

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2020 AND 2019

**CHRISTIAN LIVING COMMUNITIES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Christian Living Communities
Greenwood Village, Colorado

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Christian Living Communities (the Organization), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the related consolidated statements of operations, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. For the year ended December 31, 2020 we conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Christian Living Communities as of December 31, 2020 and 2019, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, on our consideration of Christian Living Communities internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Christian Living Communities internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Christian Living Communities internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Denver, Colorado
April 27, 2021

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019**

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 9,833,161	\$ 11,463,463
Short-Term Investments	6,416,309	5,829,436
Current Portion of Assets Limited as to Use	6,557,736	6,243,016
Resident Accounts Receivable	2,816,614	2,825,069
Other Receivables	670,480	1,939,929
Supply Inventories	906,219	128,792
Prepaid Expenses	1,252,672	1,118,888
Total Current Assets	28,453,191	29,548,593
ASSETS LIMITED AS TO USE		
Held by Trustee Under Indenture Agreement	29,927,614	29,039,395
Resident Funds and Deposits	106,046	103,037
Liquidity Agreement	1,000,000	1,000,000
Board-Designated Funds	556,519	649,957
Endowment Fund	1,211,720	962,923
Less: Current Portion	(6,557,736)	(6,243,016)
Total Assets Limited as to Use, Net of Current Portion	26,244,163	25,512,296
PROPERTY AND EQUIPMENT		
Land and Land Improvements	9,143,403	9,143,403
Building and Leasehold Improvements	208,470,937	205,533,714
Furniture, Equipment, and Vehicles	15,799,107	15,318,093
Construction in Progress	3,905,745	882,410
Total Property and Equipment	237,319,192	230,877,620
Less: Accumulated Depreciation	(80,321,648)	(73,080,089)
Property and Equipment, Net	156,997,544	157,797,531
OTHER ASSETS		
Right-of-Use Assets Under Lease Agreements	8,400,541	9,240,977
Investments	32,184,867	28,619,152
Investment in Affiliates	441,988	1,441,988
Intangible Assets, Net	654,542	751,042
Goodwill	2,938,976	2,938,976
Total Other Assets	44,620,914	42,992,135
Total Assets	\$ 256,315,812	\$ 255,850,555

See accompanying Notes to Consolidated Financial Statements.

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2020 AND 2019**

	2020	2019
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 4,020,427	\$ 3,829,873
Accounts Payable	2,996,518	2,001,679
Accrued Expenses	2,927,588	4,210,002
Accrued Interest	2,896,368	2,765,768
Refundable Advance	4,140,600	-
Current Portion of Refundable Advance Fees	8,832,000	8,258,000
Current Portion of Operating Lease Liabilities	580,299	795,892
Deposits from Residents and Clients	2,193,650	2,035,419
Total Current Liabilities	28,587,450	23,896,633
LONG-TERM DEBT, NET OF CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET		
	140,166,882	144,528,368
OTHER LIABILITIES		
Operating Lease Liabilities, Net of Current Portion	7,944,023	8,524,321
Refundable Advance Fees	85,053,753	83,927,373
Deferred Revenue from Advance Fees	8,223,880	7,741,502
Total Other Liabilities	101,221,656	100,193,196
Total Liabilities	269,975,988	268,618,197
NET ASSETS		
Net Assets without Donor Restrictions	(15,452,002)	(14,398,852)
Net Assets with Donor Restrictions	1,791,826	1,631,210
Total Net Assets	(13,660,176)	(12,767,642)
Total Liabilities and Net Assets	\$ 256,315,812	\$ 255,850,555

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES AND OTHER SUPPORT		
WITHOUT DONOR RESTRICTIONS		
Resident and Client Services Revenue	\$ 65,570,198	\$ 63,160,446
Amortization of Advance Fees	1,634,483	1,696,651
Other Revenue	6,092,585	4,582,335
Contributions	337,804	178,435
Net Assets Released From Restrictions Used for Operations	169,539	149,697
Total Revenues and Other Support without Donor Restrictions	73,804,609	69,767,564
 EXPENSES		
Salaries and Benefits	36,956,564	32,141,741
Purchased Services	9,234,474	7,009,920
Medical Supplies and Drugs	859,680	884,629
Dietary Expenses	8,851,844	8,826,434
Administrative Expenses	3,350,763	4,117,128
Management Fees	29,107	27,390
Insurance	953,088	758,600
Bond Fees	120,673	70,040
Utilities	2,010,072	1,851,579
Depreciation and Amortization	7,567,151	6,654,896
Interest	6,554,358	5,803,393
Other	1,309,595	1,533,362
Provision for Uncollectible Accounts	301,497	241,906
Total Expenses	78,098,866	69,921,018
 OPERATING LOSS	(4,294,257)	(153,454)
 OTHER INCOME (EXPENSE)		
Interest Income	973,180	1,002,322
Realized Gains on Investments	677,356	697,407
Unrealized Gains on Investments	1,579,321	3,298,725
Gain on Disposal of Property and Equipment	-	7,499
Loss on Refinancing of Long-Term Debt	-	(274,043)
Gain on Sale of Investment Held at Cost	-	738,954
Rental Income	11,250	19,301
Total Other Income	3,241,107	5,490,165
 EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ (1,053,150)	\$ 5,336,711

See accompanying Notes to Consolidated Financial Statements.

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020**

	Program Expenses				General and Administrative	Fundraising	Total
	Independent Living	Assisted Living	Skilled Nursing	Home Care			
Salaries and Benefits	\$ 4,325,997	\$ 11,035,923	\$ 13,766,923	\$ 3,153,266	\$ 4,482,956	\$ 191,499	\$ 36,956,564
Purchased Services	1,337,693	3,412,550	4,260,290	166,884	48,963	8,094	9,234,474
Medical Supplies and Drugs	17,139	128,545	711,283	2,713	-	-	859,680
Dietary Expenses	3,624,731	2,371,778	2,851,875	3,460	-	-	8,851,844
Administrative Expenses	318,424	133,821	134,507	104,277	2,657,150	2,584	3,350,763
Management Fees	-	-	-	-	29,107	-	29,107
Insurance	287,880	214,432	328,332	11,947	110,497	-	953,088
Bond Fees	67,939	10,945	41,789	-	-	-	120,673
Utilities	1,192,273	434,784	383,015	-	-	-	2,010,072
Depreciation and Amortization	3,874,919	624,254	2,383,454	4,590	679,934	-	7,567,151
Interest	3,177,146	511,842	1,954,255	-	911,115	-	6,554,358
Other	225,418	94,734	95,219	57,423	625,150	211,651	1,309,595
Provision for Uncollectible Accounts	28,083	74,889	84,250	114,275	-	-	301,497
Total Expenses	<u>\$ 18,477,642</u>	<u>\$ 19,048,497</u>	<u>\$ 26,995,192</u>	<u>\$ 3,618,835</u>	<u>\$ 9,544,872</u>	<u>\$ 413,828</u>	<u>\$ 78,098,866</u>

See accompanying Notes to Consolidated Financial Statements.

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Expenses				General and Administrative	Fundraising	Total
	Independent Living	Assisted Living	Skilled Nursing	Home Care			
Salaries and Benefits	\$ 3,755,772	\$ 9,581,237	\$ 11,873,285	\$ 3,233,050	\$ 3,484,763	\$ 213,634	\$ 32,141,741
Purchased Services	951,911	2,428,391	3,371,050	205,096	41,924	11,548	7,009,920
Medical Supplies and Drugs	21,674	162,553	700,062	340	-	-	884,629
Dietary Expenses	3,605,283	2,355,998	2,854,609	10,544	-	-	8,826,434
Administrative Expenses	390,013	163,906	152,266	159,404	3,246,618	4,921	4,117,128
Management Fees	-	-	-	-	27,390	-	27,390
Insurance	233,573	173,981	266,394	6,783	77,869	-	758,600
Bond Fees	39,171	6,311	24,558	-	-	-	70,040
Utilities	1,097,741	400,311	353,527	-	-	-	1,851,579
Depreciation and Amortization	3,460,132	557,432	2,128,319	1,122	507,891	-	6,654,896
Interest	2,855,965	460,099	1,756,697	-	730,632	-	5,803,393
Other	297,893	125,192	125,834	10,210	740,286	233,947	1,533,362
Provision for Uncollectible Accounts	36,286	96,762	108,858	-	-	-	241,906
Total Expenses	<u>\$ 16,745,414</u>	<u>\$ 16,512,173</u>	<u>\$ 23,715,459</u>	<u>\$ 3,626,549</u>	<u>\$ 8,857,373</u>	<u>\$ 464,050</u>	<u>\$ 69,921,018</u>

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
NET ASSETS - DECEMBER 31, 2018	\$ (19,735,563)	\$ 1,452,753	\$ (18,282,810)
Excess of Revenues Over Expenses	5,336,711	-	5,336,711
Contributions	-	290,117	290,117
Interest Income	-	38,037	38,037
Net Assets Released from Restrictions	-	(149,697)	(149,697)
Change in Net Assets	<u>5,336,711</u>	<u>178,457</u>	<u>5,515,168</u>
NET ASSETS - DECEMBER 31, 2019	(14,398,852)	1,631,210	(12,767,642)
Deficit of Revenues Over Expenses	(1,053,150)	-	(1,053,150)
Contributions	-	305,909	305,909
Interest Income	-	24,246	24,246
Net Assets Released from Restrictions	-	(169,539)	(169,539)
Change in Net Assets	<u>(1,053,150)</u>	<u>160,616</u>	<u>(892,534)</u>
NET ASSETS - DECEMBER 31, 2020	<u>\$ (15,452,002)</u>	<u>\$ 1,791,826</u>	<u>\$ (13,660,176)</u>

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (892,534)	\$ 5,515,168
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	7,567,151	6,654,896
Interest Expense - Amortization on Deferring Financing Costs	191,049	171,866
Loss on Refinancing of Long-Term Debt	-	274,043
Amortization on Bond Premium, Net	(532,123)	(423,099)
Amortization of Advance Fees	(1,634,483)	(1,696,651)
Provision for Uncollectible Accounts	301,497	241,906
Realized Gains on Investments	(677,356)	(697,407)
Unrealized Gains on Investments	(1,579,321)	(3,298,725)
Gain of Disposal of Property and Equipment	-	(7,499)
Amortization of Right-of-Use Asset	840,436	566,964
Gain on Sale of Investment Held at Cost	-	(738,954)
(Increase) Decrease in:		
Resident Accounts Receivable	(250,833)	(854,845)
Other Receivables	427,793	(1,452,240)
Prepaid Expenses and Supply Inventories	(911,211)	(615,657)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	(496,387)	1,366,425
Refundable Advance	4,140,600	-
Operating Lease Liabilities	(795,891)	(571,621)
Deposits from Residents	158,231	7,601
Net Cash Provided by Operating Activities	5,856,618	4,442,171
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,054,175)	(1,824,478)
Proceeds from Sale of Investments	282,457	483,532
Purchase of Property and Equipment	(5,531,805)	(8,284,493)
Cash Paid for Business Acquisition	-	(1,200,000)
Cash Received on Sale of Investment Held at Cost	1,000,000	968,064
Net Change in Assets Limited as to Use	(1,167,771)	(426,796)
Net Cash Used by Investing Activities	(7,471,294)	(10,284,171)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(3,829,858)	(3,471,529)
Proceeds from Entrance Fees, Net of Refunds	3,817,241	5,657,672
Net Cash Provided (Used) by Financing Activities	(12,617)	2,186,143
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(1,627,293)	(3,655,857)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	12,566,500	16,222,357
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 10,939,207	\$ 12,566,500

See accompanying Notes to Consolidated Financial Statements.

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS		
Cash and Cash Equivalents	\$ 9,833,161	\$ 11,463,463
Resident Funds and Deposits	106,046	103,037
Liquidity Agreement	1,000,000	1,000,000
Total Cash, Cash Equivalents, and Restricted Cash	\$ 10,939,207	\$ 12,566,500
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid on Long-Term Debt	\$ 6,751,174	\$ 6,177,463
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Included in Accounts Payable	\$ 1,138,859	\$ -
Partial Refinancing of Series 2012 Bonds with Series 2019 Bond Issuance	\$ -	\$ 20,635,000
Deposit of Series 2019 Bond Proceeds in Project Fund Included in Assets Limited as to Use	\$ -	\$ 6,700,000
Deposit of Series 2019 (Grand Junction) Bond Proceeds in Debt Service Reserve Fund included in Assets Limited as to Use	\$ -	\$ 1,333,260
Acquisition of Property and Equipment with the Series 2019 (Grand Junction) Bond Proceeds	\$ -	\$ 19,780,517

See accompanying Notes to Consolidated Financial Statements.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

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

Controlled Entities:

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

Divisions of Christian Living Neighborhoods include:

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

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

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Operations (Continued)

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

During 2020 and 2019, upon the approval of the Christian Living Communities board of directors, Christian Living Neighborhoods transferred approximately \$1,422,000 and \$31,000, respectively, to Christian Living Communities. The purpose of the transfers were to capitalize the Christian Living Communities and provide funds for growth opportunities. The transfers are eliminated in the consolidation of the financial statements.

