Sierra View Homes

Consolidated Financial Report
December 31, 2023

C O N T E N T S

Independent Auditor's Report

Board of Directors
Sierra View Homes
Reedley, California

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Sierra View Homes and subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively the "consolidated financial statements").

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

Basis for Opinion

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

Correction of an Error

As discussed in Note 10 to the consolidated financial statements, the beginning net asset balance has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

The Board of Directors
Sierra View Homes

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in the Statement of Patient Census and Statement of Patient Revenue are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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.

The Board of Directors
Sierra View Homes

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Pasadena, California
June 6, 2024

Consolidated Financial Statements

Sierra View Homes

Consolidated Statement of Financial Position
December 31, 2023

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	130,117
Resident accounts receivable		1,047,207
Other receivable		661,641
Prepaid expenses		34,479
Marketable short-term investments		1,249,538
Assets limited as to use - held by trustee under certificate trust agreement		347,674
Total current assets		3,470,656
ASSETS LIMITED AS TO USE		
Held by trustee under certificate trust agreement		379,453
PROPERTY AND EQUIPMENT		
Land, buildings, and improvements		22,354,076
Equipment, furniture and fixtures		2,784,191
Transportation equipment		172,987
		25,311,254
Less accumulated depreciation		(12,156,155)
Total property and equipment, net		13,155,099
OTHER ASSETS		
Investments in captive insurance companies		1,393,255
TOTAL ASSETS	$	18,398,463

The Notes to Consolidated Financial Statements
are an integral part of this statement.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and other	$	266,448
Wages and related benefits payable		293,828
Interest payable		108,989
Current portion of long-term debt		512,815
Total current liabilities		1,182,080
LONG-TERM LIABILITIES		
Other noncurrent liabilities		58,383
Deferred revenue		299,793
Long-term debt		
2016 Series A Certificates of Participation, net of current portion, unamortized debt issue costs, and certificate premium		9,197,324
California Health Facilities Financing Authority, net of current portion and unamortized debt issue costs		571,961
Total long-term liabilities		10,127,461
Total liabilities		11,309,541
NET ASSETS		
Net assets without donor restrictions		7,088,922
TOTAL LIABILITIES AND NET ASSETS	$	18,398,463

The Notes to Consolidated Financial Statements
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Sierra View Homes

Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2023

REVENUE, GAINS AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
Patient and resident service revenue		
Skilled nursing services	$	4,622,029
Assisted and independent living revenue		3,742,875
Other operating income		271,418
Charitable contributions		79,505
Total revenues, gains and support		8,715,827
OPERATING EXPENSES		
Program services		9,571,299
Management and general		800,619
Total operating expenses		10,371,918
Operating Loss		(1,656,091)
OTHER INCOME (EXPENSES)		
Net investment return		388,931
Revenues less than expenses and change in net assets		(1,267,160)
NET ASSETS, beginning of year (restated) - Note 10		8,356,082
NET ASSETS, end of year	$	7,088,922

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Sierra View Homes

Consolidated Statement of Functional Expenses
For the Year ended December 31, 2023

	Program Services			Support Services	
	Skilled Nursing	**Assisted and Independent Living**	**Total**	**Management and General**	**Total**
Salaries, wages, and related employee expenses	$ 4,041,699	$ 2,419,741	$ 6,461,440	$ 475,717	$ 6,937,157
Depreciation	209,734	483,107	692,841	-	692,841
Dietary food and supplies	269,401	272,376	541,777	-	541,777
Insurance and property taxes	133,442	51,879	185,321	-	185,321
Interest	77,807	270,128	347,935	-	347,935
Licenses	-	709	709	61,143	61,852
Medical therapists, consultants and related expenses	424,870	-	424,870	-	424,870
Office and other operating expenses	858	29,131	29,989	114,015	144,004
Outside service providers	53,788	164,799	218,587	117,634	336,221
Repairs and Maintenance	36,061	-	36,061	-	36,061
Supplies	188,734	71,418	260,152	23,512	283,664
Telephone and utilities	175,841	195,776	371,617	8,598	380,215
TOTAL FUNCTIONAL EXPENSES	$ 5,612,235	$ 3,959,064	$ 9,571,299	$ 800,619	$ 10,371,918
% of total functional expenses	59%	41%	92%	8%	100%

