assets that are not subject to donor-imposed restrictions and may be expensed for any purpose in performing the primary objectives of MSAG. These net assets may be used at the discretion of MSAG's management and Board of Directors.

*Net assets with donor restriction* – Represents contributions that are limited to use by MSAG in accordance with donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Expiration of donor-imposed restrictions** – Net assets are released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors, including the passage of time. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service or expenditures exceed the amount of the gift.

**Use of estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents** – MSAG considers all short-term investments with an original maturity of 90 days or less to be cash equivalents. As of September 30, 2024 and 2023, cash equivalents are comprised of money market funds.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the accompanying statements of financial position to the accompanying statements of cash flows as of September 30, 2024 and 2023:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 3,801,220 | $ 6,663,901 |
| Restricted cash and cash equivalents, included in assets limited as to use | 7,595,556 | 2,784,989 |
| Restricted cash for Cedars Development | - | 1,592,177 |
| Cash and cash equivalents and restricted cash and cash equivalents as reported in statements of cash flows | $ 11,396,776 | $ 11,041,067 |

**Investments** – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Fair value is established based on quoted prices from recognized securities exchanges. Investment income (including realized gains and losses on investments, interest, and dividends) is included in changes in net assets without donor restrictions unless the income (loss) is restricted by donor law.

**Other current assets** – Other current assets include prepaid insurance, other prepaid expenses, workers' compensation insurance recoveries receivable, and inventory which consists of personal protective equipment, food, and kitchen supplies. Inventory is valued at first-in/first-out cost.

**Deferred financing costs** – Deferred financing costs include debt issuance costs, including legal fees, bank fees, accounting fees, and consulting costs incurred in connection with the issuance of the Series 2022 and 2019 tax-exempt bonds. The costs are being amortized over the terms of the financing agreements using the effective interest method. Such costs are presented as a component of long-term debt in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 835, *Interest Capitalization (ASC 835)*. Amortization expense is included as a component of interest expense.

**Property, plant, and equipment** – Property, plant, and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt. Depreciation is computed on the straight-line method based on estimated useful lives of 40 years for buildings built prior to September 30, 2005, 50 years for buildings completed after September 30, 2005, and 5 to 20 years for equipment. MSAG defines its capital expenditures as tangible assets of a relatively permanent nature, generally costing more than $1,000. MSAG periodically evaluates the carrying value of their long-lived assets for impairment. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized.

**Asset retirement obligations** – Asset retirement obligations include legal obligations associated with the retirement of long-lived assets. These liabilities are recorded at fair value when incurred and are capitalized by increasing the carrying amount of the associated long-lived asset. The fair value of the obligation is measured based on the present value of estimated future retirement costs. Asset retirement costs are depreciated on a straight-line basis through the estimated date of retirement. Subsequent to the initial recognition, period-to-period changes in the carrying amount of the liability are recorded due to the passage of time and revisions to either the timing or amount of the original estimated cash flows. Liabilities are released when the related obligations are settled. There was no accretion expense for the year ended September 30, 2024, and approximately $4,800 for the year ended September 30, 2023.

**Excess (deficiency) of revenues over expenses** – Excess (deficiency) of revenues over expenses represents the performance indicator. Changes in net assets without donor restrictions that are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for purposes of acquiring such assets).

**Revenue recognition** – *Residential services revenue* – Residential services revenue is reported at the amount that reflects the consideration to which MSAG expects to be entitled to in exchange for the services provided. Under MSAG's residential services agreement, MSAG provides senior living services to residents for a stated monthly fee. MSAG recognizes revenue for senior living services under the residential services agreement for independent living and assisted living in accordance with the provision of ASC Topic 842, *Leases (ASC 842)*.

*Patient services revenue (skilled nursing facility)* – Patient services revenue is reported at the amount that reflects the consideration to which MSAG expects to be entitled to in exchange for providing care. These amounts are due from patients, net of third-party contractual allowances for Medicare, and other programs. Generally, MSAG bills patients and third-party payors at the beginning of each month and sends a final bill or reconciliation at the time of discharge. Revenue is recognized in the month in which the performance obligations are satisfied.

Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. MSAG believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in MSAG's skilled nursing facility. MSAG measures the performance obligation from admission into the skilled nursing facility to the point when it is no longer required to provide health care services to that resident, which is generally at the time of discharge.

MSAG determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with MSAG's policy, and implicit price concessions provided to uninsured patients. MSAG determines its estimates of implicit price concessions based on its historical collection experience with this class of patients.

MSAG has agreements with third-party payors that provide for payments to MSAG at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Patient services revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge MSAG's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon MSAG. In addition, the contracts MSAG has with commercial payors also provide for retroactive audit and review of claims.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. MSAG also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. MSAG estimates the transaction price for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended September 30, 2024 and 2023, was not significant.

Patients who meet MSAG's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

*Other revenues* – Other revenues include revenues from ancillary services related to guest rooms, guest meals, catering, physical therapy, occupational therapy, and speech therapy. Revenue is reported at the amount that reflects the consideration to which MSAG expects to be entitled to in exchange for providing services.

The composition of patient services revenue by primary payor for the years ended September 30 is as follows:

| | 2024 | 2023 |
|---|---|---|
| Patient services revenue | | |
| Medicare/HMO | $ 1,021,764 | $ 1,025,720 |
| Private | 1,920,371 | 1,842,420 |
| | $ 2,942,135 | $ 2,868,140 |

**Obligation to provide future services** – MSAG annually calculates the present value of the costs of providing future services and use of facilities to current residents less future revenues such as monthly fees and compares the net amount (estimated obligation) with the balance of deferred revenue from advance fees. If the estimated obligation exceeds the deferred revenue from advance fees, a liability is recorded with the corresponding charge to income. For the years ended September 30, 2024 and 2023, a corresponding liability was not required. The present value of the obligation as of September 30, 2024 and 2023, was calculated using a discount rate of 5%.

MSAG estimates the cost of future services and the use of facilities in calculating the future obligation. The estimated amount of the obligation is based on actuarial assumptions such as life expectancy, projected future monthly resident fees, projected future operating costs, and estimated future inflation rate. Actual results will differ from those estimates.

**Concentration of credit risk** – MSAG is a continuing care retirement community whose one campus is located on property in Claremont and Pomona, California. MSAG charges monthly fees on open accounts to its residents, all of whom live on campus.

MSAG has cash located in various institutions. The amount on deposit in one institution (MSAG's operating accounts) periodically exceeded the federally insured limit of $250,000. MSAG monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

**Split-interest agreements** – MSAG sponsors charitable programs that enable the donor to receive income for life and leave the remainder of the principal to MSAG and other charitable organizations. These are referred to as split-interest agreements and can take several different forms, such as a gift annuity, an annuity trust, or a unitrust.

MSAG accounts for these agreements separately from other assets and liabilities even though some assets are pooled for investment purposes. As of September 30, 2024 and 2023, investments managed by MSAG under these programs were approximately $855,000 and $864,000, respectively.

The terms and discount rates for these agreements are based upon the life expectancy of the donor(s) and present value tables provided by the Internal Revenue Service (IRS) for determining the amount of the charitable contribution. Assets donated are recorded at their fair value at the date of the agreement. In subsequent years, the value of the contributions is actuarially adjusted to reflect the income earned on the assets, less distributions, and the present value of the liability to the income beneficiaries. Payments of income to beneficiaries are principally funded by the investment income of the related investments.

**Deferred revenue from advance fees** – Fees paid by a resident upon entering into a life care or continuing care contract are recorded as deferred revenue. Such fees are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. The actuarial life expectancy tables used are based on MSAG's historical experience. Upon the death of a resident, the unamortized portion of an advance fee is included in current year amortization. A portion of deferred revenue from advance fees is allocated to refundable fees as described below.

**Refundable fees** – MSAG is obligated to refund a portion of advance fees to residents who withdraw before six years. If a resident withdraws (or dies) within 90 days, the entire advance fee is refunded, less reasonable expenses. For residents who moved in after October 1, 2019, the entire advance fee is refunded if the resident withdraws (or dies) within one year. The amount to be refunded upon withdrawal is the advance fee, less 1.39% of the advance fee per month. The liability for refundable advance fees of $150,000 as of September 30, 2024 and 2023, is estimated based upon MSAG's refund experience. As of September 30, 2024 and 2023, the maximum amount contractually refundable was approximately $33,740,000 and $15,220,000, respectively.

**Income taxes** – MSAG is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California franchise taxes under Revenue and Taxation Code Section 23701d. Accordingly, no provision has been made for income taxes.