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

Principles of Consolidation

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

Tax Status

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

CLS is a C corporation for federal income tax purposes. The provision for income taxes is based on amounts currently payable and those deferred because of temporary differences between the consolidated financial statements and the tax basis of assets and liabilities. Any income tax provision is included in other expenses on the consolidated statements of operations.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2020 and 2019, the governing board has designated net assets of \$201,835 and \$301,835, respectively, consisting of a board-designated endowment to support operations and amounts set aside for resident care.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. At December 31, 2020 and 2019, the Organization held donor-imposed restrictions that were both temporary and perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Use of Estimates

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

Cash and Cash Equivalents

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

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Accounts Receivable

The Organization reports resident accounts receivable for services rendered at the estimated transaction price due from third-party payors, residents, and others. An allowance for doubtful accounts is provided based upon the review of outstanding receivables, historical collection information, and existing economic conditions. As a service to the resident, the Organization bills third-party payors directly and bills the resident when the resident's liability is determined. Resident accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account. As of December 31, 2020 and 2019, the allowance for uncollectible accounts was approximately \$182,000 and \$66,000, respectively.

Assets Limited as to Use

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

Supply Inventories

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

Investments and Investment Income

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

Property and Equipment

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

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions, and are excluded from excess (deficit) of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction in Progress

Construction in progress as of December 31, 2020 is primarily related to master planning costs for Someren Glen and kitchen and dining renovations at Holly Creek. The Someren Glen project is currently in the planning phase and final costs have yet to be determined. The project is expected to start in fiscal year 2021 and be funded through a debt issuance. The Holly Creek kitchen and dining renovations are being funded internally and expected to be completed in 2021 at a total cost of approximately \$800,000.

Deferred Financing Costs

Total financing costs of \$4,718,772 are shown net of accumulated amortization of \$876,075 and \$685,026 as of December 31, 2020 and 2019, respectively. The deferred financing costs are being amortized using the effective interest method. Amortization expense for the years ended December 31, 2020 and 2019 was \$191,049 and \$171,866, respectively. During fiscal year 2019, the Organization wrote-off a portion of the deferred financing costs related to the Series 2012 Bonds that were refunded (see Note 7) and included the amount written-off in the loss on refinancing of long-term debt.

Goodwill

Goodwill relates to the acquisitions of Rhythms and Cappella Grand Junction, LLC by the Organization and represents the excess of the purchase price of the acquired business over the fair value of the assets acquired and liabilities assumed. Goodwill is not amortized, but instead tested for impairment at least annually. Measurement of goodwill impairment is based on the excess of the carrying value, including goodwill, over the fair value. At December 31, 2020 and 2019, the Organization has determined that there is no impairment of goodwill.

Deposits from Residents

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

Deferred Revenue from Advance Fees

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Advance Fees (Continued)

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

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

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

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

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

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

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

Management has estimated a current portion of the amount of the remaining refundable balances as of December 31, 2020 and 2019 to be \$8,832,000 and \$8,258,000, respectively, based on the average refunds payable over prior years. This estimate includes actual refunds subsequent to year-end.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Obligation to Provide Future Services

The Organization has calculated the present value of the net cost of future services and use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future service) with the corresponding charge to income. The obligation is discounted at 5.5% as of December 31, 2020 and 2019. The Organization's calculation indicated no liability needed to be recorded as of December 31, 2020 and 2019.

Advertising Expenses

Advertising expenses approximated \$370,000 and \$354,000 for the years ended December 31, 2020 and 2019, respectively. Advertising costs are expensed when incurred.

Expense Allocations

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

Excess (Deficit) of Revenues over Expenses

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

Charity Care

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

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

The Organization has estimated its direct and indirect costs of providing charity care under its financial assistance policy. In order to estimate the cost of providing such care, management has used actual costs and operational projections. Using this methodology, the Organization has estimated the costs foregone for services and supplies furnished under the Organization's financial assistance policy aggregated approximately \$770,000 and \$821,000 for the years ended December 31, 2020 and 2019, respectively.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care (Continued)

The Organization receives donations under its benevolent care program and other fundraising efforts. For the years ended December 31, 2020 and 2019, the Organization received donations of approximately \$644,000 and \$469,000, respectively.

Uncompensated Balances

The Organization provided care to residents under the Medicaid program for which the costs to provide such care exceeds reimbursement. The Organization funds this difference through its operations. The shortfall associated for care provided under this program for the years ended December 31, 2020 and 2019 was approximately \$1,685,000 and \$1,674,000, respectively.

Fair Value of Financial Instruments

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

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

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

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

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

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

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

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to current year presentation. These reclassifications had no effect on the Organization's overall net assets.

Subsequent Events

In preparing these consolidated financial statements, the Organization has considered events and transactions that have occurred through April 27, 2021, the date the consolidated financial statements were available for issuance.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 9,833,161	\$ 11,463,463
Short-Term Investments	6,416,309	5,829,436
Resident Accounts Receivable	2,816,614	2,825,069
Other Receivables	670,480	1,939,929
Total	<u>\$ 19,736,564</u>	<u>\$ 22,057,897</u>

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

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

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 ACQUISITION

2019 Acquisition

On November 7, 2019, Cappella Grand Junction, LLC acquired an assisted living facility in Grand Junction, Colorado. The acquisition was funded through cash reserves and a Series 2019 (Grand Junction) Bond issuance. The total purchase price was \$20,980,517. The capital assets were valued by an independent third-party valuation specialist.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values including goodwill on the date of acquisition as follows:

Purchase Consideration:

Cash	\$ 1,200,000
Series 2019 Bonds Payable (Grand Junction)	19,780,517
Total Consideration	<u>20,980,517</u>

Fair Value of Net Assets Acquired:

Land	880,000
Buildings	17,280,000
Furniture, Equipment, and Vehicles	870,000
Property Taxes Payable	(19,483)
Total Fair Value of Net Assets Acquired	<u>19,010,517</u>

Excess Purchase Price over Fair Value of Net Assets Acquired (Goodwill)	<u>\$ 1,970,000</u>
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NOTE 4 INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31:

	2020		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Referral Relationships	\$ 920,000	\$ (268,333)	\$ 651,667
Noncompete	10,000	(7,292)	2,708
Favorable Lease	6,000	(5,833)	167
Total Intangible Assets	<u>\$ 936,000</u>	<u>\$ (281,458)</u>	<u>\$ 654,542</u>
	2019		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Referral Relationships	\$ 920,000	\$ (176,333)	\$ 743,667
Noncompete	10,000	(4,792)	5,208
Favorable Lease	6,000	(3,833)	2,167
Total Intangible Assets	<u>\$ 936,000</u>	<u>\$ (184,958)</u>	<u>\$ 751,042</u>

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 INTANGIBLE ASSETS (CONTINUED)

Total intangible assets amortization expense for the years ended December 31, 2020 and 2019 was \$96,500 and is included in depreciation and amortization expense on the consolidated statements of operations.

The future amortization of intangible assets as of December 31, 2020 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 94,667
2022	92,208
2023	92,000
2024	92,000
2025	92,000
Thereafter	191,667
Total	<u>\$ 654,542</u>

NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments

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

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$ 3,218,549	\$ 2,632,643
Certificates of Deposit	3,197,760	3,196,793
Total Short-Term Investments	<u>\$ 6,416,309</u>	<u>\$ 5,829,436</u>
Equity Securities	\$ 1,312,295	\$ 1,229,003
Equity Funds	22,003,446	18,828,940
Fixed Income Funds	6,127,611	5,541,792
Corporate Bonds	2,741,515	3,019,417
Total Investments	<u>\$ 32,184,867</u>	<u>\$ 28,619,152</u>

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Assets Limited as to Use

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

	2020	2019
Held by Trustee Under Indenture Agreement:		
U.S. Treasury Obligations	\$ 3,368,489	\$ 4,696,858
U.S. Government Securities	1,890,086	2,142,945
U.S. Government Money Funds	12,410,475	11,484,585
Corporate Bonds	12,201,259	10,662,155
Interest Receivable	57,305	52,852
Subtotal	29,927,614	29,039,395
Resident Funds and Deposits:		
Cash	106,046	103,037
Subtotal	106,046	103,037
Liquidity Agreement:		
Cash	1,000,000	1,000,000
Subtotal	1,000,000	1,000,000
Board-Designated Funds:		
Mutual Funds	556,519	649,957
Subtotal	556,519	649,957
Endowment Fund:		
Cash	56,907	68,211
Equity Funds	1,154,813	894,712
Subtotal	1,211,720	962,923
Total Assets Limited as to Use	32,801,899	31,755,312
Less: Current Portion	(6,557,736)	(6,243,016)
Assets Limited as to Use, Net of Current Portion	\$ 26,244,163	\$ 25,512,296

Liquidity Agreement

In December 2015, Christian Living Communities entered into a liquidity support agreement with a nonaffiliated senior living organization (the Nonaffiliate). The liquidity support agreement was entered into with the Nonaffiliate to assist it with refinancing its outstanding bonds and to issue new debt to finance the construction of a new assisted living facility. Christian Living Communities has agreed to provide support to the Nonaffiliate up to \$1,000,000. The liquidity support can be reduced to \$500,000 for any fiscal year beginning on or after January 1, 2018 (initial reduction period) if certain occupancy and debt covenant requirements have been met by the Nonaffiliate. The liquidity support can be reduced to \$-0- for any fiscal year beginning after the initial reduction period if certain occupancy and debt covenant requirements have been met by the Nonaffiliate. There were no reductions of the liquidity required in fiscal years 2020 or 2019. The Nonaffiliate has entered into a management agreement with CLS to manage the new assisted living facility. The Nonaffiliate has not had to request any funds from the Organization under the liquidity support to date.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 5 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Investment Income

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

	2020	2019
Interest Income, Net of Investment Fees	\$ 997,426	\$ 1,040,359
Realized Gains on Investments	677,356	697,407
Unrealized Gains on Investments	1,579,321	3,298,725
Total Investment Income	<u>\$ 3,254,103</u>	<u>\$ 5,036,491</u>

NOTE 6 INVESTMENT IN AFFILIATES

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

	2020	2019
Investment in CSP Holdings, LLC	\$ 242,762	\$ 242,762
Investment in Caring Communities	199,226	199,226
Investment in St. Anthony's	-	1,000,000
Total Investment in Affiliates	<u>\$ 441,988</u>	<u>\$ 1,441,988</u>

CSP Holdings, LLC

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

On January 1, 2017, the Organization joined another captive insurance company and left CSPRRRG. As a result the Investment in CSP Holdings, LLC will be paid back to the Organization over five years. The Organization received \$-0- during 2020 and 2019.

Caring Communities

On January 1, 2017, the Organization entered into a claims-made policy for professional liability through Caring Communities, a Reciprocal Risk Retention Group (Caring Communities) domiciled in the District of Columbia, USA, which provides professional liability, general liability, employee benefits liability, and excess employer's liability insurance to its members. The Organization was required to make capital contributions totaling \$-0- during 2020 and 2019. The capital contributions are recorded as an investment using the cost method on the consolidated balance sheets. Investments recorded at cost are assessed for impairment each year.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 6 INVESTMENTS IN AFFILIATES (CONTINUED)

Caring Communities (Continued)

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

St. Anthony's, LLC

In June 2017, CLS entered into an operating agreement whereby it purchased a 5% interest in St. Anthony's, LLC. St. Anthony's, LLC was formed to acquire, develop, and operate a senior living facility in Kansas City, Kansas. CLS contributed \$1,000,000 to acquire the 5% interest in St. Anthony's, LLC. During 2020, CLS sold its interest in St. Anthony's, LLC and received its original contribution plus interest. There were no other contributions made to or distributions received from St. Anthony's, LLC in 2020 or 2019. CLS accounted for the ownership at cost and continually assessed the investment for impairment. There were no impairments of this investment in 2020 or 2019.

CD-CLS (Grand Junction) LLC

On November 4, 2016, CLS entered into an operating agreement whereby it purchased a 5% interest in CD-CLC (Grand Junction) LLC. CD-CLC (Grand Junction) LLC was formed to acquire, develop, and operate a senior living facility in Grand Junction, Colorado. CLS contributed \$229,110 to acquire the 5% interest in CD-CLC (Grand Junction) LLC. CLS sold its 5% interest in CD-CLC (Grand Junction) LLC in October 2019. As a result of the sale, CLS recorded a gain of \$738,954.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 LONG-TERM DEBT

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

	<u>2020</u>	<u>2019</u>
Bonds Payable, Series 2019	\$ 25,770,000	\$ 25,770,000
Bonds Payable, Series 2019 (Grand Junction)	22,045,000	22,240,000
Bonds Payable, Series 2016	60,605,000	62,515,000
Bonds Payable, Series 2012	18,375,000	20,010,000
Bonds Payable, Series 2011	8,085,000	8,085,000
Mortgage Payable	4,219,966	4,309,824
Total Long-Term Debt	<u>139,099,966</u>	<u>142,929,824</u>
Add: Unamortized Premium on Series 2019 Bonds	2,572,747	2,724,377
Add: Unamortized Premium on Series 2019 Bonds	354,988	365,464
Add: Unamortized Premium on Series 2016 Bonds	5,798,189	6,156,286
Add: Unamortized Premium on Series 2012 Bonds	257,654	270,851
Less: Unamortized Discount on Series 2011 Bonds	(53,538)	(54,815)
Less: Deferred Financing Costs, Net	(3,842,697)	(4,033,746)
Less: Current Maturities	(4,020,427)	(3,829,873)
Total Long-Term Debt, Less Current Maturities	<u>\$ 140,166,882</u>	<u>\$ 144,528,368</u>

Bonds Payable, Series 2019 (Obligated Group)

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

Bonds Payable, Series 2019 (Grand Junction)

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

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bonds Payable, Series 2016 (Obligated Group)

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

Bonds Payable, Series 2012 (Obligated Group)

On October 25, 2012, the Organization issued tax-exempt revenue bonds, Series 2012 in the amount of \$49,195,000. The net proceeds of the Series 2012 Bonds were used to (a) refund the Series 2004 A and Series 2004 B-2 Bonds; (b) refund the Series 2006 B-1 Bonds, and (c) refund the Series 2009 Bonds. Proceeds were also used to pay issuance costs and fund a reserve fund for the Series 2012 Bonds. As part of the Series 2019 Bond Issuance, the Organization defeased \$20,635,000 of the outstanding Series 2012 Bonds and they are no longer recorded within the Organization's consolidated financial statements. The remaining Series 2012 Bonds have principal payments due in varying amounts through January 1, 2037. Interest is payable semi-annually at 3.0% to 5.25%.