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Sierra View Homes

Consolidated Statement of Cash Flows

Year Ended December 31, 2023

CASH FLOWS PROVIDED BY OPERATING ACTIVITES		
Cash received from patients and residents	$	9,223,294
Cash paid to suppliers and employees		(9,271,590)
Interest paid		(351,963)
Cash received from other operating revenue		1,139,428
Investment income received		186,093
Charitable contributions received in cash		68,480
Net cash provided by operating activities		993,742
CASH FLOWS USED FOR INVESTING ACTIVITES		
Property and equipment purchase		(462,177)
Proceeds from note receivable		17,882
Capital contribution to captive insurance		(300,000)
Distributions received from captive insurance		32,114
Purchase of investments		(835,755)
Proceeds from sale of investments		613,790
Net cash used for investing activities		(934,146)
CASH FLOWS USED FOR FINANCING ACTIVITES		
Principal payments on long-term debt		(500,410)
Net decrease in cash and restricted cash		(440,814)
CASH AND RESTRICTED CASH, beginning of the year		1,298,058
CASH AND RESTRICTED CASH, end of year	$	857,244
CASH AND RESTRICTED CASH AS SHOWN ON THE CONSOLIDATED FINANCIAL STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	$	130,117
Held by trustee under certificate trust agreement - current portion		347,674
Held by trustee under certificate trust agreement		379,453
CASH AND RESTRICTED CASH, end of year	$	857,244

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Sierra View Homes

Consolidated Statement of Cash Flows
Year Ended December 31, 2023

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	$	(1,267,160)
Adjustment to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization		705,824
Interest expense attributable to amortization of debt issue costs and original issue premium		(757)
Allocation of income from captive insurance		(224,165)
Net realized and unrealized gains and losses on investments		(79,951)
Changes in assets and liabilities		
Resident accounts receivable		889,233
Other receivable		1,196,684
Prepaid expenses		7,245
Accounts payable and accrued expenses		(263,580)
Deferred revenue		30,369
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	993,742

The Notes to Consolidated Financial Statements
are an integral part of this statement.

Sierra View Homes
Notes to Consolidated Financial Statements

Note 1. Nature of Operations

Nature of Operations

Sierra View Homes, along with its wholly owned subsidiary Sierra View Residences, LLC, are not-for-profit California entities (the Organization) providing care for the elderly. The Organization owns and operates a skilled nursing facility with 59 licensed beds, an independent living facility with 115 apartments (operated by Sierra View Residences, LLC), and a residential care (assisted living) facility with 78 licensed beds, all located in Reedley, California. All significant transactions between these entities have been eliminated in the consolidated financial statements.

Continuing Care Retirement Community (CCRC)

The Organization is licensed as a CCRC for its assisted living and skilled nursing facilities. It is contractually obligated to provide care in assisted living and skilled nursing to those current independent living residents who join the CCRC and pay an advance care fee.

Upon entry into the assisted living or skilled nursing facilities, the advance care fee is applied as a payment against the service fees and recognized as revenue at that time. The resident then pays regular service fees while under care.

The advance care fee is treated as a liability (deferred revenue) at the time received. The advance care fee entitles a resident to receive services in the future. However, this advance care fee is not a payment for lifetime care. Consequently, the Organization does not incur a liability related to an obligation to provide future services to residents. (That is, it expects regular service fees for these residents to exceed costs of care.)

For those who leave the facility without using the assisted living or skilled nursing facilities, the advance care fee is recognized as revenue upon move out of the resident.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting. The significant accounting polices followed are described below.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash also includes restricted cash.

Uninsured Cash Balances

The Organization maintains its cash balances at financial institutions, which may periodically exceed federally insured limits. To date, the Organization has not experienced any losses on these accounts.

Patient and Resident Receivables

Patient and resident receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient and resident accounts receivable are reduced by an allowance for credit losses. In evaluating the collectability of accounts receivable, the Organization analyzes accounts for adverse changes in a patient's or third-party's ability to pay that may have occurred subsequent to recognition. Management regularly reviews specific data about receivable balances and its past history with similar cases to estimate the appropriate allowance and provision for credit losses. As of December 31, 2023, the allowance for credit losses is not considered material.

The Organization has elected to not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financial component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that the patient and resident or third-party payor pays for that service will be one year or less. Patient and resident accounts receivable as of January 1, 2023 totaled $1,858,325.

Assets Limited as to Use

Assets limited as to use include cash and cash equivalents held by trustees under indenture agreements. Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the consolidated statement of financial position. Investment return includes interest and dividend income and realized and unrealized gains or losses on investments, as well as investment fees in the consolidated statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law.

Property and Equipment

Property and equipment acquisitions in excess of $1,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Property and equipment are depreciated over a period between 5 and 45 years. Depreciation expense for the year ended December 31, 2023 was $692,841. The Organization leases office equipment under long-term, non-cancelable finance leases, which expire in 2027. Leased assets of $56,428 are included in equipment, furniture and fixtures and lease liabilities of $56,428 are included in other noncurrent liabilities on the accompanying consolidated balance sheet. Rent expense for the year ended December 31, 2023 was $13,662.

Property and equipment are recorded at cost, net of accumulated depreciation if purchased. If donated they are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight line method, over the estimated useful lives of the respective assets. Property and equipment are depreciated over a period between 5 and 45 years.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions, and are excluded from the performance indicator, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. 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.