MSAG has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to MSAG's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

**Going concern** – In connection with the preparation of the financial statements for the year ended September 30, 2024, management conducted an evaluation as to whether there were conditions or events, considered in the aggregate, which raised substantial doubts as to MSAG's ability to continue as a going concern within one year after the date the financial statements were issued, noting there did not appear to be evidence of substantial doubt of the entity's ability to continue as a going concern.

**Recent accounting standards** – In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments* (Topic 326), which will require consideration of a broader range of reasonable and supportable information to inform credit loss estimates and replaces the incurred loss impairment methodology. Topic 326 impacts both assets measured at amortized cost and available-for-sale debt securities. This ASU was adopted by MSAG effective October 1, 2023. The adoption of this standard did not have a significant impact on the financial statements.

**Subsequent events** – Subsequent events are events or transactions that occur after the statements of financial position date but before the financial statements are issued. MSAG recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. MSAG's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statements of financial position date and before the financial statements are issued.

MSAG has evaluated subsequent events through December 6, 2024, which is the date the financial statements were issued, and concluded that there were no additional events or transactions that need to be disclosed.

### Note 3 – Grant Revenues

On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act included provisions for the Employee Retention Tax Credit (ERTC). MSAG received approximately $5,407,000 from the ERTC during the year ended September 30, 2023. The ERTC is a refundable tax credit for businesses that continued to pay employees while either shut down due to the COVID-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. Management evaluated the terms and conditions related to the ERTC and concluded MSAG had met substantially all conditions of eligibility for the ERTC.

| | 2024 | 2023 |
|---|---|---|
| Grant revenue | | |
| Employee Retention Tax Credit | $ - | $ 5,406,973 |
| Other | - | 26,527 |
| | $ - | $ 5,433,500 |

### Note 4 – Investments

Investments, including amounts classified as assets limited as to use, are comprised of the following as of September 30:

| | 2024 | 2023 |
|---|---|---|
| Short-term investments | $ 1,671,543 | $ 1,853,221 |
| Assets limited as to use, required for current liabilities | 4,675,015 | 2,472,004 |
| Assets limited as to use, net of current portion | 3,130,296 | 9,352,823 |
| Assets limited by Board as to use | 27,205,080 | 22,518,384 |
| Investments | 21,836,912 | 20,469,447 |
| | $ 58,518,846 | $ 56,665,879 |

Assets limited as to use are comprised of cash and investments held by the trustee under the Series 2022 and Series 2019 bond indentures for the following purposes as of September 30:

| | 2024 | 2023 |
|---|---|---|
| Assets held under Series 2022 Bond Indenture | | |
| Project fund | $ 3,130,296 | $ 10,674,092 |
| Entrance fee redemption fund | 4,670,000 | |
| Funded interest fund | 5,015 | 1,150,735 |
| | 7,805,311 | 11,824,827 |
| Less amounts required to pay current liabilities | 4,675,015 | 2,472,004 |
| | $ 3,130,296 | $ 9,352,823 |

Assets limited by Board as to use are not legally restricted as to use; however, it is the Board's current intention that they would be used for the following uses:

| | 2024 | 2023 |
|---|---|---|
| Project reserve fund | $ 7,595,029 | $ 6,442,978 |
| Endowment for debt service | 8,352,667 | 6,626,742 |
| Endowment for financial assistance | 3,337,973 | 2,648,242 |
| Endowment for general purposes | 7,919,411 | 6,800,422 |
| Assets limited by Board as to use | $ 27,205,080 | $ 22,518,384 |

The project reserve fund is for replacement of fixed assets and new projects as approved by the Board.

MSAG has Board-designated endowment funds of approximately $19,610,000 and $16,075,000 as of September 30, 2024 and 2023, respectively. MSAG does not intend to spend from these Board-designated endowment funds other than amounts appropriated for expenditure based on the policy described in Note 10; however, these amounts could be made available for other purposes, if necessary, at the discretion of the Board.

The following schedule summarizes investment return and its classification in the statements of operations and statements of changes in net assets for the year ended September 30, 2024:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|---|---|---|
| Interest and dividend income | $ 1,316,026 | $ 378,230 | $ 1,694,256 |
| External investment expense | (96,235) | - | (96,235) |
| Interest and dividend income, net | 1,219,791 | 378,230 | 1,598,021 |
| Realized gains, net | 123,510 | 94,343 | 217,853 |
| Unrealized gains, net | 4,277,271 | 2,098,189 | 6,375,460 |
| Realized and unrealized gains on investments, net | 4,400,781 | 2,192,532 | 6,593,313 |
| Investment return, net | $ 5,620,572 | $ 2,570,762 | $ 8,191,334 |

The following schedule summarizes investment return and its classification in the statements of operations and statements of changes in net assets for the year ended September 30, 2023:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|---|---|---|
| Interest and dividend income | $ 1,117,241 | $ 376,383 | $ 1,493,624 |
| External investment expense | (89,590) | - | (89,590) |
| Interest and dividend income, net | 1,027,651 | 376,383 | 1,404,034 |
| Realized gains, net | 132,270 | 152,675 | 284,945 |
| Unrealized losses, net | 862,642 | 849,672 | 1,712,314 |
| Realized and unrealized losses on investments, net | 994,912 | 1,002,347 | 1,997,259 |
| Investment losses, net | $ 2,022,563 | $ 1,378,730 | $ 3,401,293 |

**Note 5 – Fair Value Measurements**

In accordance with ASC 820, MSAG classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

**Level 2** – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

**Level 3** – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**Investments** – Investments held by MSAG consist of Level 1 exchange traded funds, bonds, and mutual funds. These investments have quoted prices in an active market and are therefore classified within Level 1 of the valuation hierarchy.

**Split-interest agreements** – Management determines the fair value measurement policy and procedures for charitable remainder trusts and charitable gift annuities. These policies and procedures are reassessed periodically to determine if the current valuation techniques are still appropriate; therefore, it is classified within Level 3 of the valuation hierarchy.

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 ASC 820 fair value hierarchy in which the fair value measurements fall:

| | Assets at Fair Value as of September 30, 2024 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Cash and equivalents | $ 7,595,556 | $ - | $ - | $ 7,595,556 |
| Gold exchange traded fund | 446,015 | - | - | 446,015 |
| U.S. Treasury notes | - | - | - | - |
| U.S. Treasury bills | 209,756 | - | - | 209,756 |
| U.S. bonds | 231,702 | - | - | 231,702 |
| Corporate bonds | - | - | - | - |
| Mutual funds | | | | |
| Balanced fund | 226,763 | - | - | 226,763 |
| Bond funds | 28,763,078 | - | - | 28,763,078 |
| International funds | 5,457,626 | - | - | 5,457,626 |
| U.S. equity funds | 15,588,350 | - | - | 15,588,350 |
| Total assets | $ 58,518,846 | $ - | $ - | $ 58,518,846 |
| Liabilities | | | | |
| Liabilities under split-interest agreements | | | | |
| Obligations under gift annuities | $ - | $ - | $ 156,176 | $ 156,176 |
| Obligations under charitable remainder trusts | - | - | 71,753 | 71,753 |
| Total liabilities | $ - | $ - | $ 227,929 | $ 227,929 |

| | Assets at Fair Value as of September 30, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Cash and equivalents | $ 2,784,989 | $ - | $ - | $ 2,784,989 |
| Gold exchange traded fund | 378,007 | - | - | 378,007 |
| U.S. Treasury notes | 68,307 | - | - | 68,307 |
| U.S. Treasury bills | 5,543,923 | - | - | 5,543,923 |
| U.S. bonds | 225,754 | - | - | 225,754 |
| Corporate bonds | 3,495,956 | - | - | 3,495,956 |
| Mutual funds | | | | |
| Balanced fund | 192,155 | - | - | 192,155 |
| Bond funds | 27,761,813 | - | - | 27,761,813 |
| International funds | 4,179,699 | - | - | 4,179,699 |
| U.S. equity funds | 12,035,276 | - | - | 12,035,276 |
| Total assets | $ 56,665,879 | $ - | $ - | $ 56,665,879 |
| Liabilities | | | | |
| Liabilities under split-interest agreements | | | | |
| Obligations under gift annuities | $ - | $ - | $ 203,304 | $ 203,304 |
| Obligations under charitable remainder trusts | - | - | 63,019 | 63,019 |
| Total liabilities | $ - | $ - | $ 266,323 | $ 266,323 |

**Note 6 – Property, Plant, and Equipment**

Property, plant, and equipment consisted of the following as of September 30:

| | 2024 | 2023 |
|---|---|---|
| Land improvements | $ 11,872,038 | $ 7,631,385 |
| Buildings and improvements | 136,465,931 | 94,509,482 |
| Furniture and equipment | 15,740,342 | 13,486,439 |
| Total depreciable assets | 164,078,311 | 115,627,306 |
| Less accumulated depreciation | 67,089,854 | 62,727,539 |
| Depreciable assets, net | 96,988,457 | 52,899,767 |
| Land | 2,195,371 | 2,195,371 |
| Construction in progress | 1,039,644 | 41,816,537 |
| Total property and equipment, net | $ 100,223,472 | $ 96,911,675 |

MSAG's depreciation expense totaled approximately $5,098,000 and $3,978,000 for the years ended September 30, 2024 and 2023, respectively.