Bonds Payable, Series 2011 (Obligated Group)

On November 2, 2011, the Organization issued tax exempt revenue bonds, Series 2011 A (Series 2011 Bonds), in the amounts of \$24,445,000. The net proceeds of the Series 2011 Bonds were used to pay the cost of constructing and equipping 74 new independent living apartments and a new adult day services building, renovating a portion of the existing independent living facility, and expanding the Town Center at the Clermont Park campus. Proceeds were also used to pay issuance costs and fund reserves. As part of the Series 2016 Bond Issuance, the Organization defeased \$16,360,000 of the outstanding Series 2011 Bonds and they are no longer recorded within the Organization's consolidated financial statements. The remaining bonds outstanding have principal payments due between January 1, 2038 and January 1, 2041. Interest is payable semi-annually at 6.375% for the remaining outstanding Series 2011 Bonds.

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

Mortgage Payable

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 7 LONG-TERM DEBT (CONTINUED)

Mortgage Payable (Continued)

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

<u>Year Ending December 31,</u>	<u>Principal</u>
2021	\$ 4,020,427
2022	4,255,632
2023	4,366,121
2024	4,566,318
2025	4,777,982
Thereafter	117,113,486
Total	<u>\$ 139,099,966</u>

Restrictive Covenants

The provisions of the debt agreements of the bonds payable for the Christian Living Neighborhoods Obligated Group described above contain various restrictive covenants that limit the occurrence of additional debt and require certain measures of financial performance be satisfied as long as the bonds are outstanding. Management believes the Organization is in compliance with such covenants at December 31, 2020.

The provisions of the Cappella Grand Junction, LLC Series 2019 Indenture of Trust described above contain various restrictive covenants that require certain measures of financial performance be satisfied as long as the bonds are outstanding. The financial covenant requirements start the earlier of the first quarter after stabilized occupancy has been achieved or after December 31, 2021.

The provisions of the mortgage payable described above requires certain measures of financial performance be satisfied as long as the mortgage payable is outstanding. Management believes the Organization is in compliance with such covenants at December 31, 2020.

NOTE 8 REFUNDABLE ADVANCE

On May 6, 2020, the Organization received a loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in the amount of \$4,140,600. The loan accrues interest at 1% with principal and interest payments due monthly starting either (1) the date the SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. There are provisions under the PPP loan program where all or a portion of the loan may be forgiven based on certain requirements being met. As a result of the forgiveness provisions in the loan agreement the Organization has accounted for the funds received as a refundable advance. The Organization will recognize the amount of the loan forgiven once it is officially forgiven by the financial institution. As of December 31, 2020, the loan had not been forgiven.

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to Expenditure for Specific Purpose:		
Benevolent Care	\$ 945,238	\$ 847,975
Scholarships	69,327	48,001
Shared Paid Time Off	61,173	-
Other Resident Needs	25,814	44,960
Total	1,101,552	940,936
Not Subject to Appropriation or Expenditure:		
Operating Endowment	690,274	690,274
Total Net Assets with Donor Restrictions	\$ 1,791,826	\$ 1,631,210

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

Interpretation of Relevant Law

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

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

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
Endowment Net Assets - Beginning of the Year	\$ 293,049	\$ 690,274	\$ 983,323
Investment Income	-	18,820	18,820
Released from Restrictions	(100,000)	(18,820)	(118,820)
Endowment Net Assets - End of the Year	<u>\$ 193,049</u>	<u>\$ 690,274</u>	<u>\$ 883,323</u>
	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of the Year	\$ 293,049	\$ 690,274	\$ 983,323
Investment Income	9,839	23,176	33,015
Released from Restrictions	(9,839)	(23,176)	(33,015)
Endowment Net Assets - End of the Year	<u>\$ 293,049</u>	<u>\$ 690,274</u>	<u>\$ 983,323</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration. So-called underwater endowment funds (i.e., donor-restricted endowment funds for which the fair value of the fund is less than either the original gift amount or the amount required to be maintained by the donor or law) the aggregate amount by which funds are underwater, to be classified as part of net assets with donor restrictions. As of December 31, 2020 and 2019, there were no deficiencies reported in net assets without donor restrictions.

Return Objectives and Risk Parameters

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Strategies Employed for Achieving Results

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

Spending Policy

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

NOTE 10 PENSION PLANS

Qualified Plan

The Organization has a 403(b) tax sheltered retirement plan covering substantially all employees. After two years of service, the employer has discretion to make contributions to the plan. The employer typically contributes a set percentage on an eligible employee's contributions. Pension expense was \$225,666 and \$217,378 for the years ended December 31, 2020 and 2019, respectively.

The Organization has a 457(b) deferred compensation plan for eligible members of management. There is no vesting period for the contributions made by the Organization to the plan. The Organization may make contributions to the plan as approved by the board of directors, whereby contributions can be made to the plan but are not to exceed the maximum deferral limit in a traditional 403(b) plan. The Organization typically contributes a set percentage on an eligible employee's contributions. The Organization contributed \$49,302 and \$68,481 for the years ended December 31, 2020 and 2019, respectively.

NOTE 11 SIGNIFICANT CONCENTRATIONS AND CREDIT RISK

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

	<u>2020</u>	<u>2019</u>
Medicare	15.0 %	20.0 %
Medicaid	18.0	23.0
Private Pay	40.0	38.0
Other Third-Party Payors	27.0	19.0
Total	<u>100.0 %</u>	<u>100.0 %</u>

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE

Resident and Client Services Revenue

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

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

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

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

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

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

Medicaid

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

Medicare

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

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

Other

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

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2020 or 2019.

Generally residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and client services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2020 and 2019. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as provision for uncollectible accounts.

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

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

	<u>2020</u>	<u>2019</u>
Medicaid	\$ 6,927,915	\$ 6,570,762
Medicare	3,934,071	3,776,426
Managed Care and Other	3,322,172	3,215,055
Private Pay	<u>51,386,040</u>	<u>49,598,203</u>
Total	<u>\$ 65,570,198</u>	<u>\$ 63,160,446</u>

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

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

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

	<u>2020</u>	<u>2019</u>
Independent Living	\$ 22,232,322	\$ 21,825,592
Assisted Living	18,240,879	14,029,709
Skilled Nursing	21,399,133	23,295,449
Home Care	3,697,864	4,009,696
Total	<u>\$ 65,570,198</u>	<u>\$ 63,160,446</u>

Financing Component

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

Contract Costs

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

NOTE 13 LEASES

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

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

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 13 LEASES (CONTINUED)

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

Lease expense for lease payments is recognized on a straight-line basis over the lease term. Operating lease expense for the years ending December 31, 2020 and 2019 was \$901,569 and \$565,218, respectively. Lease expense is included in administrative expenses on the consolidated statements of operations.

As of December 31, 2020 and 2019, the weighted average remaining lease term was 12.9 and 14.11 years, respectively, and the weighted average discount rate was 0.49% and 0.47%, respectively.

The following table summarizes the maturity of the operating lease liabilities for the next five years and the years thereafter, as of December 31, 2020:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 616,695
2022	578,037
2023	589,598
2024	601,390
2025	613,418
Thereafter	<u>5,794,349</u>
Total Lease Payments	8,793,487
Less: Imputed Interest	(269,165)
Less: Current Portion	<u>(580,299)</u>
Operating Lease Liabilities, Net of Current Portion	<u><u>\$ 7,944,023</u></u>

**CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 14 COMMITMENTS AND CONTINGENCIES

Operating Leases – Lessor

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 339,238
2022	242,902
2023	145,386
2024	64,564
2025	66,501
Thereafter	<u>337,447</u>
Total	<u>\$ 1,196,038</u>

Total rental income for the years ended December 31, 2020 and 2019 was \$316,802 and \$352,207, respectively.

Litigation

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

Medical Malpractice Coverage

The Organization pays fixed premiums for annual professional liability insurance coverage under a claims-made policy. There were no claims outstanding at December 31, 2020 and 2019 and the Organization is not aware of any unasserted claims or unreported incidents that are expected to exceed malpractice insurance coverage limits.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Employee Health Insurance

On January 1, 2020, the Organization became self-funded for health insurance. The Organization's employees and their dependents are eligible to participate in the Organization's employee health insurance plan. The Organization is partially self-insured for health claims of participating employees and dependents up to an annual aggregate amount of \$100,000 per claim. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Organization's estimate will change by a material amount in the near term.

COVID-19 Pandemic

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2020.

As part of the Organization's response to the COVID-19 pandemic, it received payments from the CARES Act Provider Relief Fund (PRF), which is administered by the U.S. Department of Health and Human Services. The Organization received PRF payments in the amount of \$1,618,319 and fully recognized the amounts. The revenue recognized is included in other revenue on the consolidated statements of operations. The PRF payments have terms and conditions that the Organization is required to follow and these funds are subject to audit. As part of the PRF terms and conditions, amounts received by the Organization could potentially be recouped if not spent in full or if the amounts are not spent in accordance with the terms and conditions. Management believes the amounts have been recognized appropriately as of December 31, 2020.

CHRISTIAN LIVING COMMUNITIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 15 FAIR VALUE MEASUREMENTS

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

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

Assets Limited as to Use and Investments

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

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

<u>Assets</u>	2020			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 1,312,295	\$ 1,312,295	\$ -	\$ -
Equity Funds	22,003,446	22,003,446	-	-
Fixed Income Funds	6,127,611	6,127,611	-	-
Corporate Bonds	2,741,515	-	2,741,515	-
Assets Limited as to Use:				
U.S. Treasury Obligations	3,368,489	3,368,489	-	-
U.S. Government Securities	1,890,086	1,890,086	-	-
Corporate Bonds	12,201,259	-	12,201,259	-
Mutual Funds	556,519	556,519	-	-
Equity Funds	1,154,813	1,154,813	-	-
Total	<u>\$ 51,356,033</u>	<u>\$ 36,413,259</u>	<u>\$ 14,942,774</u>	<u>\$ -</u>

<u>Assets</u>	2019			
	Total	Level 1	Level 2	Level 3
Investments:				
Equity Securities	\$ 1,229,003	\$ 1,229,003	\$ -	\$ -
Equity Funds	18,828,940	18,828,940	-	-
Fixed Income Funds	5,541,792	5,541,792	-	-
Corporate Bonds	3,019,417	-	3,019,417	-
Assets Limited as to Use:				
U.S. Treasury Obligations	4,696,858	4,696,858	-	-
U.S. Government Securities	2,142,945	2,142,945	-	-
Corporate Bonds	10,662,155	-	10,662,155	-
Mutual Funds	649,957	649,957	-	-
Equity Funds	894,712	894,712	-	-
Total	<u>\$ 47,665,779</u>	<u>\$ 33,984,207</u>	<u>\$ 13,681,572</u>	<u>\$ -</u>



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Christian Living Communities
Greenwood Village, Colorado

We have audited the consolidated financial statements of Christian Living Communities as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated April 27, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Denver, Colorado
April 27, 2021