**Note 7 – Deferred Revenue from Advance Fees**

A summary of the deferred revenue from advance fees for the years ended September 30 is as follows:

| | 2024 | 2023 |
|---|---|---|
| BALANCE, beginning of year | $ 37,865,740 | $ 36,457,682 |
| New fees received | 24,271,349 | 6,269,139 |
| Amortization of advance fees | (4,314,138) | (4,846,778) |
| Advance fees refunded | (234,655) | (14,303) |
| BALANCE, end of year | $ 57,588,296 | $ 37,865,740 |

Based on the past five years, actual refunds have averaged approximately $200,000 per year for the potential refundable declining period.

**Deposits for Cedars Development** – MSAG received, from the Department of Social Services, a Permit to Accept Deposits from prospective residents on the new residential development (the Cedars). Prospective residents deposit an amount equal to 10% of the entrance fee for the particular unit they reserve in the Cedars. MSAG has received deposits of approximately $0 and $1,592,000 as of September 30, 2024 and 2023, respectively. Each deposit is held in a non-interest-bearing account insured by the Federal Deposit Insurance Corporation. Construction of the Cedars began in January 2022 and was completed in January 2024. Deposits were released as of March 2024.

**Note 8 – Retirement Plan**

MSAG maintains a retirement plan under Section 403(b) of the Internal Revenue Code for substantially all full-time employees. The plan is with United Church of Christ Pension Plan for Lay Employees. Employees who elect to participate are required to contribute, at a minimum, 3% (and may contribute up to 20%, subject to IRS dollar limitations) of their compensation to the plan. MSAG matches 100% of the employees' contribution, up to 8% of their compensation for the calendar years 2024 and 2023, in which the employee completes at least 1,000 hours of service and has completed two years of continuous service. MSAG's contributions to this plan totaled approximately $640,000 and $615,000 for the years ended September 30, 2024 and 2023, respectively.

**Note 9 – Long-Term Debt**

Long-term debt as of September 30, 2024 and 2023, is as follows:

| | 2024 | 2023 |
|---|---|---|
| Series 2019 Bonds | $ 29,405,000 | $ 29,990,000 |
| Series 2022A Bonds | 29,030,000 | 29,030,000 |
| Series 2022B-1 | 4,670,000 | 6,000,000 |
| Series 2022B-2 | - | 8,750,000 |
| Add: unamortized bond premium | 5,193,050 | 5,484,919 |
| Less unamortized debt issuance costs | (1,716,390) | (1,776,552) |
| Long-term debt, including current portion | 66,581,660 | 77,478,367 |
| Current portion of long-term debt | (5,275,000) | (585,000) |
| Long-term debt, net of current portion | $ 61,306,660 | $ 76,893,367 |

On July 1, 2019, MSAG issued Series 2019 Bonds (2019 Bonds). The proceeds of the 2019 Bonds totaling $31,610,000 were used to refinance all of the outstanding Series 2010 Bonds ($16,375,000); reimburse MSAG for the payment of prior expenditures for planning the Wellness/Independent Living Expansion project; finance construction, improvement, renovation, and equipping of the campus; pay a portion of the interest on the 2019 Bonds during the construction of described projects; and pay certain costs of issuance of the Bonds. The 2019 Bonds have terms of 30 years with fixed all-in true interest rate of 3.98% and maximum annual debt service of $2,039,400. Interest on the 2019 Bonds is payable on each May 15 and November 15, commencing November 15, 2019. The 2019 Bonds are collateralized by the first trust deed of MSAG and have certain covenant restrictions.

On February 16, 2022, MSAG issued the $29,030,000 Series 2022A Revenue Bonds, the $6,000,000 Series 2022B-1 Revenue Bonds, and the $8,750,000 Series 2022B-2 Revenues Bonds. The Series 2022A together with the Series 2022B are collectively referred to as "2022 Bonds." The proceeds of the 2022 Bonds totaling $43,780,000 will be used together with other available funds to finance the construction, improvement, renovation, and equipping of the Cedars; pay a portion of the interest of the 2022 Bonds during the construction of the Cedars; and pay certain costs incurred in connection with the issuance of the 2022 Bonds. The Series 2022B-1 Bonds will mature on November 15, 2027, and the Series 2022B-2 Bonds will mature on November 15, 2026, and are subject to mandatory entrance fee redemption. MSAG anticipates receipt of entrance fees in amounts that will result in mandatory entrance fee redemption of the Series 2022B Bonds as shown in the table below. The 2022 Bonds have terms of 35 years with fixed all-in true interest rate of 3.77% and average annual debt service of $2,214,000. Interest on the bonds is payable on each May 15 and November 15, commencing May 15, 2022. The 2022 Bonds are collateralized by the first trust deed of MSAG and have certain covenant restrictions.

The following table sets forth the principal payments due as of September 30:

| | Series 2019 | Series 2022A | Series 2022B-1 | Series 2022B-2 | Total |
|---|---|---|---|---|---|
| Fiscal Year | | | | | |
| 2025 | $ 605,000 | $ - | $ 4,670,000 | $ - | $ 5,275,000 |
| 2026 | 630,000 | - | - | - | 630,000 |
| 2027 | 655,000 | 210,000 | - | - | 865,000 |
| 2028 | 685,000 | 220,000 | - | - | 905,000 |
| 2029 | 710,000 | 230,000 | - | - | 940,000 |
| Thereafter | 26,120,000 | 28,370,000 | - | - | 54,490,000 |
| | $ 29,405,000 | $ 29,030,000 | $ 4,670,000 | $ - | $ 63,105,000 |

### Note 10 – Net Assets with Donor Restriction

Net assets with donor restriction include the following time period or purpose restrictions as of September 30, 2024 and 2023:

| | 2024 | 2023 |
|---|---|---|
| Subject to expenditure for a specific purpose | | |
| Homeship care – resident support | $ 1,297,648 | $ 1,223,736 |
| Gardens Club | 455,918 | 639,169 |
| All other restrictions | 446,725 | 547,428 |
| | 2,200,291 | 2,410,333 |
| Subject to appropriation and expenditure when a specified event occurs | | |
| Split-interest agreements | 627,490 | 597,516 |
| Subject to spending policy and appropriation | | |
| Investment in perpetuity (including amounts above original gift amount of $7,845,557 and $7,696,913, respectively), which once appropriated, is expendable to support | | |
| Homeship care | 391,383 | 369,528 |
| Maureen Beith Evergreen Commons | 784,142 | 605,728 |
| Myra Heslop Nurses Education | 7,203 | 5,714 |
| Library | 12,905 | 12,186 |
| Wellness center | 80,262 | 75,780 |
| Assisted living program | 91,038 | 85,955 |
| Financial assistance upon entrance | 214,049 | 165,617 |
| General endowment | 9,607,651 | 8,697,883 |
| | 11,188,633 | 10,018,391 |
| Total net assets with donor restriction | $ 14,016,414 | $ 13,026,240 |

### Note 11 – Endowment Restricted Net Assets

The Board of Directors of MSAG follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in determining the fair value of the donor-restricted assets. As a result, MSAG classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. MSAG's endowment spending policy provides the guidance for the distribution of the net appreciation of restricted endowments. At the beginning of each fiscal year, MSAG will distribute between 4.0% and 5.0% of the average market value of the endowment fund for the twelve calendar quarters ended March 31 of the prior fiscal year. Endowment earning distributions are made in 12 equal monthly installments.

Endowment net asset composition by type of fund as of September 30, 2024, is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | $ - | $ 7,845,557 | $ 7,845,557 |
| Accumulated investment gains | 5,960,676 | 3,343,076 | 9,303,752 |
| Board-designated endowment funds | 13,649,375 | - | 13,649,375 |
| | $ 19,610,051 | $ 11,188,633 | $ 30,798,684 |

Endowment net asset composition by type of fund as of September 30, 2023, is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor | $ - | $ 7,696,913 | $ 7,696,913 |
| Accumulated investment gains | 2,426,032 | 2,321,478 | 4,747,510 |
| Board-designated endowment funds | 13,649,375 | - | 13,649,375 |
| | $ 16,075,407 | $ 10,018,391 | $ 26,093,798 |

In accordance with UPMIFA, MSAG considers the following factors in making a determination to appropriate or accumulate donor-restricted assets:

1. The duration and preservation of the fund

2. The purposes of MSAG and the donor-restricted endowment fund

3. General economic conditions

4. The possible effect of inflation and deflation

5. The expected total return from income and the appreciation of investments

6. Other resources of MSAG

7. The investment policies of MSAG

**Funds with deficiencies** – From time to time, the fair value of assets associated with individual donor-restricted assets may fall below the level that the donor or UPMIFA requires MSAG to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restriction when applicable. There were no such deficiencies as of September 30, 2024 and 2023.

**Return objectives, risk parameters, and strategies employed for achieving objectives** – MSAG has adopted investment and spending policies for restricted assets that attempt to provide a predictable stream of funding to the program. Under this policy, as approved by the Board of Directors, the restricted assets are invested in a manner that is intended to preserve and protect the assets by earning an appropriate return on the investments.

Changes in endowment net assets for the year ended September 30, 2024, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ 16,075,407 | $ 10,018,391 | $ 26,093,798 |
| Investment return, net | 4,155,621 | 1,406,167 | 5,561,788 |
| Contributions | - | 148,644 | 148,644 |
| Transfer for purpose restriction spending | - | (25,926) | (25,926) |
| Appropriation for endowment for expenditure | (620,977) | (358,643) | (979,620) |
| Endowment net assets, end of year | $ 19,610,051 | $ 11,188,633 | $ 30,798,684 |

Changes in endowment net assets for the year ended September 30, 2023, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, beginning of year | $ 14,736,215 | $ 9,443,529 | $ 24,179,744 |
| Investment return, net | 1,879,529 | 849,321 | 2,728,850 |
| Contributions | - | 92,200 | 92,200 |
| Transfer for purpose restriction spending | - | (24,900) | (24,900) |
| Appropriation of endowment for expenditure | (540,337) | (341,759) | (882,096) |
| Endowment net assets, end of year | $ 16,075,407 | $ 10,018,391 | $ 26,093,798 |

**Note 12 – Net Assets Released from Restriction**

Net assets were released from restriction as follows for the years ended September 30:

| | 2024 | 2023 |
|---|---|---|
| Purpose restrictions accomplished | | |
| Homeship care – resident support | $ 519,206 | $ 451,283 |
| Gardens Club – employee appreciation | 474,500 | 468,000 |
| Physician clinic operations | 55,323 | 62,506 |
| General operations | 665,529 | 234,134 |
| General capital releases | 635,442 | 233,102 |
| | 2,350,000 | 1,449,025 |
| Release of appropriated endowment amounts without purpose restrictions | 620,977 | 540,337 |
| Release of appropriated endowment amounts with purpose restrictions | 358,643 | 341,759 |
| Total restriction released | $ 3,329,620 | $ 2,331,121 |

**Note 13 – Self-Insured Workers' Compensation Insurance**

On January 1, 2018, MSAG entered into a guaranteed cost policy insurance program to cover workers' compensation claims. Under the current policy, MSAG is covered up to $1,000,000 on a per claim basis with no deductible.

Prior to January 2018, MSAG participated in a self-insured workers' compensation program through a nonprofit mutual benefit corporation (Group) organized under the Nonprofit Mutual Benefit Corporation Law of California. Under this plan, MSAG was covered up to $500,000 for the payment of medical, indemnity, and legal costs of claims. MSAG was also covered by a supplemental policy for excess workers' compensation coverage that pays all statutory benefits in excess of a retention limit of $500,000.

In accordance with ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, MSAG discloses in the statements of financial position the estimated liability outstanding for workers' compensation claims as well as the related insurance recoveries. The estimated liability and insurance recoveries for workers' compensation claims amounted to approximately $82,000 and $129,000 as of September 30, 2024 and 2023, respectively. Insurance recoveries receivable are included in other current assets on the statements of financial position.

As required by the state of California, Department of Industrial Relations, Office of Self-Insurance Plans (OSIP), the Group obtained a surety bond from an insurance carrier, which satisfies the financial security requirement for self-insured plans. As a condition from surety carriers in return for obtaining the surety bond posted by the program to OSIP, each participating member in the program is required to sign a General Agreement of Indemnity. In the event that the insurance carrier is called upon to satisfy any outstanding obligation of the Group, the insurance carrier has the right of indemnification from each member on a joint and several basis.

### Note 14 – Functional Classification of Expenses

The financial statements report certain expense categories that are attributable to more than one independent living, assisted living, skilled nursing, or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest, and other costs, are allocated to a function based on a square footage or units of services basis.

Expenses related to providing these services for the year ended September 30, 2024, are as follows:

| | Program Services | | | Support Services | |
|---|---|---|---|---|---|
| | Independent Living | Assisted Living | Skilled Nursing | General and Administrative | Total |
| Salaries and benefits | $ 6,057,211 | $ 6,066,367 | $ 5,476,338 | $ 3,044,034 | $ 20,643,950 |
| Contract services and professional fees | 2,168,491 | 1,206,344 | 1,108,952 | 1,246,690 | 5,730,477 |
| Depreciation | 3,917,253 | 359,163 | 713,807 | 96,343 | 5,086,566 |
| Interest | 1,567,056 | 283,382 | 116,026 | 17,240 | 1,983,704 |
| Utilities | 1,216,631 | 220,012 | 89,896 | 13,384 | 1,539,923 |
| Taxes and insurance | 835,463 | 151,083 | 61,732 | 9,193 | 1,057,471 |
| Other expense | 175,579 | 83,274 | 35,832 | 651,184 | 945,869 |
| Supplies and equipment | 271,295 | 176,042 | 114,731 | 41,003 | 603,071 |
| Medical supplies and equipment | 48,159 | 100,273 | 263,490 | 18,572 | 430,494 |
| Repairs and maintenance | 486,914 | 92,083 | 39,911 | 5,322 | 624,230 |
| Total operating expenses | $ 16,744,052 | $ 8,738,023 | $ 8,020,715 | $ 5,142,965 | $ 38,645,755 |

Expenses related to providing these services for the year ended September 30, 2023, are as follows:

| | Program Services | | | Support Services | |
|---|---|---|---|---|---|
| | Independent Living | Assisted Living | Skilled Nursing | General and Administrative | Total |
| Salaries and benefits | $ 5,483,867 | $ 5,607,449 | $ 5,252,079 | $ 2,897,648 | $ 19,241,043 |
| Contract services and professional fees | 1,890,131 | 1,035,834 | 1,064,891 | 2,146,356 | 6,137,212 |
| Depreciation | 2,725,864 | 398,541 | 775,038 | 79,007 | 3,978,450 |
| Legal settlement | - | - | - | 1,755,000 | 1,755,000 |
| Utilities | 1,074,282 | 236,696 | 96,805 | 14,240 | 1,422,023 |
| Interest | 855,420 | 188,475 | 77,083 | 11,339 | 1,132,317 |
| Taxes and insurance | 717,171 | 158,134 | 64,625 | 9,509 | 949,439 |
| Other expense | 149,943 | 76,599 | 41,451 | 350,701 | 618,694 |
| Supplies and equipment | 268,336 | 199,203 | 117,493 | 47,462 | 632,494 |
| Medical supplies and equipment | 54,626 | 119,650 | 255,029 | 25,393 | 454,698 |
| Repairs and maintenance | 343,180 | 78,170 | 40,333 | 4,663 | 466,346 |
| Accretion of asset retirement obligation | 3,619 | 797 | 326 | 49 | 4,791 |
| Total operating expenses | $ 13,566,439 | $ 8,099,548 | $ 7,785,153 | $ 7,341,367 | $ 36,792,507 |

**Note 15 – Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of September 30, 2024 and 2023, comprise the following:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 3,801,220 | $ 6,663,901 |
| Short-term investments | 1,671,543 | 1,853,221 |
| Accounts receivable, net | 2,157,024 | 773,214 |
| | $ 7,629,787 | $ 9,290,336 |

MSAG has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. MSAG maximizes its earnings potential on liquid assets by investing in short-term instruments such as money market funds and short-term treasury instruments. MSAG has Board-designated endowment funds of approximately $19,610,000 and $16,075,000 as of September 30, 2024 and 2023, respectively. MSAG does not intend to spend from this Board-designated endowment other than amounts appropriated for expenditure based on the policy described in Note 10; however, these amounts could be made available if necessary.

**Note 16 – Legal Settlement**

MSAG is subject to legal proceedings, which arise in the ordinary course of business. In the opinion of management and legal counsel, the outcome of such matters will not have a material effect on the financial position of MSAG.