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminations	Consolidated Total
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 7,605,535	\$ 1,519,091	\$ 122,144	\$ (53,183)	\$ 13,592	\$ 77,542	\$ 6,997	\$ 541,443	\$ 9,833,161	\$ -	\$ 9,833,161
Short-Term Investments	5,453,859	-	-	-	-	962,450	-	-	6,416,309	-	6,416,309
Current Portion of Assets Limited as to Use	6,557,736	-	-	-	-	-	-	-	6,557,736	-	6,557,736
Resident Accounts Receivable	2,044,690	-	-	101,678	32,545	30,860	606,841	-	2,816,614	-	2,816,614
Other Receivables	2,428,478	1,456,907	656,302	-	-	23,561	-	4,147	4,569,395	(3,898,915)	670,480
Supply Inventories	179,240	726,979	-	-	-	-	-	-	906,219	-	906,219
Intercompany	3,290,151	297,643	-	-	-	4,320	-	-	3,592,114	(3,475,250)	116,864
Prepaid Expenses	477,911	327,745	-	9,591	323,583	82,667	-	31,175	1,252,672	-	1,252,672
Total Current Assets	28,037,600	4,328,365	778,446	58,086	369,720	1,181,400	613,838	576,765	35,944,220	(7,374,165)	28,570,055
ASSETS LIMITED AS TO USE											
Held By Trustee Under Indenture Agreement	28,127,774	-	-	-	-	1,799,840	-	-	29,927,614	-	29,927,614
Resident Funds and Deposits	106,046	-	-	-	-	-	-	-	106,046	-	106,046
Liquidity Agreement	-	1,000,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Board-Designated Funds	-	556,519	-	-	-	-	-	-	556,519	-	556,519
Endowment Fund	1,211,720	-	-	-	-	-	-	-	1,211,720	-	1,211,720
Less: Current Portion	(6,557,736)	-	-	-	-	-	-	-	(6,557,736)	-	(6,557,736)
Total Assets Limited as to Use, Net of Current Portion	22,887,804	1,556,519	-	-	-	1,799,840	-	-	26,244,163	-	26,244,163
PROPERTY AND EQUIPMENT											
Land and Land Improvements	7,603,475	-	-	-	-	880,000	-	659,928	9,143,403	-	9,143,403
Building and Leasehold Improvements	183,343,561	2,943,671	-	106,782	6,851	17,280,000	-	4,790,072	208,470,937	-	208,470,937
Furniture, Equipment, and Vehicles	13,883,408	821,157	104,866	55,402	27,826	882,540	23,908	-	15,799,107	-	15,799,107
Construction in Progress	3,726,301	179,444	-	-	-	-	-	-	3,905,745	-	3,905,745
Total Property and Equipment	208,556,745	3,944,272	104,866	162,184	34,677	19,042,540	23,908	5,450,000	237,319,192	-	237,319,192
Less: Accumulated Depreciation	(78,550,322)	(642,595)	(43,991)	(57,504)	(10,339)	(585,485)	(7,433)	(423,979)	(80,321,648)	-	(80,321,648)
Property and Equipment, Net	130,006,423	3,301,677	60,875	104,680	24,338	18,457,055	16,475	5,026,021	156,997,544	-	156,997,544
OTHER ASSETS											
Right-of-Use Asset Under Lease Agreement	-	-	-	35,310	8,359,747	-	5,484	-	8,400,541	-	8,400,541
Investments	29,146,761	3,038,106	-	-	-	-	-	-	32,184,867	-	32,184,867
Investment in Affiliates	242,762	199,226	-	-	-	-	-	-	441,988	-	441,988
Intangible Assets, Net	-	-	-	-	-	-	654,542	-	654,542	-	654,542
Goodwill	-	-	-	-	-	1,970,000	968,976	-	2,938,976	-	2,938,976
Total Other Assets	29,389,523	3,237,332	-	35,310	8,359,747	1,970,000	1,629,002	-	44,620,914	-	44,620,914
Total Assets	\$ 210,321,350	\$ 12,423,893	\$ 839,321	\$ 198,076	\$ 8,753,805	\$ 23,408,295	\$ 2,259,315	\$ 5,602,786	\$ 263,806,841	\$ (7,374,165)	\$ 256,432,676

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Current Maturities of Long-Term Debt	\$ 3,655,000	\$ -	\$ -	\$ -	\$ -	\$ 270,000	\$ -	\$ 95,427	\$ 4,020,427	\$ -	\$ 4,020,427
Accounts Payable	2,306,641	1,581,081	5,342	16,824	11,792	71,736	-	22,046	4,015,462	(1,018,944)	2,996,518
Intercompany	1,598,330	1,500,000	949,882	200,591	493,578	1,478,597	251,107	-	6,472,085	(6,355,221)	116,864
Accrued Expenses	1,416,411	938,585	153,123	64,193	28,146	60,466	79,380	187,284	2,927,588	-	2,927,588
Accrued Interest	2,796,690	-	-	-	-	88,338	-	11,340	2,896,368	-	2,896,368
Refundable Advance	4,140,600	-	-	-	-	-	-	-	4,140,600	-	4,140,600
Current Portion of Refundable Advance Fees	8,832,000	-	-	-	-	-	-	-	8,832,000	-	8,832,000
Current Portion of Operating Lease Liabilities	-	-	-	44,177	530,479	-	5,643	-	580,299	-	580,299
Deposits from Residents and Clients	1,893,191	-	-	21,128	23,191	(4,157)	208,472	51,825	2,193,650	-	2,193,650
Total Current Liabilities	26,638,863	4,019,666	1,108,347	346,913	1,087,186	1,964,980	544,602	367,922	36,078,479	(7,374,165)	28,704,314
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET											
	114,776,353	-	-	-	-	21,265,990	-	4,124,539	140,166,882	-	140,166,882
OTHER LIABILITIES											
Operating Lease Liabilities, Net of Current Portion	-	-	-	-	7,944,023	-	-	-	7,944,023	-	7,944,023
Refundable Advance Fees	85,053,753	-	-	-	-	-	-	-	85,053,753	-	85,053,753
Deferred Revenue from Advance Fees	8,223,880	-	-	-	-	-	-	-	8,223,880	-	8,223,880
Total Other Liabilities	93,277,633	-	-	-	7,944,023	-	-	-	101,221,656	-	101,221,656
Total Liabilities	234,692,849	4,019,666	1,108,347	346,913	9,031,209	23,230,970	544,602	4,492,461	277,467,017	(7,374,165)	270,092,852
NET ASSETS											
Net Assets without Donor Restrictions	(25,226,313)	7,467,215	(269,026)	(148,837)	(277,404)	177,325	1,714,713	1,110,325	(15,452,002)	-	(15,452,002)
Net Assets with Donor Restrictions	854,814	937,012	-	-	-	-	-	-	1,791,826	-	1,791,826
Total Net Assets	(24,371,499)	8,404,227	(269,026)	(148,837)	(277,404)	177,325	1,714,713	1,110,325	(13,660,176)	-	(13,660,176)
Total Liabilities and Net Assets	\$ 210,321,350	\$ 12,423,893	\$ 839,321	\$ 198,076	\$ 8,753,805	\$ 23,408,295	\$ 2,259,315	\$ 5,602,786	\$ 263,806,841	\$ (7,374,165)	\$ 256,432,676

**CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminations	Consolidated Total
ASSETS											
CURRENT ASSETS											
Cash and Cash Equivalents	\$ 10,229,800	\$ 335,429	\$ 116,202	\$ 101,456	\$ 66,739	\$ 87,883	\$ 144,517	\$ 381,437	\$ 11,463,463	\$ -	\$ 11,463,463
Short-Term Investments	4,870,270	-	-	-	-	959,166	-	-	5,829,436	-	5,829,436
Current Portion of Assets Limited as to Use	6,243,016	-	-	-	-	-	-	-	6,243,016	-	6,243,016
Resident Accounts Receivable	1,894,081	-	-	102,675	215,011	(13,032)	626,334	-	2,825,069	-	2,825,069
Other Receivables	1,773,247	1,700,744	1,003,356	18,949	-	527,435	-	15,684	5,039,415	(3,099,486)	1,939,929
Supply Inventories	128,792	-	-	-	-	-	-	-	128,792	-	128,792
Intercompany	1,115,144	1,378,025	-	-	-	-	-	-	2,493,169	(2,493,169)	-
Prepaid Expenses	343,239	370,578	11,532	2,541	306,625	63,149	1,184	20,040	1,118,888	-	1,118,888
Total Current Assets	26,597,589	3,784,776	1,131,090	225,621	588,375	1,624,601	772,035	417,161	35,141,248	(5,592,655)	29,548,593
ASSETS LIMITED AS TO USE											
Held By Trustee Under Indenture Agreement	27,320,252	-	-	-	-	1,719,143	-	-	29,039,395	-	29,039,395
Resident Funds and Deposits	103,037	-	-	-	-	-	-	-	103,037	-	103,037
Liquidity Agreement	-	1,000,000	-	-	-	-	-	-	1,000,000	-	1,000,000
Board-Designated Funds	-	649,957	-	-	-	-	-	-	649,957	-	649,957
Endowment Fund	962,923	-	-	-	-	-	-	-	962,923	-	962,923
Less: Current Portion	(6,243,016)	-	-	-	-	-	-	-	(6,243,016)	-	(6,243,016)
Total Assets Limited as to Use, Net of Current Portion	22,143,196	1,649,957	-	-	-	1,719,143	-	-	25,512,296	-	25,512,296
PROPERTY AND EQUIPMENT											
Land and Land Improvements	7,603,475	-	-	-	-	880,000	-	659,928	9,143,403	-	9,143,403
Building and Leasehold Improvements	180,424,774	2,929,698	-	104,682	4,488	17,280,000	-	4,790,072	205,533,714	-	205,533,714
Furniture, Equipment, and Vehicles	13,680,285	579,490	102,445	50,567	16,242	870,000	19,064	-	15,318,093	-	15,318,093
Construction in Progress	670,919	211,491	-	-	-	-	-	-	882,410	-	882,410
Total Property and Equipment	202,379,453	3,720,679	102,445	155,249	20,730	19,030,000	19,064	5,450,000	230,877,620	-	230,877,620
Less: Accumulated Depreciation	(72,338,941)	(327,506)	(30,939)	(32,001)	(1,202)	(83,513)	(2,843)	(263,144)	(73,080,089)	-	(73,080,089)
Property and Equipment, Net	130,040,512	3,393,173	71,506	123,248	19,528	18,946,487	16,221	5,186,856	157,797,531	-	157,797,531
OTHER ASSETS											
Right-of-Use Asset Under Lease Agreement	-	151,367	-	95,211	8,956,464	-	37,935	-	9,240,977	-	9,240,977
Investments	27,248,706	1,370,446	-	-	-	-	-	-	28,619,152	-	28,619,152
Investment in Affiliates	242,762	199,226	1,000,000	-	-	-	-	-	1,441,988	-	1,441,988
Intangible Assets, Net	-	-	-	-	-	-	751,042	-	751,042	-	751,042
Goodwill	-	-	-	-	-	1,970,000	968,976	-	2,938,976	-	2,938,976
Total Other Assets	27,491,468	1,721,039	1,000,000	95,211	8,956,464	1,970,000	1,757,953	-	42,992,135	-	42,992,135
Total Assets	\$ 206,272,765	\$ 10,548,945	\$ 2,202,596	\$ 444,080	\$ 9,564,367	\$ 24,260,231	\$ 2,546,209	\$ 5,604,017	\$ 261,443,210	\$ (5,592,655)	\$ 255,850,555

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminations	Consolidated Total
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Current Maturities of Long-Term Debt	\$ 3,545,000	\$ -	\$ -	\$ -	\$ -	\$ 195,000	\$ -	\$ 89,873	\$ 3,829,873	\$ -	\$ 3,829,873
Accounts Payable	1,363,951	669,861	69,275	37,357	9,501	49,354	-	21,877	2,221,176	(219,497)	2,001,679
Intercompany	844,016	1,500,000	538,755	262,196	446,502	1,574,767	206,922	-	5,373,158	(5,373,158)	-
Accrued Expenses	1,589,215	1,659,975	341,065	85,567	56,427	119,270	168,407	190,076	4,210,002	-	4,210,002
Accrued Interest	2,594,979	-	-	-	-	159,209	-	11,580	2,765,768	-	2,765,768
Current Portion of Refundable Advance Fees	8,258,000	-	-	-	-	-	-	-	8,258,000	-	8,258,000
Current Portion of Operating Lease Liabilities	-	170,408	-	75,100	517,065	-	33,319	-	795,892	-	795,892
Deposits from Residents and Clients	1,777,036	-	-	50,828	21,741	(1,439)	170,063	17,190	2,035,419	-	2,035,419
Total Current Liabilities	19,972,197	4,000,244	949,095	511,048	1,051,236	2,096,161	578,711	330,596	29,489,288	(5,592,655)	23,896,633
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET											
	118,784,428	-	-	-	-	21,523,989	-	4,219,951	144,528,368	-	144,528,368
OTHER LIABILITIES											
Operating Lease Liabilities, Net of Current Portion	-	-	-	44,177	8,474,501	-	5,643	-	8,524,321	-	8,524,321
Refundable Advance Fees	83,927,373	-	-	-	-	-	-	-	83,927,373	-	83,927,373
Deferred Revenue from Advance Fees	7,741,502	-	-	-	-	-	-	-	7,741,502	-	7,741,502
Total Other Liabilities	91,668,875	-	-	44,177	8,474,501	-	5,643	-	100,193,196	-	100,193,196
Total Liabilities	230,425,500	4,000,244	949,095	555,225	9,525,737	23,620,150	584,354	4,550,547	274,210,852	(5,592,655)	268,618,197
NET ASSETS											
Net Assets without Donor Restrictions	(25,085,419)	5,850,175	1,253,501	(111,145)	38,630	640,081	1,961,855	1,053,470	(14,398,852)	-	(14,398,852)
Net Assets with Donor Restrictions	932,684	698,526	-	-	-	-	-	-	1,631,210	-	1,631,210
Total Net Assets	(24,152,735)	6,548,701	1,253,501	(111,145)	38,630	640,081	1,961,855	1,053,470	(12,767,642)	-	(12,767,642)
Total Liabilities and Net Assets	\$ 206,272,765	\$ 10,548,945	\$ 2,202,596	\$ 444,080	\$ 9,564,367	\$ 24,260,231	\$ 2,546,209	\$ 5,604,017	\$ 261,443,210	\$ (5,592,655)	\$ 255,850,555