During the year ended September 30, 2022, MSAG reached a settlement on a class action lawsuit related to various violations of California's Labor Code. Based on the terms of the settlement, management had accrued approximately $1,755,000 as of September 30, 2023, which was paid in full during the year ended September 30, 2024. There was no legal settlement accrued for as of September 30, 2024.

**Note 17 – Commitments**

In January 2022, MSAG entered into a construction contract related to the Cedars (Independent Living) project. The contract sum, including change orders, is approximately $35,723,000. As of September 30, 2024 and 2023, the amount due on the contract was approximately $0 and $1,902,000, respectively, and recognized in accrued expenses on the statements of financial position. The remaining balance to complete as of September 30, 2024 and 2023, was approximately $0 and $2,768,000, respectively.

MOSSADAMS

Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules with
Supplementary Information

**Congregational Homes, Inc.**
**dba Mt. San Antonio Gardens**

September 30, 2024

# Table of Contents

MOSSADAMS

# Report of Independent Auditors

The Board of Directors
Congregational Homes, Inc. dba Mt. San Antonio Gardens

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Congregational Homes, Inc. dba Mt. San Antonio Gardens, which comprise continuing care liquid reserve schedules, Forms 5-1 through 5-5, as of and for the year ended September 30, 2024.

In our opinion, the accompanying financial statements present fairly, in all material respects, the continuing care liquid reserve schedules Form 5-1 through Form 5-5 of Congregational Homes, Inc. dba Mt. San Antonio Gardens as of and for the year ended September 30, 2024.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Congregational Homes, Inc. dba Mt. San Antonio Gardens 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.

### *Responsibilities of Management for the Financial Statements*

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Congregational Homes, Inc. dba Mt. San Antonio Gardens' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Congregational Homes, Inc. dba Mt. San Antonio Gardens' ability to continue as a going concern for a reasonable period of time.

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

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Supplementary Schedules to Forms 5-1, 5-2, and 5-4, Reconciliation of Interest and Principal Paid; Form 5-4, Reconciliation of Revenues Received During the Year for Services to Persons Who Did Not Have a Continuing Care Contract; and Form 5-5, Reconciliation of Operating and Debt Service Reserves, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Restriction on Use***

This report is intended solely for the information and use of the Board of Directors and management of Congregational Homes, Inc. dba Mt. San Antonio Gardens, and the California Department of Social Services, and is not intended to be and should not be used by anyone other than these specified parties.

***Other Information***

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

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

Moss Adams LLP

Irvine, California
December 6, 2024

# Continuing Care Liquid Reserve Schedules

## FORM 5-1
## LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
## (Including Balloon Debt)

| Long-term Debt Obligation | (a) Date Incurred | (b) Principal Paid During Fiscal Year | (c) Interest Paid During Fiscal Year | (d) Credit Enhancement Premiums Paid in Fiscal Year | (e) Total Paid (columns (b) + (c) + (d)) |
|---|---|---|---|---|---|
| 1 | 07/01/19 | $585,000 | $1,441,700 | | $2,026,700 |
| 2 | 02/16/22 | | $1,508,774 | | $1,508,774 |
| 3 | | | | | $0 |
| 4 | | | | | $0 |
| 5 | | | | | $0 |
| 6 | | | | | $0 |
| 7 | | | | | $0 |
| 8 | | | | | $0 |
| | | **TOTAL:** | $2,950,474 | $0 | $3,535,474 |

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

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

**PROVIDER:** Congregational Homes, Inc

**FORM 5-2**
**LONG-TERM DEBT INCURRED**
**DURING FISCAL YEAR**
**(Including Balloon Debt)**

| Long-Term Debt Obligation | (a) Date Incurred | (b) Total Interest Paid During Fiscal Year | (c) Amount of Most Recent Payment on the Debt | (d) Number of Payments over next 12 months | (e) Reserve Requirement (see instruction 5) (columns (c) x (d)) |
|---|---|---|---|---|---|
| 1 | | | | | $0 |
| 2 | | | | | $0 |
| 3 | | | | | $0 |
| 4 | | | | | $0 |
| 5 | | | | | $0 |
| 6 | | | | | $0 |
| 7 | | | | | $0 |
| 8 | | | | | $0 |
| | **TOTAL:** | $0 | $0 | 0 | $0 |

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

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

**PROVIDER:** Congregational Homes, Inc

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

| Line | | TOTAL |
|---|---|---|
| 1 | Total from Form 5-1 bottom of Column (e) | $3,535,474 |
| 2 | Total from Form 5-2 bottom of Column (e) | $0 |
| 3 | Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance) | |
| 4 | **TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:** | $3,535,474 |

**PROVIDER:** Congregational Homes, Inc

## FORM 5-4
## CALCULATION OF NET OPERATING EXPENSES

| Line | | | Amounts | TOTAL |
|---|---|---|---|---|
| 1 | | Total operating expenses from financial statements | | $37,795,620 |
| 2 | | Deductions: | | |
| | a. | Interest paid on long-term debt (see instructions) | $2,950,474 | |
| | b. | Credit enhancement premiums paid for long-term debt (see instructions) | $0 | |
| | c. | Depreciation | $5,086,566 | |
| | d. | Amortization | $60,162 | |
| | e. | Revenues received during the fiscal year for services to persons who did not have a continuing care contract | $1,542,659 | |
| | f. | Extraordinary expenses approved by the Department | $0 | |
| 3 | | Total Deductions | | $9,639,861 |
| 4 | | Net Operating Expenses | | $28,155,759 |
| 5 | | Divide Line 4 by 365 and enter the result. | | $77,139 |
| 6 | | **Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount. | | $5,785,430 |

**PROVIDER:** Congregational Homes, Inc
**COMMUNITY:** Mt. San Antonio Gardens

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Form 5-5, Annual Reserve Certification
## For the Year Ended September 30, 2024

**FORM 5-5**
**ANNUAL RESERVE CERTIFICATION**

Provider Name: Congregational Homes, Inc
Fiscal Year Ended: 9/30/2024

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 9/30/2024 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

| | | Amount |
|---|---|---|
| [1] | Debt Service Reserve Amount | $3,535,474 |
| [2] | Operating Expense Reserve Amount | $5,785,430 |
| [3] | **Total Liquid Reserve Amount:** | $9,320,904 |

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

| | Qualifying Asset Description | Amount (market value at end of quarter) Debt Service Reserve | | Operating Reserve |
|---|---|---|---|---|
| [4] | Cash and Cash Equivalents | $125,993 | | $2,365,210 |
| [5] | Investment Securities | $7,469,036 | | $10,574,127 |
| [6] | Equity Securities | | | $19,610,051 |
| [7] | Unused/Available Lines of Credit | | | |
| [8] | Unused/Available Letters of Credit | | | |
| [9] | Debt Service Reserve | | | (not applicable) |
| [10] | Other: (describe qualifying asset) | | | |
| [11] | **Total Amount of Qualifying Assets Listed for Reserve Obligation:** | $7,595,029 | [12] | $32,549,388 |
| [13] | **Reserve Obligation Amount:** | $3,535,474 | [14] | $5,785,430 |
| [15] | **Surplus/(Deficiency):** | $4,059,555 | [16] | $26,763,958 |

Signature:
Jennifer C[illegible]
(Authorized Representative)

Date: 1/27/25

CFO
(Title)

**Note 1 – Basis of Accounting**

The accompanying supplementary schedules have been prepared in accordance with the provisions of the Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of Congregational Homes, Inc. dba Mt. San Antonio Gardens' assets, liabilities, revenues, and expenses.

# Supplementary Information

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Attachment I to Forms 5-1, 5-2, and 5-4
## Reconciliation of Interest and Principal Paid
## State of California – Department of Social Services
## September 30, 2024

| | | |
|---|---|---|
| **PRINCIPAL PAYMENT ON LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR PER FORM 5-1:** | | |
| Series 2019 bonds | $ | 585,000 |
| Total principal payment on long-term debt per audited statement of cash flows | $ | 585,000 |
| | | |
| Series 2022 bonds | | |
| Series 2022B-2 bond - Paid in full | $ | 8,750,000 |
| Series 2022B-1 bond - Partial redemption | | 1,330,000 |
| | $ | 10,080,000 |
| | | |
| **INTEREST PAID DURING FISCAL YEAR PER FORM 5-4:** | | |
| Series 2019 Bonds Interest Paid During Fiscal Year Per Form 5-1 | $ | 1,441,700 |
| Series 2022 Bonds Interest Paid During Fiscal Year Per Form 5-1 | | 1,508,774 |
| Total interest payment on long-term debt per audited statement of cash flows | $ | 2,950,474 |

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Attachment II to Form 5-4
## Reconciliation of Revenues Received During the Year for Services to Persons Who Did Not Have a Continuing Care Contract
## State of California – Department of Social Services
## September 30, 2024

| | | |
|---|---|---|
| Non-Member Health Services | $ | 410,150 |
| Non-Member Assisted Living | | 880,248 |
| | | 1,290,398 |
| Guest Rooms | | 99,815 |
| Non-Resident Meals | | 152,446 |
| | | 252,261 |
| Total Revenues Received During the Fiscal Year for Services to Person Who Did Not Have a Continuing Care Contract per Form 5-4 | | 1,542,659 |
| Reconciliation to audited statement of operations: | | |
| Care and Service Fees from Independent Living and Assisted Living | $ | 20,327,806 |
| Non-Member Assisted Living | | 880,248 |
| Residential Services Revenue per audited statement of operations | | 21,208,054 |
| Care and service fees for Health Services | $ | 1,589,551 |
| Non-Member Health Services | | 410,150 |
| HMO/Medicare | | 942,434 |
| Patient Service Revenue per audited statement of operations | | 2,942,135 |
| Reconciliation to audited statement of cash flows: | | |
| Cash received from Members | $ | 20,205,261 |
| Cash received from Non-Members | | 1,290,398 |
| Cash received from residents per audited statement of cash flows | | 21,495,659 |
| Cash received from other sources | $ | 1,782,021 |
| Cash received from Guest Room and Non-Resident Meals | | 252,261 |
| Cash received from other sources per audited statement of cash flows | | 2,034,282 |

**RECONCILIATION OF AMORTIZATION EXPENSE**

| | | |
|---|---|---|
| Amortization of deferred financing costs | $ | 60,162 |
| Interest | | 1,898,903 |
| Bond Costs | | 24,639 |
| Interest per audited statement of operations | | 1,983,704 |
| Amortization of deferred financing costs | $ | 60,162 |
| Amortization expense per Form 5-4 | | 60,162 |

# Congregational Homes, Inc. dba Mt. San Antonio Gardens
## Attachment III to Form 5-5
## Reconciliation of Operating and Debt Service Reserves
## State of California – Department of Social Services
## September 30, 2024

| | General Unrestricted | Specific Purpose | Endowment | Annuity | Trusts | Total All Funds |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Current Assets:** | | | | | | |
| Cash and cash equivalents | $ 2,491,203 | $ 528,752 | $ 756,902 | $ 24,363 | $ - | $ 3,801,220 |
| Short-term investments | - | 1,671,543 | - | - | - | 1,671,543 |
| Accounts receivable, net | 2,157,024 | - | - | - | - | 2,157,024 |
| Assets limited to use, required for current liabilities | 4,675,015 | - | - | - | - | 4,675,015 |
| Other current assets | 532,615 | - | - | - | - | 532,615 |
| Total current assets | 9,855,857 | 2,200,295 | 756,902 | 24,363 | - | 12,837,417 |
| **Noncurrent Assets:** | | | | | | |
| Assets limited to use, net of current portion | 3,130,296 | - | - | - | - | 3,130,296 |
| Assets limited by board as to use | 7,595,029 | - | 19,610,051 | - | - | 27,205,080 |
| Investments | 10,574,127 | - | 10,431,730 | 604,294 | 226,763 | 21,836,914 |
| Property, plant and equipment, net | 100,223,473 | - | - | - | - | 100,223,473 |
| **Total Assets** | $ 131,378,782 | $ 2,200,295 | $ 30,798,683 | $ 628,657 | $ 226,763 | $ 165,233,180 |
| **LIABILITIES AND NET ASSETS** | | | | | | |
| **Current Liabilities:** | | | | | | |
| Accounts payable | $ 1,112,175 | $ - | $ | $ | $ | $ 1,112,175 |
| Accrued expenses | 2,494,135 | - | | | | 2,494,135 |
| Workers' compensation liability | 82,024 | - | | | | 82,024 |
| Refundable deposits and other liabilities | 124,614 | - | | | | 124,614 |
| Current portion of long term debt | 5,275,000 | - | | | | 5,275,000 |
| Total current liabilities | 9,087,948 | - | - | - | - | 9,087,948 |
| **Noncurrent liabilities:** | | | | | | |
| Liabilities to grantors under split-interest agreements | - | - | - | 156,176 | 71,753 | 227,929 |
| Deferred revenue from advance fees | 57,588,296 | - | - | - | - | 57,588,296 |
| Deferred Revenue - Sodexo Dining Contract | 220,416 | - | - | - | - | 220,416 |
| Asset retirement obligation | 140,863 | - | - | - | - | 140,863 |
| Long term debt, net of current portion | 61,306,660 | - | - | - | - | 61,306,660 |
| **Total Liabilities** | 128,344,183 | - | - | 156,176 | 71,753 | 128,572,112 |
| **NET ASSETS** | | | | | | |
| Without donor restriction | 3,034,599 | - | 19,610,051 | - | - | 22,644,650 |
| With donor restriction | - | 2,200,295 | 11,188,632 | 472,481 | 155,010 | 14,016,418 |
| **Total Net Assets** | 3,034,599 | 2,200,295 | 30,798,683 | 472,481 | 155,010 | 36,661,068 |
| **Total Liabilities and Net Assets** | $ 131,378,782 | $ 2,200,295 | $ 30,798,683 | $ 628,657 | $ 226,763 | $ 165,233,180 |

Sum of Total Cash & Cash Equivalents, Investments Available for use per Form 5-5: $2,491,203 (Unrestricted Cash) + $10,574,127 (Unrestricted Noncurrent Investments) + $7,469,036 (Assets limited by board as to use) + $19,610,051 (Unrestricted Endowment) = $40,144,417

**Reconciliation to Form 5-5:**

| | Unrestricted Cash | Investment Securities | Assets limited by board as to use | Equity Securities | Total |
|---|---|---|---|---|---|
| Project reserve fund | $ 125,993 | $ - | $ 7,469,036 | $ - | $ 7,595,029 |
| Operating reserve | 2,365,210 | 10,574,127 | - | 19,610,051 | 32,549,388 |
| | $ 2,491,203 | $ 10,574,127 | $ 7,469,036 | $ 19,610,051 | $ 40,144,417 |

**Reconciliation to Form 5-5:**

| | General Unrestricted |
|---|---|
| Cash and cash equivalents | $ 2,491,203 |

| | General Unrestricted |
|---|---|
| Assets limited by board as to use | $ 7,469,036 |
| Investments | 10,574,127 |
| | $ 18,043,163 |

| | Endowment |
|---|---|
| Without donor restriction | $ 19,610,051 |

MOSSADAMS

# ATTACHMENT TO FORM 5-5

# CONGREGATIONAL HOMES, INC dba MT. SAN ANTONIO GARDENS

## Health and Safety Code section 1790(a) (2)

**Full detail on the status, description, and amount of all reserves that the provider currently designates and maintains:**

In addition to the Debt Service Reserve and Operating Expense Reserve required by the California Department of Social Services (see Form 5-5), we have net assets with donor restriction (see audit report, Note 10):

| | |
|---|---:|
| Homeship care (benevolence) for residents | $1,297,648 |
| Gardens club – resident sponsored actives | 455,918 |
| Split-interest agreements (annuities & trusts) | 627,490 |
| Endowment | 11,188,633 |
| All other donor restricted funds | 446,725 |
| **Total donor restricted net assets** | **$14,016,414** |

## Health and Safety Code section 1790(a)(3)

**Disclosure of any funds accumulated for identified projects or purposes and any funds maintained or designated for specific contingencies.**

*Note – Donor restricted funds, are not specifically noted here. The following contingencies address those monies that are under the control of the Board of Directors.*

Assets limited by Board as to use as noted in the audit report Note 4.

| | |
|---|---:|
| Project reserve fund | $7,595,029 |
| Endowment for debt service | 8,352,667 |
| Endowment for financial assistance | 3,337,973 |
| Endowment for general purposes | 7,919,411 |
| **Total designated by the Board of Directors** | **$27,205,080** |

On July 30, 1992, the Board of Directors established a Reserve for Asset Replacement Fund renamed the Project Reserve Fund to provide for the future replacement of property, plant and equipment as approved by the Board. The balance at 9/30/24 of the Project Reserve Fund is $7,595,029. On 1/27/22, the Board of Directors established an endowment for Debt Service in the amount of $7,000,000 which was funded by the Project Reserve Fund. This was done because $10,000,000 in the Project Reserve Fund was earmarked for the Cedars project, but since the project was being fully financed it was decided to move $7,000,000 to an endowment fund to service debt payments. The balance at 9/30/24 of the endowment for debt service is $8,352,667. Maintaining the facility is essential to providing care for the elderly – our tax-exempt purpose.