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
REVENUES AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS											
Resident and Client Services Revenue	\$ 53,562,920	\$ -	\$ -	\$ 1,992,077	\$ 1,934,478	\$ 4,398,026	\$ 3,697,864	\$ -	\$ 65,585,365	\$ (15,167)	\$ 65,570,198
Amortization of Advance Fees	1,634,483	-	-	-	-	-	-	-	1,634,483	-	1,634,483
Other Revenue	2,212,855	6,812,258	3,343,778	53,518	23,947	66,904	71,891	731,352	13,316,503	(7,223,918)	6,092,585
Contributions	49,761	288,043	-	-	-	-	-	-	337,804	-	337,804
Net Assets Released From Restrictions Used for Operations	114,674	54,865	-	-	-	-	-	-	169,539	-	169,539
Total Revenues and Other Support without Donor Restrictions	57,574,693	7,155,166	3,343,778	2,045,595	1,958,425	4,464,930	3,769,755	731,352	81,043,694	(7,239,085)	73,804,609
EXPENSES											
Salaries and Benefits	23,875,790	5,877,412	-	1,350,292	961,219	1,739,838	3,152,013	-	36,956,564	-	36,956,564
Purchased Services	4,900,791	1,856,719	1,745,795	137,962	154,795	303,058	116,805	-	9,215,925	18,549	9,234,474
Medical Supplies and Drugs	836,278	-	-	8,500	341	11,848	2,713	-	859,680	-	859,680
Dietary Expenses	7,922,318	9,612	163	177,574	146,979	605,133	3,460	-	8,865,239	(13,395)	8,851,844
Administrative Expenses	2,413,643	(260,623)	408,697	158,680	722,221	124,506	212,121	-	3,779,245	(428,482)	3,350,763
Management Fees	4,264,555	-	1,602,231	151,338	109,316	347,794	320,740	29,106	6,825,080	(6,795,973)	29,107
Insurance	623,818	71,997	90,196	23,058	36,305	87,619	11,947	8,148	953,088	-	953,088
Bond Fees	111,940	-	-	-	-	8,733	-	-	120,673	-	120,673
Utilities	1,661,997	-	-	80,717	88,129	104,496	-	74,733	2,010,072	-	2,010,072
Depreciation and Amortization	6,440,472	315,089	13,052	25,503	9,137	501,973	101,090	160,835	7,567,151	-	7,567,151
Interest	5,244,509	-	-	-	-	1,082,210	-	227,639	6,554,358	-	6,554,358
Other	977,239	138,508	(4,652)	-	19,841	9,346	-	189,097	1,329,379	(19,784)	1,309,595
Provision for Uncollectible Accounts	110,663	-	42,209	9,286	25,064	-	114,275	-	301,497	-	301,497
Total Expenses	59,384,013	8,008,714	3,897,691	2,122,910	2,273,347	4,926,554	4,035,164	689,558	85,337,951	(7,239,085)	78,098,866
OPERATING GAIN (LOSS)	(1,809,320)	(853,548)	(553,913)	(77,315)	(314,922)	(461,624)	(265,409)	41,794	(4,294,257)	-	(4,294,257)
OTHER INCOME (EXPENSE)											
Interest Income	946,677	19,536	-	-	-	6,967	-	-	973,180	-	973,180
Realized Gains (Losses) on Investments	685,099	(7,743)	-	-	-	-	-	-	677,356	-	677,356
Unrealized Gains on Investments	1,459,116	120,205	-	-	-	-	-	-	1,579,321	-	1,579,321
Rental Income	-	11,250	-	-	-	-	-	-	11,250	-	11,250
Total Other Income (Expense)	3,090,892	143,248	-	-	-	6,967	-	-	3,241,107	-	3,241,107
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 1,281,572	\$ (710,300)	\$ (553,913)	\$ (77,315)	\$ (314,922)	\$ (454,657)	\$ (265,409)	\$ 41,794	\$ (1,053,150)	\$ -	\$ (1,053,150)

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
REVENUES AND OTHER SUPPORT											
WITHOUT DONOR RESTRICTIONS											
Resident and Client Services Revenue	\$ 55,366,363	\$ -	\$ -	\$ 2,179,789	\$ 973,738	\$ 666,144	\$ 4,009,696	\$ -	\$ 63,195,730	\$ (35,284)	\$ 63,160,446
Amortization of Advance Fees	1,696,651	-	-	-	-	-	-	-	1,696,651	-	1,696,651
Other Revenue	1,077,384	4,668,693	3,081,196	8,956	22,804	3,645	611	721,757	9,585,046	(5,002,711)	4,582,335
Contributions	112,013	66,422	-	-	-	-	-	-	178,435	-	178,435
Net Assets Released From Restrictions Used for Operations	83,935	65,762	-	-	-	-	-	-	149,697	-	149,697
Total Revenues and Other Support without Donor Restrictions	58,336,346	4,800,877	3,081,196	2,188,745	996,542	669,789	4,010,307	721,757	74,805,559	(5,037,995)	69,767,564
EXPENSES											
Salaries and Benefits	21,761,971	5,205,041	-	1,319,593	408,924	213,273	3,232,939	-	32,141,741	-	32,141,741
Purchased Services	3,818,862	884,674	2,133,910	72,523	40,597	59,617	167,894	-	7,178,077	(168,157)	7,009,920
Medical Supplies and Drugs	874,214	-	-	8,087	852	1,136	340	-	884,629	-	884,629
Dietary Expenses	8,404,050	32,516	3,857	199,465	62,913	131,346	10,544	-	8,844,691	(18,257)	8,826,434
Administrative Expenses	1,941,926	1,165,673	745,719	148,541	331,277	34,815	209,717	-	4,577,668	(460,540)	4,117,128
Management Fees	3,843,015	-	-	148,452	45,033	48,069	296,352	27,390	4,408,311	(4,380,921)	27,390
Insurance	662,114	53,808	-	5,200	16,468	8,180	6,783	6,047	758,600	-	758,600
Bond Fees	63,040	-	-	-	-	-	7,000	-	70,040	-	70,040
Utilities	1,623,329	-	-	90,101	43,954	14,657	-	79,538	1,851,579	-	1,851,579
Depreciation and Amortization	6,030,510	252,021	12,603	16,590	1,202	83,513	97,622	160,835	6,654,896	-	6,654,896
Interest	5,411,380	-	-	-	-	161,444	-	230,569	5,803,393	-	5,803,393
Other	1,241,552	64,172	60,029	-	4,188	5,039	-	168,502	1,543,482	(10,120)	1,533,362
Provision for Uncollectible Accounts	89,520	-	-	137,325	-	4,042	11,019	-	241,906	-	241,906
Total Expenses	55,765,483	7,657,905	2,956,118	2,145,877	955,408	772,131	4,033,210	672,881	74,959,013	(5,037,995)	69,921,018
OPERATING GAIN (LOSS)	2,570,863	(2,857,028)	125,078	42,868	41,134	(102,342)	(22,903)	48,876	(153,454)	-	(153,454)
OTHER INCOME (EXPENSE)											
Interest Income	982,400	15,210	-	-	-	4,712	-	-	1,002,322	-	1,002,322
Realized Gains on Investments	669,305	28,102	-	-	-	-	-	-	697,407	-	697,407
Unrealized Gain on Investments	3,177,623	121,102	-	-	-	-	-	-	3,298,725	-	3,298,725
Gain on Disposal of Property and Equipment	7,499	-	-	-	-	-	-	-	7,499	-	7,499
Loss on Refinancing of Long-Term Debt	(274,043)	-	-	-	-	-	-	-	(274,043)	-	(274,043)
Gain on Sale of Investment Held at Cost	-	-	738,954	-	-	-	-	-	738,954	-	738,954
Rental Income	-	19,301	-	-	-	-	-	-	19,301	-	19,301
Total Other Income (Expense)	4,562,784	183,715	738,954	-	-	4,712	-	-	5,490,165	-	5,490,165
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	\$ 7,133,647	\$ (2,673,313)	\$ 864,032	\$ 42,868	\$ 41,134	\$ (97,630)	\$ (22,903)	\$ 48,876	\$ 5,336,711	\$ -	\$ 5,336,711

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS											
Excess (Deficit) of Revenues Over Expenses	\$ 1,281,572	\$ (710,300)	\$ (553,913)	\$ (77,315)	\$ (314,922)	\$ (454,657)	\$ (265,409)	\$ 41,794	\$ (1,053,150)	\$ -	\$ (1,053,150)
Transfer of Net Assets	(1,422,463)	2,327,337	(968,614)	39,623	(1,112)	(8,099)	18,267	15,061	-	-	-
Change in Net Assets without Donor Restrictions	(140,891)	1,617,037	(1,522,527)	(37,692)	(316,034)	(462,756)	(247,142)	56,855	(1,053,150)	-	(1,053,150)
NET ASSETS WITH DONOR RESTRICTIONS											
Contributions	17,981	287,928	-	-	-	-	-	-	305,909	-	305,909
Interest Income	18,820	5,426	-	-	-	-	-	-	24,246	-	24,246
Net Assets Released from Restrictions	(114,674)	(54,865)	-	-	-	-	-	-	(169,539)	-	(169,539)
Change in Net Assets with Donor Restrictions	(77,873)	238,489	-	-	-	-	-	-	160,616	-	160,616
TOTAL CHANGE IN NET ASSETS	(218,764)	1,855,526	(1,522,527)	(37,692)	(316,034)	(462,756)	(247,142)	56,855	(892,534)	-	(892,534)
Net Assets - Beginning of Year	(24,152,735)	6,548,701	1,253,501	(111,145)	38,630	640,081	1,961,855	1,053,470	(12,767,642)	-	(12,767,642)
NET ASSETS - END OF YEAR	<u>\$ (24,371,499)</u>	<u>\$ 8,404,227</u>	<u>\$ (269,026)</u>	<u>\$ (148,837)</u>	<u>\$ (277,404)</u>	<u>\$ 177,325</u>	<u>\$ 1,714,713</u>	<u>\$ 1,110,325</u>	<u>\$ (13,660,176)</u>	<u>\$ -</u>	<u>\$ (13,660,176)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
NET ASSETS WITHOUT DONOR RESTRICTIONS											
Excess (Deficit) of Revenues											
Over Expenses	\$ 7,133,647	\$ (2,673,313)	\$ 864,032	\$ 42,868	\$ 41,134	\$ (97,630)	\$ (22,903)	\$ 48,876	\$ 5,336,711	\$ -	\$ 5,336,711
Transfer of Net Assets	(30,675)	167,757	(861,747)	(5,650)	(2,504)	737,711	(4,892)	-	-	-	-
Change in Net Assets without Donor Restrictions	7,102,972	(2,505,556)	2,285	37,218	38,630	640,081	(27,795)	48,876	5,336,711	-	5,336,711
NET ASSETS WITH DONOR RESTRICTIONS											
Contributions	7,559	282,558	-	-	-	-	-	-	290,117	-	290,117
Interest Income	23,175	14,862	-	-	-	-	-	-	38,037	-	38,037
Net Assets Released from Restrictions	(83,935)	(65,762)	-	-	-	-	-	-	(149,697)	-	(149,697)
Change in Net Assets with Donor Restrictions	(53,201)	231,658	-	-	-	-	-	-	178,457	-	178,457
TOTAL CHANGE IN NET ASSETS	7,049,771	(2,273,898)	2,285	37,218	38,630	640,081	(27,795)	48,876	5,515,168	-	5,515,168
Net Assets - Beginning of Year	(31,202,506)	8,822,599	1,251,216	(148,363)	-	-	1,989,650	1,004,594	(18,282,810)	-	(18,282,810)
NET ASSETS - END OF YEAR	<u>\$ (24,152,735)</u>	<u>\$ 6,548,701</u>	<u>\$ 1,253,501</u>	<u>\$ (111,145)</u>	<u>\$ 38,630</u>	<u>\$ 640,081</u>	<u>\$ 1,961,855</u>	<u>\$ 1,053,470</u>	<u>\$ (12,767,642)</u>	<u>\$ -</u>	<u>\$ (12,767,642)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Total Change in Net Assets	\$ (218,764)	\$ 1,855,526	\$ (1,522,527)	\$ (37,692)	\$ (316,034)	\$ (462,756)	\$ (247,142)	\$ 56,855	\$ (892,534)	\$ -	\$ (892,534)
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:											
Depreciation and Amortization	6,440,472	315,089	13,052	25,503	9,137	501,973	101,090	160,835	7,567,151	-	7,567,151
Interest Expense - Amortization on Deferred Finance Costs	168,589	-	-	-	-	22,460	-	-	191,049	-	191,049
Amortization on Bond Discount/Premium, Net	(521,664)	-	-	-	-	(10,459)	-	-	(532,123)	-	(532,123)
Amortization of Advance Fees	(1,634,483)	-	-	-	-	-	-	-	(1,634,483)	-	(1,634,483)
Provision for Uncollectible Accounts	110,663	-	42,209	9,286	25,064	-	114,275	-	301,497	-	301,497
Realized (Gains) Losses on Investments	(685,099)	7,743	-	-	-	-	-	-	(677,356)	-	(677,356)
Unrealized Gains on Investments	(1,459,116)	(120,205)	-	-	-	-	-	-	(1,579,321)	-	(1,579,321)
Amortization of Right-of-Use Asset (Increase) Decrease in:	-	151,367	-	59,901	596,717	-	32,451	-	840,436	-	840,436
Resident Accounts Receivable	(261,272)	-	-	(8,289)	157,402	(43,892)	(94,782)	-	(250,833)	-	(250,833)
Other Receivables	(655,249)	243,837	304,845	18,949	-	503,874	-	11,537	427,793	-	427,793
Prepaid Expenses and Supply Inventories	(185,120)	(684,146)	11,532	(7,050)	(16,958)	(19,518)	1,184	(11,135)	(911,211)	-	(911,211)
Intercompany	(1,420,675)	1,080,382	411,127	(61,605)	47,076	(100,490)	44,185	-	-	-	-
Increase (Decrease) in:											
Accounts Payable and Accrued Expenses	(167,262)	189,830	(251,875)	(41,907)	(25,990)	(107,293)	(89,027)	(2,863)	(496,387)	-	(496,387)
Refundable Advance	4,140,600	-	-	-	-	-	-	-	4,140,600	-	4,140,600
Operating Lease Liabilities	-	(170,408)	-	(75,100)	(517,064)	-	(33,319)	-	(795,891)	-	(795,891)
Deposits from Residents	116,155	-	-	(29,700)	1,450	(2,718)	38,409	34,635	158,231	-	158,231
Net Cash Provided (Used) by Operating Activities	3,767,775	2,869,015	(991,637)	(147,704)	(39,200)	281,181	(132,676)	249,864	5,856,618	-	5,856,618
CASH FLOWS FROM INVESTING ACTIVITIES											
Purchase of Investments	(495,693)	(1,555,198)	-	-	-	(3,284)	-	-	(2,054,175)	-	(2,054,175)
Proceeds from Sale of Investments	282,457	-	-	-	-	-	-	-	282,457	-	282,457
Purchase of Property and Equipment	(5,267,524)	(223,593)	(2,421)	(6,935)	(13,947)	(12,541)	(4,844)	-	(5,531,805)	-	(5,531,805)
Cash Received on Sale of Investment Held at Cost	-	-	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
Net Change in Assets Limited as to Use	(1,180,512)	93,438	-	-	-	(80,697)	-	-	(1,167,771)	-	(1,167,771)
Net Cash Provided (Used) by Investing Activities	(6,661,272)	(1,685,353)	997,579	(6,935)	(13,947)	(96,522)	(4,844)	-	(7,471,294)	-	(7,471,294)
CASH FLOWS FROM FINANCING ACTIVITIES											
Principal Payments on Long-Term Debt	(3,545,000)	-	-	-	-	(195,000)	-	(89,858)	(3,829,858)	-	(3,829,858)
Proceeds from Entrance Fees, Net of Refunds	3,817,241	-	-	-	-	-	-	-	3,817,241	-	3,817,241
Net Cash Provided (Used) by Financing Activities	272,241	-	-	-	-	(195,000)	-	(89,858)	(12,617)	-	(12,617)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,621,256)	1,183,662	5,942	(154,639)	(53,147)	(10,341)	(137,520)	160,006	(1,627,293)	-	(1,627,293)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,332,837	1,335,429	116,202	101,456	66,739	87,883	144,517	381,437	12,566,500	-	12,566,500
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 7,711,581</u>	<u>\$ 2,519,091</u>	<u>\$ 122,144</u>	<u>\$ (53,183)</u>	<u>\$ 13,592</u>	<u>\$ 77,542</u>	<u>\$ 6,997</u>	<u>\$ 541,443</u>	<u>\$ 10,939,207</u>	<u>\$ -</u>	<u>\$ 10,939,207</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Consolidated Obligated Group Total	Christian Living Communities	Cappella Living Solutions	CLC Dayspring Villa, LLC	Cappella Pueblo West, LLC	Cappella Grand Junction, LLC	Rhythms Home Care, LLC	CLC Eagle Pointe Holding, LLC	Subtotal	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES											
Total Change in Net Assets	\$ 7,049,771	\$ (2,273,898)	\$ 2,285	\$ 37,218	\$ 38,630	\$ 640,081	\$ (27,795)	\$ 48,876	\$ 5,515,168	\$ -	\$ 5,515,168
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:											
Depreciation and Amortization	6,030,510	252,021	12,603	16,590	1,202	83,513	97,622	160,835	6,654,896	-	6,654,896
Interest Expense - Amortization on Deferring Financing Costs	168,071	-	-	-	-	3,795	-	-	171,866	-	171,866
Loss on Refinancing of Long-Term Debt	274,043	-	-	-	-	-	-	-	274,043	-	274,043
Amortization on Bond Discount/Premium, Net	(421,539)	-	-	-	-	(1,560)	-	-	(423,099)	-	(423,099)
Amortization of Advance Fees	(1,696,651)	-	-	-	-	-	-	-	(1,696,651)	-	(1,696,651)
Provision for Uncollectible Accounts	89,520	-	-	137,325	-	4,042	11,019	-	241,906	-	241,906
Realized Gains on Investments	(669,305)	(28,102)	-	-	-	-	-	-	(697,407)	-	(697,407)
Unrealized Gains on Investments	(3,177,623)	(121,102)	-	-	-	-	-	-	(3,298,725)	-	(3,298,725)
Gain on Disposal of Property and Equipment	(7,499)	-	-	-	-	-	-	-	(7,499)	-	(7,499)
Amortization of Right-of-Use Asset	-	224,820	-	59,107	251,342	-	31,695	-	566,964	-	566,964
Gain of Sale of Investment Held at Cost	-	-	(738,954)	-	-	-	-	-	(738,954)	-	(738,954)
(Increase) Decrease in:											
Resident Accounts Receivable	(556,215)	-	-	7,617	(215,011)	8,990	(100,226)	-	(854,845)	-	(854,845)
Other Receivables	(1,833,783)	(1,689,819)	(279,939)	(18,949)	-	(527,435)	-	17,696	(4,332,229)	2,879,989	(1,452,240)
Prepaid Expenses and Supply Inventories	(49,026)	(189,390)	364	5,274	(306,625)	(63,149)	5,256	(18,361)	(615,657)	-	(615,657)
Intercompany	(395,377)	1,429,621	(207,403)	52,884	446,502	1,574,767	(21,005)	-	2,879,989	(2,879,989)	-
Increase (Decrease) in:											
Accounts Payable and Accrued Expenses	146,973	518,626	324,753	(11,878)	65,928	327,833	(32,601)	26,791	1,366,425	-	1,366,425
Operating Lease Liabilities	-	(249,494)	-	(74,308)	(216,240)	-	(31,579)	-	(571,621)	-	(571,621)
Deposits from Residents	(37,771)	-	-	11,215	21,741	(1,439)	45,529	(31,674)	7,601	-	7,601
Net Cash Provided (Used) by Operating Activities	4,914,099	(2,126,717)	(886,291)	222,095	87,469	2,049,438	(22,085)	204,163	4,442,171	-	4,442,171
CASH FLOWS FROM INVESTING ACTIVITIES											
Purchase of Investments	(674,318)	(190,994)	-	-	-	(959,166)	-	-	(1,824,478)	-	(1,824,478)
Proceeds from Sale of Investments	483,532	-	-	-	-	-	-	-	483,532	-	483,532
Purchase of Property and Equipment	(6,834,458)	(1,249,443)	(62,874)	(103,653)	(20,730)	-	(13,335)	-	(8,284,493)	-	(8,284,493)
Cash Paid for Business Acquisition	-	-	-	-	-	(1,200,000)	-	-	(1,200,000)	-	(1,200,000)
Cash Received on Sale of Investment Held at Cost	-	-	968,064	-	-	-	-	-	968,064	-	968,064
Net Change in Assets Limited as to Use	(496,173)	(128,234)	-	-	-	197,611	-	-	(426,796)	-	(426,796)
Net Cash Provided (Used) by Investing Activities	(7,521,417)	(1,568,671)	905,190	(103,653)	(20,730)	(1,961,555)	(13,335)	-	(10,284,171)	-	(10,284,171)
CASH FLOWS FROM FINANCING ACTIVITIES											
Principal Payments on Long-Term Debt	(3,385,000)	-	-	-	-	-	-	(86,529)	(3,471,529)	-	(3,471,529)
Proceeds from Entrance Fees, Net of Refunds	5,657,672	-	-	-	-	-	-	-	5,657,672	-	5,657,672
Net Cash Provided (Used) by Financing Activities	2,272,672	-	-	-	-	-	-	(86,529)	2,186,143	-	2,186,143
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(334,646)	(3,695,388)	18,899	118,442	66,739	87,883	(35,420)	117,634	(3,655,857)	-	(3,655,857)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,667,483	5,030,817	97,303	(16,986)	-	-	179,937	263,803	16,222,357	-	16,222,357
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 10,332,837</u>	<u>\$ 1,335,429</u>	<u>\$ 116,202</u>	<u>\$ 101,456</u>	<u>\$ 66,739</u>	<u>\$ 87,883</u>	<u>\$ 144,517</u>	<u>\$ 381,437</u>	<u>\$ 12,566,500</u>	<u>\$ -</u>	<u>\$ 12,566,500</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 3,068,902	\$ 5,090	\$ 3,129,810	\$ 108,640	\$ 1,568,969	\$ (275,876)	\$ 7,605,535	\$ -	\$ 7,605,535
Short-Term Investments	-	-	5,453,859	-	-	-	5,453,859	-	5,453,859
Current Portion of Assets Limited as to Use	3,655,000	-	1,263,346	553,064	1,086,326	-	6,557,736	-	6,557,736
Resident Accounts Receivable	-	-	339,741	1,017,436	687,513	-	2,044,690	-	2,044,690
Other Receivables	324,666	-	1,517,227	151,039	676,616	5,815	2,675,363	(246,885)	2,428,478
Supply Inventories	-	-	45,726	94,588	38,926	-	179,240	-	179,240
Intercompany	8,260,110	-	9,596,049	5,799,895	3,026	-	23,659,080	(20,368,929)	3,290,151
Prepaid Expenses	-	-	198,881	168,618	110,412	-	477,911	-	477,911
Total Current Assets	15,308,678	5,090	21,544,639	7,893,280	4,171,788	(270,061)	48,653,414	(20,615,814)	28,037,600
ASSETS LIMITED AS TO USE									
Held By Trustee Under Indenture Agreement	18,302,894	-	2,905,998	1,424,167	5,494,715	-	28,127,774	-	28,127,774
Resident Funds and Deposits	-	-	38,446	12,384	55,216	-	106,046	-	106,046
Endowment Fund	-	-	-	-	-	1,211,720	1,211,720	-	1,211,720
Less: Current Portion	(3,655,000)	-	(1,263,346)	(553,064)	(1,086,326)	-	(6,557,736)	-	(6,557,736)
Total Assets Limited as to Use, Net of Current Portion	14,647,894	-	1,681,098	883,487	4,463,605	1,211,720	22,887,804	-	22,887,804
PROPERTY AND EQUIPMENT									
Land and Land Improvements	145,879	-	3,670,718	3,121,524	666,676	7,015	7,611,812	(8,337)	7,603,475
Building and Leasehold Improvements	125,220	-	91,881,731	26,013,202	65,466,230	-	183,486,383	(142,822)	183,343,561
Furniture, Equipment, and Vehicles	1,031,411	-	3,841,302	2,742,380	6,274,155	-	13,889,248	(5,840)	13,883,408
Construction in Progress	-	-	1,274,317	2,410,462	41,522	-	3,726,301	-	3,726,301
Total Property and Equipment	1,302,510	-	100,668,068	34,287,568	72,448,583	7,015	208,713,744	(156,999)	208,556,745
Less: Accumulated Depreciation	(1,003,068)	-	(34,763,689)	(15,351,807)	(27,524,354)	-	(78,642,918)	92,596	(78,550,322)
Property and Equipment, Net	299,442	-	65,904,379	18,935,761	44,924,229	7,015	130,070,826	(64,403)	130,006,423
OTHER ASSETS									
Investments	-	-	11,740,298	11,343,992	3,568,847	2,493,624	29,146,761	-	29,146,761
Investment in Affiliates	182,304	-	2,594	29,959	27,905	-	242,762	-	242,762
Total Other Assets	182,304	-	11,742,892	11,373,951	3,596,752	2,493,624	29,389,523	-	29,389,523
Total Assets	\$ 30,438,318	\$ 5,090	\$ 100,873,008	\$ 39,086,479	\$ 57,156,374	\$ 3,442,298	\$ 231,001,567	\$ (20,680,217)	\$ 210,321,350