On September 25, 1997, the Board of Directors established a Financial Assistance Fund, this fund assists qualified new entrants with up to 50% of their entrance fees as well as a portion of future monthly fees. The balance at 9/30/24 is $3,337,973. This fund was established to enable more elderly to become residents without compromising our financial structure. Providing care for even more elderly is consistent with our tax-exempt purpose.

**Health and Safety Code section 1790(a)(2)**

**Disclosure of per capita costs of operations**.

Per Capita Costs of Operations was $81,392.

# CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 1/27/25

Facility Name: CONGREGATIONAL HOMES, INC. dba Mt. San Antonio Gardens

| Address: 900 E. Harrison Ave. | Zip Code: 91767 | Phone: (909)624-5061 |
|---|---|---|

Provider Name:

Mt. San Antonio Gardens

Facility Operator: Congregational Homes, Inc.

Religious Affiliation: United Church of Christ

Year Opened: 1961 # of Acres: 31 Miles to Shopping Center: 1.0 Miles to Hospital: 1.5

❑ Single Story ❑ Multi-Story ☑ Other: Both

**Number of Units:**

| **Residential Living** | **Number of Units** | **Health Care** | **Number of Units** |
|---|---|---|---|
| Apartments – Studio: | 33 | Assisted Living: | 81 |
| Apartments – 1 Bdrm: | 144 | Skilled Nursing: | 46 (43 Private) |
| Apartments – 2 Bdrm: | 10 | Special Care: | 10 |
| Cottages/Houses: | 100 | Description: | Memory Care |

RLU Occupancy (%) at Year End: 90.0%

**Type of Ownership:** ☑ Not for Profit ❑ For Profit

**Accredited?** ❑ Yes By: ☑ No

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

**Refund Provisions:** (Check all that apply) ☑ Refundable ❑ 90% ❑ 50% ❑ Repayable ❑ 75% ☑ Other: 90 days or 1 yr

**Range of Entrance Fees:** $91,940 - $778,090

**Long-Term Care Insurance Required?** ❑ Yes ☑ No

**Health Care Benefits Included in Contract:** Observation, Personal Care, Physician Care, SNF

**Entry Requirements:** Min Age: N/A Prior Profession: N/A Other: Medicare ABC

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

(briefly describe provider's compliance and residents' roles): Five residents with full Board Member privileges. A sixth resident attends all Board meetings as a resident representative but does not have voting rights.

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

Facility Services and Amenities

| **Common Area Amenities** | **Available** | **Fee for Service** |
|---|---|---|
| Beauty/Barber Shop | ☐ | ☑ |
| Billiard Room | ☑ | ☐ |
| Bowling Green | ☐ | ☐ |
| Card Rooms | ☑ | ☐ |
| Chapel | ☐ | ☐ |
| Coffee Shop | ☐ | ☐ |
| Craft Rooms | ☑ | ☐ |
| Exercise Room | ☑ | ☐ |
| Golf Course Access | ☐ | ☐ |
| Library | ☑ | ☐ |
| Putting Green | ☑ | ☐ |
| Shuffleboard | ☐ | ☐ |
| Spa | ☑ | ☐ |
| Swimming Pool – Indoor | ☐ | ☐ |
| Swimming Pool – Outdoor | ☑ | ☐ |
| Tennis Court | ☐ | ☐ |
| Workshop | ☑ | ☐ |
| Other: Bar | ☑ | ☐ |

| **Services Available** | **Included in Fee** | **For Extra Charge** |
|---|---|---|
| Housekeeping ( 2 Times/ Month at $_______ each) | ☑ | ☐ |
| Meals (3 /Day) | ☑ | ☐ |
| Special Diets Available | ☑ | ☐ |
| 24-Hour Emergency Response | ☑ | ☐ |
| Activities Program | ☑ | ☐ |
| All Utilities Except Phone | ☑ | ☐ |
| Apartment Maintenance | ☑ | ☐ |
| Cable TV | ☐ | ☑ |
| Linens Furnished | ☑ | ☐ |
| Linens Laundered | ☑ | ☐ |
| Medication Management | ☑ | ☐ |
| Nursing/Wellness Clinic | ☑ | ☐ |
| Personal Home Care | ☐ | ☐ |
| Transportation – Personal | ☐ | ☐ |
| Transportation – Prearranged | ☐ | ☑ |
| Other: Drive Local Med. | ☑ | ☐ |

**Provider Name:** CONGREGATIONAL HOMES, INC. dba Mt. San Antonio Gardens

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

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

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

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

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

**Provider Name:** CONGREGATIONAL HOMES, INC. dba Mt. San Antonio

| **Income and Expenses [Year]** | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Income from Ongoing Operations**<br>**Operating Income**<br>(Excluding amortization of entrance fee income) | $24,528,221 | $23,896,899 | $ 30,155,600 | $27,466,721 |
| **Less Operating Expenses**<br>(Excluding depreciation, amortization, and interest) | $26,575,022 | $27,307,732 | $31,700,044 | $31,600,418 |
| **Net Income From Operations** | -$2,046,801 | -$3,410,833 | -$1,544,444 | -$4,133,697 |
| **Less Interest Expense** | $657,915 | $744,587 | $1,053,851 | $1,898,608 |
| **Plus Contributions** | $411,699 | $810,506 | $942,177 | $230,813 |
| **Plus Non-Operating Income (Expenses)**<br>(Excluding extraordinary items) | $3,903,794 | -$4,323,125 | $2,163,106 | $6,211,061 |
| **Net Income (Loss) Before Entrance Fees, Depreciation And Amortization** | $1,610,777 | -$7,668,039 | $506,988 | $409,569 |
| **Net Cash Flow From Entrance Fees**<br>(Total Deposits Less Refunds) | $4,419,089 | $3,815,985 | $6,254,836 | $24,036,694 |

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

| **Lender** | **Outstanding Balance** | **Interest Rate** | **Date of Origination** | **Date of Maturity** | **Amortization Period** |
|---|---|---|---|---|---|
| Series 2019 Bonds | 29,405,000 | 3.98% | 7/1/19 | 7/1/49 | 30 years |
| Series 2022A Bonds | 29,030,000 | 3.77% | 2/16/22 | 2/16/57 | 35 years |
| Series 20228-1 Bonds | $4,670,000 | 3.77% | 2/16/22 | 11/15/27 | 5 years |
| | | | | | |

**Financial Ratios** *(see last page for ratio formulas)*

| **Financial Ratios [Year]** | **CCAC Medians 50th Percentile** *(optional)* | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| **Debt to Asset Ratio** | | 50.3 | 48.1 | 38.1 |
| **Operating Ratio** | | 113.3 | 125.0 | 116.6 |
| **Debt Service Coverage Ratio** | | 0.7 | 3.8 | 3.2 |
| **Days Cash On Hand Ratio** | | 444 | 426 | 441 |

**Provider Name:** CONGREGATIONAL HOMES, INC. dba Mt. San Antonio

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

| Residence/Service [Year] | 2021 | % | 2022 | % | 2023 | % | 2024 | % |
|---|---|---|---|---|---|---|---|---|
| Studio | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |
| One Bedroom | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |
| Two Bedroom | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |
| Cottage/House | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |
| Assisted Living | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |
| Skilled Living | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |
| Special Care | $3,774 | 4.0 | $3,972 | 5.5 | $4,218 | 6.4 | $4,526 | 9.3 |

**Comments from Provider:**

Our entry fees are based on unit ambiance (size & location) and resident's age. The monthly service fee is the same per person for all residents unless a single person occupies a unit designated for 1 or 2 people. Tier II monthly service fee effective for contracts dated 10/1/19 or later.

**Financial Ratio Formulas**

**Long-Term Debt to Total Assets Ratio**

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

**Operating Ratio**

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

**Debt Service Coverage Ratio**

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

**Days Cash On Hand Ratio**

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

**NOTE:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

# FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

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

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.

2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.

3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.