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP (CONTINUED)
DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	\$ 3,655,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,655,000	\$ -	\$ 3,655,000
Accounts Payable	1,810,209	-	51,007	376,426	68,656	247,228	2,553,526	(246,885)	2,306,641
Intercompany	6,159,622	-	-	937,788	14,554,631	315,218	21,967,259	(20,368,929)	1,598,330
Accrued Expenses	166,356	-	344,070	494,342	410,563	1,080	1,416,411	-	1,416,411
Accrued Interest	-	-	1,224,900	540,680	1,031,110	-	2,796,690	-	2,796,690
Refundable Advance	4,140,600	-	-	-	-	-	4,140,600	-	4,140,600
Current Portion of Refundable Advance Fees	-	-	7,216,000	-	1,616,000	-	8,832,000	-	8,832,000
Deposits from Residents and Clients	-	-	1,541,663	92,512	259,016	-	1,893,191	-	1,893,191
Total Current Liabilities	15,931,787	-	10,377,640	2,441,748	17,939,976	563,526	47,254,677	(20,615,814)	26,638,863
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET									
	108,374,328	-	(808,891)	(314,500)	7,525,416	-	114,776,353	-	114,776,353
OTHER LIABILITIES									
Refundable Advance Fees	-	-	71,111,629	-	13,942,124	-	85,053,753	-	85,053,753
Deferred Revenue from Advance Fees	-	-	5,441,175	-	2,782,705	-	8,223,880	-	8,223,880
Total Other Liabilities	-	-	76,552,804	-	16,724,829	-	93,277,633	-	93,277,633
Total Liabilities	124,306,115	-	86,121,553	2,127,248	42,190,221	563,526	255,308,663	(20,615,814)	234,692,849
NET ASSETS									
Net Assets without Donor Restrictions	(93,867,797)	5,090	14,751,455	36,959,231	14,966,153	2,023,958	(25,161,910)	(64,403)	(25,226,313)
Net Assets with Donor Restrictions	-	-	-	-	-	854,814	854,814	-	854,814
Total Net Assets	(93,867,797)	5,090	14,751,455	36,959,231	14,966,153	2,878,772	(24,307,096)	(64,403)	(24,371,499)
Total Liabilities and Net Assets	\$ 30,438,318	\$ 5,090	\$ 100,873,008	\$ 39,086,479	\$ 57,156,374	\$ 3,442,298	\$ 231,001,567	\$ (20,680,217)	\$ 210,321,350

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
ASSETS									
CURRENT ASSETS									
Cash and Cash Equivalents	\$ 1,075,126	\$ 5,090	\$ 5,170,715	\$ 501,170	\$ 3,037,300	\$ 440,399	\$ 10,229,800	\$ -	\$ 10,229,800
Short-Term Investments	-	-	4,870,270	-	-	-	4,870,270	-	4,870,270
Current Portion of Assets Limited as to Use	3,545,000	-	1,309,289	488,054	900,673	-	6,243,016	-	6,243,016
Resident Accounts Receivable	-	-	330,168	855,714	708,199	-	1,894,081	-	1,894,081
Other Receivables	183,390	-	1,522,571	174,805	133,911	5,455	2,020,132	(246,885)	1,773,247
Supply Inventories	-	-	33,219	52,892	42,681	-	128,792	-	128,792
Intercompany	6,155,080	-	8,390,057	8,190,442	83,351	-	22,818,930	(21,703,786)	1,115,144
Prepaid Expenses	-	-	153,571	117,757	71,911	-	343,239	-	343,239
Total Current Assets	10,958,596	5,090	21,779,860	10,380,834	4,978,026	445,854	48,548,260	(21,950,671)	26,597,589
ASSETS LIMITED AS TO USE									
Held By Trustee Under Indenture Agreement	17,832,678	-	3,104,734	1,045,328	5,337,512	-	27,320,252	-	27,320,252
Resident Funds and Deposits	-	-	38,199	8,781	56,057	-	103,037	-	103,037
Endowment Fund	-	-	-	-	-	962,923	962,923	-	962,923
Less: Current Portion	(3,545,000)	-	(1,309,289)	(488,054)	(900,673)	-	(6,243,016)	-	(6,243,016)
Total Assets Limited as to Use, Net of Current Portion	14,287,678	-	1,833,644	566,055	4,492,896	962,923	22,143,196	-	22,143,196
PROPERTY AND EQUIPMENT									
Land and Land Improvements	145,879	-	3,670,718	3,121,524	666,676	7,015	7,611,812	(8,337)	7,603,475
Building and Leasehold Improvements	125,220	-	89,880,977	25,576,136	64,985,263	-	180,567,596	(142,822)	180,424,774
Furniture, Equipment, and Vehicles	1,031,411	-	3,815,282	2,621,402	6,218,030	-	13,686,125	(5,840)	13,680,285
Construction in Progress	-	-	102,330	414,937	153,652	-	670,919	-	670,919
Total Property and Equipment	1,302,510	-	97,469,307	31,733,999	72,023,621	7,015	202,536,452	(156,999)	202,379,453
Less: Accumulated Depreciation	(931,229)	-	(31,639,931)	(14,249,323)	(25,607,104)	-	(72,427,587)	88,646	(72,338,941)
Property and Equipment, Net	371,281	-	65,829,376	17,484,676	46,416,517	7,015	130,108,865	(68,353)	130,040,512
OTHER ASSETS									
Investments	-	-	11,323,503	10,440,957	3,284,005	2,200,241	27,248,706	-	27,248,706
Investment in Affiliates	182,304	-	2,594	29,959	27,905	-	242,762	-	242,762
Total Other Assets	182,304	-	11,326,097	10,470,916	3,311,910	2,200,241	27,491,468	-	27,491,468
Total Assets	\$ 25,799,859	\$ 5,090	\$ 100,768,977	\$ 38,902,481	\$ 59,199,349	\$ 3,616,033	\$ 228,291,789	\$ (22,019,024)	\$ 206,272,765

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING BALANCE SHEET — OBLIGATED GROUP (CONTINUED)
DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Somerem Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Total - Obligated
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current Maturities of Long-Term Debt	\$ 3,545,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,545,000	\$ -	\$ 3,545,000
Accounts Payable	1,012,869	-	287,833	37,053	25,853	247,228	1,610,836	(246,885)	1,363,951
Intercompany	5,711,254	-	1,314,357	394,718	14,141,811	985,662	22,547,802	(21,703,786)	844,016
Accrued Expenses	82,382	-	404,262	615,796	485,335	1,440	1,589,215	-	1,589,215
Accrued Interest	-	-	1,271,090	479,273	844,616	-	2,594,979	-	2,594,979
Current Portion of Refundable Fees	-	-	6,923,000	-	1,335,000	-	8,258,000	-	8,258,000
Deposits from Residents and Clients	-	-	1,489,687	85,409	201,940	-	1,777,036	-	1,777,036
Total Current Liabilities	10,351,505	-	11,690,229	1,612,249	17,034,555	1,234,330	41,922,868	(21,950,671)	19,972,197
LONG-TERM DEBT, LESS CURRENT MATURITIES AND DEFERRED FINANCING COSTS, NET									
	112,014,300	-	(595,918)	(226,555)	7,592,601	-	118,784,428	-	118,784,428
OTHER LIABILITIES									
Refundable Advance Fees	-	-	68,885,897	-	15,041,476	-	83,927,373	-	83,927,373
Deferred Revenue from Advance Fees	-	-	5,328,878	-	2,412,624	-	7,741,502	-	7,741,502
Total Other Liabilities	-	-	74,214,775	-	17,454,100	-	91,668,875	-	91,668,875
Total Liabilities	122,365,805	-	85,309,086	1,385,694	42,081,256	1,234,330	252,376,171	(21,950,671)	230,425,500
NET ASSETS									
Net Assets without Donor Restrictions	(96,565,946)	5,090	15,459,891	37,516,787	17,118,093	1,449,019	(25,017,066)	(68,353)	(25,085,419)
Net Assets with Donor Restrictions	-	-	-	-	-	932,684	932,684	-	932,684
Total Net Assets	(96,565,946)	5,090	15,459,891	37,516,787	17,118,093	2,381,703	(24,084,382)	(68,353)	(24,152,735)
Total Liabilities and Net Assets	\$ 25,799,859	\$ 5,090	\$ 100,768,977	\$ 38,902,481	\$ 59,199,349	\$ 3,616,033	\$ 228,291,789	\$ (22,019,024)	\$ 206,272,765

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
REVENUES AND OTHER SUPPORT								
WITHOUT DONOR RESTRICTIONS								
Resident and Client Services Revenue	\$ -	\$ 21,147,414	\$ 17,392,834	\$ 15,811,128	\$ -	\$ 54,351,376	\$ (788,456)	\$ 53,562,920
Amortization of Advance Fees	-	1,006,270	-	628,213	-	1,634,483	-	1,634,483
Other Revenue	5,295,574	453,513	846,952	951,904	546	7,548,489	(5,335,634)	2,212,855
Contributions	-	-	-	-	49,761	49,761	-	49,761
Net Assets Released From Restrictions Used for Operations	-	-	-	-	114,674	114,674	-	114,674
Total Revenues and Other Support without Donor Restrictions	5,295,574	22,607,197	18,239,786	17,391,245	164,981	63,698,783	(6,124,090)	57,574,693
EXPENSES								
Salaries and Benefits	1,057,722	6,260,224	9,380,848	7,176,996	-	23,875,790	-	23,875,790
Purchased Services	77,333	1,373,463	1,870,728	1,579,267	-	4,900,791	-	4,900,791
Medical Supplies and Drugs	-	162,978	364,920	308,380	-	836,278	-	836,278
Dietary Expenses	-	3,063,390	2,424,834	2,510,110	-	7,998,334	(76,016)	7,922,318
Administrative Expenses	1,621,768	1,030,157	208,643	285,854	-	3,146,422	(732,779)	2,413,643
Management Fees	4,264,555	1,903,068	1,748,748	1,607,802	-	9,524,173	(5,259,618)	4,264,555
Insurance	-	209,399	212,669	201,750	-	623,818	-	623,818
Bond Fees	-	49,723	22,683	39,534	-	111,940	-	111,940
Utilities	-	748,392	436,949	476,656	-	1,661,997	-	1,661,997
Depreciation and Amortization	71,839	3,207,808	1,174,998	1,989,777	-	6,444,422	(3,950)	6,440,472
Interest	15,028	2,238,162	993,415	1,997,424	480	5,244,509	-	5,244,509
Other	-	424,083	234,328	249,382	125,123	1,032,916	(55,677)	977,239
Provision for Uncollectible Accounts	-	-	41,059	69,604	-	110,663	-	110,663
Total Expenses	7,108,245	20,670,847	19,114,822	18,492,536	125,603	65,512,053	(6,128,040)	59,384,013
OPERATING INCOME (LOSS)	(1,812,671)	1,936,350	(875,036)	(1,101,291)	39,378	(1,813,270)	3,950	(1,809,320)
OTHER INCOME (EXPENSE)								
Interest Income	159,512	457,872	159,992	154,836	14,465	946,677	-	946,677
Realized Gains (Losses) on Investments	(51,863)	466,036	185,231	77,564	8,131	685,099	-	685,099
Unrealized Gains (Losses) on Investments	(30,246)	310,153	643,895	204,833	330,481	1,459,116	-	1,459,116
Total Other Income (Expense)	77,403	1,234,061	989,118	437,233	353,077	3,090,892	-	3,090,892
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ (1,735,268)</u>	<u>\$ 3,170,411</u>	<u>\$ 114,082</u>	<u>\$ (664,058)</u>	<u>\$ 392,455</u>	<u>\$ 1,277,622</u>	<u>\$ 3,950</u>	<u>\$ 1,281,572</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF OPERATIONS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
REVENUES AND OTHER SUPPORT								
WITHOUT DONOR RESTRICTIONS								
Resident and Client Services Revenue	\$ -	\$ 20,806,681	\$ 18,676,788	\$ 16,718,984	\$ -	\$ 56,202,453	\$ (836,090)	\$ 55,366,363
Amortization of Advance Fees	-	920,842	-	775,809	-	1,696,651	-	1,696,651
Other Revenue	5,310,673	253,768	337,654	674,471	-	6,576,566	(5,499,182)	1,077,384
Contributions	-	-	-	-	112,013	112,013	-	112,013
Net Assets Released From Restrictions Used for Operations	-	-	-	-	83,935	83,935	-	83,935
Total Revenues and Other Support without Donor Restrictions	5,310,673	21,981,291	19,014,442	18,169,264	195,948	64,671,618	(6,335,272)	58,336,346
EXPENSES								
Salaries and Benefits	441,008	5,770,303	8,872,111	6,678,549	-	21,761,971	-	21,761,971
Purchased Services	150	1,139,660	1,470,062	1,211,702	-	3,821,574	(2,712)	3,818,862
Medical Supplies and Drugs	-	180,487	379,574	314,153	-	874,214	-	874,214
Dietary Expenses	-	3,232,957	2,559,960	2,695,716	-	8,488,633	(84,583)	8,404,050
Administrative Expenses	1,051,227	1,041,168	332,905	294,220	-	2,719,520	(777,594)	1,941,926
Management Fees	3,843,015	1,930,227	1,732,524	1,647,873	-	9,153,639	(5,310,624)	3,843,015
Insurance	-	213,662	206,249	242,203	-	662,114	-	662,114
Bond Fees	-	36,011	12,953	14,076	-	63,040	-	63,040
Utilities	-	738,529	425,579	459,221	-	1,623,329	-	1,623,329
Depreciation and Amortization	84,465	2,566,839	1,122,715	2,260,441	-	6,034,460	(3,950)	6,030,510
Interest	33,115	2,354,782	853,744	2,168,899	840	5,411,380	-	5,411,380
Other	-	465,597	374,945	292,283	268,486	1,401,311	(159,759)	1,241,552
Provision for Uncollectible Accounts	-	8,117	68,253	13,150	-	89,520	-	89,520
Total Expenses	5,452,980	19,678,339	18,411,574	18,292,486	269,326	62,104,705	(6,339,222)	55,765,483
OPERATING INCOME (LOSS)	(142,307)	2,302,952	602,868	(123,222)	(73,378)	2,566,913	3,950	2,570,863
OTHER INCOME (EXPENSE)								
Interest Income	31,238	496,106	212,859	223,622	18,575	982,400	-	982,400
Realized Gains on Investments	-	64,007	362,710	147,031	95,557	669,305	-	669,305
Unrealized Gains (Losses) on Investments	(5,979)	1,464,370	991,541	356,879	370,812	3,177,623	-	3,177,623
Gain (Loss) on Disposal of Property and Equipment	-	7,500	(1)	-	-	7,499	-	7,499
Loss on Refinancing of Long-Term Debt	(274,043)	-	-	-	-	(274,043)	-	(274,043)
Total Other Income	(248,784)	2,031,983	1,567,109	727,532	484,944	4,562,784	-	4,562,784
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	<u>\$ (391,091)</u>	<u>\$ 4,334,935</u>	<u>\$ 2,169,977</u>	<u>\$ 604,310</u>	<u>\$ 411,566</u>	<u>\$ 7,129,697</u>	<u>\$ 3,950</u>	<u>\$ 7,133,647</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
NET ASSETS WITHOUT DONOR RESTRICTIONS									
Excess (Deficit) of Revenues Over Expenses	\$ (1,735,268)	\$ -	\$ 3,170,411	\$ 114,082	\$ (664,058)	\$ 392,455	\$ 1,277,622	\$ 3,950	\$ 1,281,572
Transfer of Net Assets	4,433,417	-	(3,878,847)	(671,638)	(1,487,882)	182,487	(1,422,463)	-	(1,422,463)
Change in Net Assets without Donor Restrictions	2,698,149	-	(708,436)	(557,556)	(2,151,940)	574,942	(144,841)	3,950	(140,891)
NET ASSETS WITH DONOR RESTRICTIONS									
Contributions	-	-	-	-	-	17,981	17,981	-	17,981
Interest Income	-	-	-	-	-	18,820	18,820	-	18,820
Net Assets Released from Restrictions	-	-	-	-	-	(114,674)	(114,674)	-	(114,674)
Change in Net Assets with Donor Restrictions	-	-	-	-	-	(77,873)	(77,873)	-	(77,873)
TOTAL CHANGE IN NET ASSETS	2,698,149	-	(708,436)	(557,556)	(2,151,940)	497,069	(222,714)	3,950	(218,764)
Net Assets - Beginning of Year	(96,565,946)	5,090	15,459,891	37,516,787	17,118,093	2,381,703	(24,084,382)	(68,353)	(24,152,735)
NET ASSETS - END OF YEAR	<u>\$ (93,867,797)</u>	<u>\$ 5,090</u>	<u>\$ 14,751,455</u>	<u>\$ 36,959,231</u>	<u>\$ 14,966,153</u>	<u>\$ 2,878,772</u>	<u>\$ (24,307,096)</u>	<u>\$ (64,403)</u>	<u>\$ (24,371,499)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CHANGES IN NET ASSETS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
NET ASSETS WITHOUT DONOR RESTRICTIONS									
Excess (Deficit) of Revenues Over Expenses	\$ (391,091)	\$ -	\$ 4,334,935	\$ 2,169,977	\$ 604,310	\$ 411,566	\$ 7,129,697	\$ 3,950	\$ 7,133,647
Transfer of Net Assets	4,860,092	-	(2,774,914)	(838,914)	(1,281,865)	4,926	(30,675)	-	(30,675)
Change in Net Assets without Donor Restrictions	4,469,001	-	1,560,021	1,331,063	(677,555)	416,492	7,099,022	3,950	7,102,972
NET ASSETS WITH DONOR RESTRICTIONS									
Contributions	-	-	-	-	-	7,559	7,559	-	7,559
Interest Income	-	-	-	-	-	23,175	23,175	-	23,175
Net Assets Released from Restrictions	-	-	-	-	-	(83,935)	(83,935)	-	(83,935)
Change in Interest in Net Assets of Donor Relations	(38,481)	-	(83,853)	(74,333)	(237,951)	-	(434,618)	434,618	-
Change in Net Assets with Donor Restrictions	(38,481)	-	(83,853)	(74,333)	(237,951)	(53,201)	(487,819)	434,618	(53,201)
TOTAL CHANGE IN NET ASSETS	4,430,520	-	1,476,168	1,256,730	(915,506)	363,291	6,611,203	438,568	7,049,771
Net Assets - Beginning of Year	(100,996,466)	5,090	13,983,723	36,260,057	18,033,599	2,018,412	(30,695,585)	(506,921)	(31,202,506)
NET ASSETS - END OF YEAR	<u>\$ (96,565,946)</u>	<u>\$ 5,090</u>	<u>\$ 15,459,891</u>	<u>\$ 37,516,787</u>	<u>\$ 17,118,093</u>	<u>\$ 2,381,703</u>	<u>\$ (24,084,382)</u>	<u>\$ (68,353)</u>	<u>\$ (24,152,735)</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2020
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Total Change in Net Assets	\$ 2,698,149	\$ -	\$ (708,436)	\$ (557,556)	\$ (2,151,940)	\$ 497,069	\$ (222,714)	\$ 3,950	\$ (218,764)
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation and Amortization	71,839	-	3,207,808	1,174,998	1,989,777	-	6,444,422	(3,950)	6,440,472
Interest Expense - Amortization on Deferring Financing Costs	26,069	-	63,106	32,615	46,799	-	168,589	-	168,589
Amortization on Bond Discount/Premium, Net	(11,041)	-	(276,079)	(120,560)	(113,984)	-	(521,664)	-	(521,664)
Amortization of Advance Fees	-	-	(1,006,270)	-	(628,213)	-	(1,634,483)	-	(1,634,483)
Provision for Uncollectible Accounts	-	-	-	41,059	69,604	-	110,663	-	110,663
Realized (Gains) Losses on Investments	51,863	-	(466,036)	(185,231)	(77,564)	(8,131)	(685,099)	-	(685,099)
Unrealized (Gains) Losses on Investments	30,246	-	(310,153)	(643,895)	(204,833)	(330,481)	(1,459,116)	-	(1,459,116)
(Increase) Decrease in:									
Accounts Receivable	-	-	(9,573)	(202,781)	(48,918)	-	(261,272)	-	(261,272)
Other Receivables	(141,276)	-	5,344	23,748	(542,705)	(360)	(655,249)	-	(655,249)
Prepaid Expenses and Other Assets	-	-	(57,817)	(92,557)	(34,746)	-	(185,120)	-	(185,120)
Intercompany	(517,803)	-	(3,054,559)	2,328,986	493,145	(670,444)	(1,420,675)	-	(1,420,675)
Increase (Decrease) in:									
Accounts Payable and Accrued Expenses	(257,545)	-	(343,208)	279,326	154,525	(360)	(167,262)	-	(167,262)
Refundable Advance	4,140,600	-	-	-	-	-	4,140,600	-	4,140,600
Resident Deposits	-	-	51,976	7,103	57,076	-	116,155	-	116,155
Net Cash Provided (Used) by Operating Activities	6,091,101	-	(2,903,897)	2,085,255	(991,977)	(512,707)	3,767,775	-	3,767,775
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Investments	-	-	(297,652)	(109,892)	(16,500)	(71,649)	(495,693)	-	(495,693)
Proceeds from Sale of Investments	-	-	73,457	35,983	14,055	158,962	282,457	-	282,457
Purchase of Property and Equipment	-	-	(2,748,601)	(2,021,434)	(497,489)	-	(5,267,524)	-	(5,267,524)
Net Change in Assets Limited as to Use	(552,325)	-	198,736	(378,839)	(157,203)	(290,881)	(1,180,512)	-	(1,180,512)
Net Cash Used by Investing Activities	(552,325)	-	(2,774,060)	(2,474,182)	(657,137)	(203,568)	(6,661,272)	-	(6,661,272)
CASH FLOWS FROM FINANCING ACTIVITIES									
Principal Payments on Long-Term Debt	(3,545,000)	-	-	-	-	-	(3,545,000)	-	(3,545,000)
Proceeds from Entrance Fees, Net of Refunds	-	-	3,637,299	-	179,942	-	3,817,241	-	3,817,241
Net Cash Provided (Used) by Financing Activities	(3,545,000)	-	3,637,299	-	179,942	-	272,241	-	272,241
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,993,776	-	(2,040,658)	(388,927)	(1,469,172)	(716,275)	(2,621,256)	-	(2,621,256)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,075,126	5,090	5,208,914	509,951	3,093,357	440,399	10,332,837	-	10,332,837
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 3,068,902</u>	<u>\$ 5,090</u>	<u>\$ 3,168,256</u>	<u>\$ 121,024</u>	<u>\$ 1,624,185</u>	<u>\$ (275,876)</u>	<u>\$ 7,711,581</u>	<u>\$ -</u>	<u>\$ 7,711,581</u>

CHRISTIAN LIVING COMMUNITIES
CONSOLIDATING STATEMENT OF CASH FLOWS — OBLIGATED GROUP
YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Management	Homecare Services	Holly Creek	Someren Glen	Clermont Park	Donor Relations	Obligated Group Total	Obligated Group Eliminating Entries	Consolidated Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES									
Total Change in Net Assets	\$ 4,430,520	\$ -	\$ 1,476,168	\$ 1,256,730	\$ (915,506)	\$ 363,291	\$ 6,611,203	\$ 438,568	\$ 7,049,771
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:									
Depreciation and Amortization	84,465	-	2,566,839	1,122,715	2,260,441	-	6,034,460	(3,950)	6,030,510
Interest Expense - Amortization on									
Deferring Financing Costs	57,444	-	53,737	26,724	30,166	-	168,071	-	168,071
Loss on Refinancing of Long-Term Debt	274,043	-	-	-	-	-	274,043	-	274,043
Amortization on Bond Discount Premium, Net	(24,329)	-	(242,763)	(99,611)	(54,836)	-	(421,539)	-	(421,539)
Amortization of Advance Fees	-	-	(920,842)	-	(775,809)	-	(1,696,651)	-	(1,696,651)
Provision for Uncollectible Accounts	-	-	8,117	68,253	13,150	-	89,520	-	89,520
Change in Donor Relations	38,481	-	83,853	74,333	237,951	-	434,618	(434,618)	-
Realized Gains on Investments	-	-	(64,007)	(362,710)	(147,031)	(95,557)	(669,305)	-	(669,305)
Unrealized (Gains) Losses on Investments	5,979	-	(1,464,370)	(991,541)	(356,879)	(370,812)	(3,177,623)	-	(3,177,623)
(Gain) Loss on Disposal of Property and Equipment	-	-	(7,500)	1	-	-	(7,499)	-	(7,499)
(Increase) Decrease in:									
Accounts Receivable	-	-	(92,509)	(242,023)	(221,683)	-	(556,215)	-	(556,215)
Other Receivables	(183,386)	-	(1,516,830)	(70,044)	(60,311)	(3,212)	(1,833,783)	-	(1,833,783)
Prepaid Expenses and Other Assets	-	-	(30,481)	(8,453)	(10,092)	-	(49,026)	-	(49,026)
Intercompany	(339,316)	-	(1,651,988)	977,025	620,616	(1,714)	(395,377)	-	(395,377)
Increase (Decrease) in:									
Accounts Payable and Accrued Expenses	23,371	-	154,161	158,654	(272,868)	83,655	146,973	-	146,973
Resident Deposits	-	-	5,629	(6,850)	(36,550)	-	(37,771)	-	(37,771)
Net Cash Provided (Used) by Operating Activities	4,367,272	-	(1,642,786)	1,903,203	310,759	(24,349)	4,914,099	-	4,914,099
CASH FLOWS FROM INVESTING ACTIVITIES									
Purchase of Investments	-	-	(373,509)	(205,370)	(35,184)	(60,255)	(674,318)	-	(674,318)
Proceeds from Sale of Investments	-	-	147,457	69,132	54,735	212,208	483,532	-	483,532
Purchase of Property and Equipment	(1)	-	(3,970,253)	(2,512,194)	(352,010)	-	(6,834,458)	-	(6,834,458)
Net Change in Assets Limited as to Use	(388,939)	-	(119,833)	(54,187)	260,490	(193,704)	(496,173)	-	(496,173)
Net Cash Used by Investing Activities	(388,940)	-	(4,316,138)	(2,702,619)	(71,969)	(41,751)	(7,521,417)	-	(7,521,417)
CASH FLOWS FROM FINANCING ACTIVITIES									
Principal Payments on Long-Term Debt	(3,385,000)	-	-	-	-	-	(3,385,000)	-	(3,385,000)
Proceeds from Entrance Fees, Net of Refunds	-	-	5,315,228	-	342,444	-	5,657,672	-	5,657,672
Net Cash Provided (Used) by Financing Activities	(3,385,000)	-	5,315,228	-	342,444	-	2,272,672	-	2,272,672
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	593,332	-	(643,696)	(799,416)	581,234	(66,100)	(334,646)	-	(334,646)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	481,794	5,090	5,852,610	1,309,367	2,512,123	506,499	10,667,483	-	10,667,483
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 1,075,126</u>	<u>\$ 5,090</u>	<u>\$ 5,208,914</u>	<u>\$ 509,951</u>	<u>\$ 3,093,357</u>	<u>\$ 440,399</u>	<u>\$ 10,332,837</u>	<u>\$ -</u>	<u>\$ 10,332,837</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Christian Living Communities
Greenwood Village, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Christian Living Communities (the Organization), which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of operations, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 27, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Christian Living Communities internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Christian Living Communities internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Denver, Colorado
April 27, 2021