4. Check *each* of the appropriate boxes.

5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

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

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

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

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

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

| | | RESIDENTIAL LIVING | ASSISTED LIVING | MEMORY CARE | SKILLED NURSING |
|---|---|---|---|---|---|
| 1. | Monthly Care Fees at beginning of reporting period: (indicate range, if applicable) | $4,038; 4,398 | $4,038; 4,398 | $4,038; 4,398 | $4,038; 4,398 |
| 2. | Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | 6.4% | 6.4% | 6.4% | 6.4% |

☐ Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: October 1, 2023
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

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

☑ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
**Date of Notice:** August 31, 2023 **Method of Notice:** Mail and hand delivery

☑ At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** August 9, 2023

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

☑ The Provider distributed the documents to all residents by [Optional - check all that apply]:

- ☐ Emailed the documents to those residents for whom the provider had email addresses on file
- ☑ Placed hard copies in resident cubby
- ☐ Placed hard copies at designated locations
- ☑ Provided hard copies to residents upon request, and/or
- ☑ Other: [please describe] Mail
- ☑ **Date of Notice:** August 31, 2023

☑ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
**Date of Notice:** July 24, 2023

☑ The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
**Date of Posting:** July 24, 2023 **Location of Posting:** Social & Wellness Center, Common Areas

☑ Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.
**Date of Posting:** September 4, 2023 **Location of Posting:** Social & Wellness Center, Common Areas

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

**PROVIDER:** CONGREGATIONAL HOMES, INC. **COMMUNITY:** MT. SAN ANTONIO GARDENS

**FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)**
**ANNUAL REPORTING FISCAL YEAR (F/Y) 2024**

| Line | Fiscal Years | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| 1 | F/Y 2022 Operating Expenses | $ (31,682) | | |
| 2 | F/Y 2023 Operating Expenses | | $ (33,199) | |
| 3 | Projected F/Y 2024 Results of Operations | | | $ (36,462) |
| 4 | F/Y 2024 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI | | | $ 32,246 |
| 5 | Projected F/Y 2024 (Net) Operating Results without a MCFI (Line 3 plus Line 4) | | | $ (4,216) |
| 6 | Projected F/Y 2024 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 6.40% | | | $ 33,552 |
| 7 | Grand Total - Projected F/Y 2024 Net Operating Activity After a 6.4% MCFI (Line 3 plus Line 6) | | | $ (2,910) |

Monthly Care Fee Increase: 6.4%

ATTACHMENT TO FORM 7-1

MT. SAN ANTONIO GARDENS – 9/30/24

[5] ADJUSTMENTS IN MONTHLY CARE FEES

Mt. San Antonio Gardens (Gardens) contracts are prepaid and include monthly care fees that have no minimum or maximum increase limit. All contract residents pay the same regardless of what level of care. To calculate the monthly care and service increase, the Gardens use the attached budget worksheets. Please note that the amortization of the prepaid portion of the entrance fee is recorded on the income statement as earned Founders Fees which reduces operating expenses and ultimately determines the amount of the monthly fee increase which may be necessary.

The Gardens is committed to protecting the long-term financial viability of the organization and the best interest of it's residents. It is the organization's desire to maintain reasonably predictable, moderate annual increases instead of significant annual rate adjustment fluctuations. Decisions are made that support the Gardens ability to remain a viable single site CCRC, offer a life care contract and provide enriched services. The Gardens undergoes a lengthy budget development process each year beginning with the department managers analyzing costs, the CFO making refinements, a draft reviewed by the Finance Committee ending with the final budget presented to the Board of Directors for approval.

The Managements' Working Budget Assumptions #1 states a 6.5% increase for the fiscal year beginning October 1, 2023 brings the monthly care and service fee to $4,038. Tier II monthly care and service fee was effective for residents moving in after October 1, 2019, their single monthly fee will be $4,398 ($360 per month higher than Tier I). The weighted average increase for the combined Tiers is 6.4%.

The methodology that is used to budget future costs include projecting costs and the consideration of economic indicators. For the current budget the increases in labor and benefit costs are making it increasingly difficult to keep the monthly service fee increases below 6.5%. Minimum wage will increase 6.0% this year. There is a decrease in the number of outside community members served in health services. The budgeted operating ratio is 107.8%, and the long-term target is to be below 100%.

The fiscal year 2024 budget has an operating deficit. This operating deficit aligns with the Gardens' 10-year projections without COVID considerations. It is due to lost revenues from the D-Building relocation plan, financial statement reclassification of interest income to nonoperating revenue and a timing difference of increased interest expense due to new financing which will begin to be funded by the Cedars IL expansion project.

RANGE OF MONTHLY FEES:

All current residents pay the same monthly fee for every unit type - $4,038 (effective 10/1/2023)

All residents moving in after October 1, 2019 will pay the same Tier II monthly fee for every unit type - $4,398 (effective 10/1/2023)

The only exception to this are for single residents who are living in a unit designed for one or two residents. These residents pay 1 and 1/2 of the above fee - $6,057 and for Tier II - $6,597.

These unit types include:

One bedroom apartments in buildings A,B,C
Full suites in buildings A,B,C
All cottages
Two bedroom Terrace homes
Taylor houses

In addition, single residents who occupy a unit designed for “two residents only” pay 1 and ¾ of the basic $4,038 fee ($7,067) after one year of occupancy after becoming single. These unit types include:

Two bedroom cottages (Plans I & Pomona)
Two bedroom Terrace homes
Taylor houses

For Tier II, single residents who occupy a unit designed for “two residents only” pay double of the basic $4,398 fee ($8,796) after becoming single. These unit types include:

Two bedroom cottages (Plans I & Pomona)
Two bedroom Terrace homes
Taylor houses

# KEY INDICATORS REPORT

Date Prepared: 2/28/24

Provider Name: Mt. San Antonio Gardens

Chief Executive Officer Signature

***Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.***

| | 2019 | 2020 | 2021 | 2022 | 2023 | Projected 2024 | Forecast 2025 | 2026 | 2027 | 2028 | Preferred Trend Indicator |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATIONAL STATISTICS** | | | | | | | | | | | |
| 1. Average Annual Occupancy by Site (%) | 94.20% | 91.80% | 92.90% | 88.20% | 85.40% | 91.80% | 94.00% | 94.10% | 94.10% | 94.10% | N/A |
| **MARGIN (PROFITABILITY) INDICATORS** | | | | | | | | | | | |
| 2. Net Operating Margin (%) | -9.62% | -11.41% | -17.84% | -26.24% | -14.62% | -12.11% | -3.52% | -3.05% | -3.00% | -3.00% | ↑ |
| 3. Net Operating Margin - Adjusted (%) | 19.85% | 4.55% | 1.47% | -7.31% | 6.52% | 10.75% | 17.73% | 18.11% | 19.50% | 19.50% | ↓ |
| **LIQUIDITY INDICATORS** | | | | | | | | | | | |
| 4. Unrestricted Cash and Investments ($000) | $34,387 | $42,032 | $42,861 | $33,977 | $38,023 | $42,823 | $49,357 | $41,749 | $45,000 | $50,000 | ↑ |
| 5. Days Cash on Hand (Unrestricted) | 488.36 | 563.46 | 574.46 | 442.09 | 423.71 | 499.48 | 529.08 | 428.06 | 492 | 525 | ↑ |
| **CAPITAL STRUCTURE INDICATORS** | | | | | | | | | | | |
| 6. Deferred Revenue from Entrance Fees ($000) | $34,471 | $37,117 | $37,272 | $36,458 | $37,866 | $40,058 | $59,486 | $61,947 | $62,000 | $63,000 | N/A |
| 7. Net Annual E/F proceeds ($000) | $8,410 | $3,999 | $4,419 | $3,816 | $6,255 | $6,850 | $7,852 | $8,285 | $8,500 | $8,500 | N/A |
| 8. Unrestricted Net Assets ($000) | $28,051 | $28,666 | $30,403 | $22,926 | $23,298 | $23,869 | $23,438 | $23,432 | $28,000 | $33,000 | N/A |
| 9. Annual Capital Asset Expenditure ($000) | $3,594 | $3,187 | $9,661 | $19,080 | $27,657 | $9,959 | $3,640 | $3,786 | $3,500 | $3,500 | N/A |
| 10. Annual Debt Service Coverage Revenue Basis (x) | -0.07 | -1.21 | -2.04 | -1.99 | -0.15 | -0.31 | 0.71 | 0.80 | 0.85 | 0.85 | ↑ |
| 11. Annual Debt Service Coverage (x) | 5.95 | 5.39 | 1.71 | 0.98 | 3.72 | 3.29 | 3.17 | 3.40 | 3.00 | 3.00 | ↑ |
| 12. Annual Debt Service/Revenue (%) | 4.66% | 1.89% | 4.14% | 4.37% | 4.45% | 5.52% | 8.06% | 7.66% | 7.00% | 7.00% | ↓ |
| 13. Average Annual Effective Interest Rate (%) | 3.42% | 3.98% | 3.98% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | 3.875% | ↓ |
| 14. Unrestricted Cash & Investments/ Long-Term Debt (%) | 97.96% | 121.52% | 126.64% | 43.72% | 49.45% | 56.03% | 80.88% | 69.16% | 85.10% | 90.10% | ↑ |
| 15. Average Age of Facility (years) | 10.44 | 14.83 | 16.73 | 16.48 | 15.77 | 13.28 | 12.97 | 13.75 | 13.25 | 13.50 | ↓ |