The Organization considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the year ended December 31, 2023.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is considered to be representative of the effective interest method. Debt issuance costs are included within long-term debt on the consolidated balance sheet. Amortization of debt issuance costs is included in interest expense in the accompanying consolidated financial statements.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: those without donor restrictions and those with donor restrictions.

Net assets without donor restrictions are those net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. At December 31, 2023, the Organization does not have any net assets with donor restrictions.

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, Revenue from Customers ("ASC 606"). In accordance with ASC 606, the Organization recognizes revenue when the services are provided to the recipient in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. The standard outlines a five-step model whereby revenue is recognized when performance obligations within a contract are satisfied.

The Organization has identified certain revenues from skilled nursing and assisted and independent living as exchange transactions subject to ASC 606. The Organization recognizes revenue for these services at the point in time in which these treatments and services are provided, which coincides with the satisfaction of the related performance obligation.

Revenue is reported in the period services are provided by the Organization. A brief description about resident revenue follows:

Skilled Nursing Revenue: These are services provided to those individuals not able to care for themselves. Payments from these services come from Medi-Cal (State of California), Medicare (Federal government), and private pay (including insurance). Medi-Cal uses a set daily rate to reimburse the Organization. Medicare reimburses for the type of care provided. As a result, the amounts for different types of Medicare services may vary. Private pay uses a set daily rate and includes some additional amounts for prescriptions and other services not included in the set daily rate.

Medi-Cal and Medicare have complex laws and regulations covering their respective programs. In some cases, retroactive adjustments by these agencies occur, including from audits of cost reports. Where possible, those adjustments are recorded when known, or recorded in the future when final settlements are made.

Assisted and independent living revenue: Assisted living relates to residents who need some care but are mobile and do not need constant care or attention by Organization staff. Independent living revenue is from monthly rents of apartments. These residents can live on their own.

The Organization bills and records revenue monthly, including any discounts from stated rates, in the month services are provided. This includes reductions for residents not using a full month of services. Payments are due when amounts are billed. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on pre-determined rates and historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient and resident service revenue in the period of the change. Patient and resident service revenue decreased approximately $900,000 for the year ended December 31, 2023 as a result of adjustments to the estimate of the transaction price.

Disaggregation of revenue: below is detail of revenue by resident payor. The Organization believes resident payor detail best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors:

	Skilled Nursing	Assisted and Independent Living	Total
Medi-Cal	$ 3,305,157	$ -	$ 3,305,157
Medicare	345,342	-	345,342
Private and insurance	971,530	3,742,875	4,714,405
	$ 4,622,029	$ 3,742,875	$ 8,364,904

Performance Indicator

Revenues less than expenses is the performance indicator. The performance indicator excludes transfers of assets to and from related parties other than goods and services, and contributions of long-lived assets, including assets acquired using contributions which were restricted by donors.

Donor-Restricted Gifts

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated using various methods.

Use of Estimates

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

Income Taxes

The Organization follows the provisions of FASB ASC Accounting for Uncertainty in Income Taxes, which prescribes a minimum recognition threshold and measurement methodology for tax positions taken, or expected to be taken, in a tax return prior to recognition in the consolidated financial statements. The standard also provides guidance for derecognition, classification, interest and penalties, and accounting in interim periods and disclosure. Tax benefits are recorded only for tax positions that are more likely than not to be sustained upon examination by tax authorities. Management does not believe there were any uncertain tax positions on December 31, 2023.

The Organization is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, and California Revenue and Taxation Code Section 23701d. Accordingly, a provision for income taxes is not included in the consolidated financial statements. The Organization believes that it has appropriate support for the positions taken on its tax returns and the exempt status would be sustained on examination.

The Organization classifies interest and penalties on underpayments of income tax (unrelated business income tax), if applicable, as interest expense and penalties, respectively, both of which would be included in general and administrative expenses. The Organization did not incur any penalties and interest in the current year.

The Organization files tax returns in the United States federal and California state jurisdictions.

Recently Adopted Accounting Pronouncements Adopted

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" ("ASU 2016-13"). ASU 2016-13 requires that a financial asset measured at amortized cost be presented at the net amount expected to be collected.

ASU 2016-13 is intended to provide more timely decision-useful information about the expected credit losses on financial instruments. In November 2019, the FASB ASU 2019-19, "Codification Improvements to Topic 326: Financial Instruments – Credit Losses", which makes amendments to clarify the scope of the guidance; including clarification that receivables arising from operating leases are not within its scope. The amended guidance was effective and adopted under the modified retrospective approach on January 1, 2023 and did not result in a transition adjustment to opening net assets.

Subsequent Events

The Organization has evaluated subsequent events through June 6, 2024, the date the consolidated financial statements were available to be issued.

Note 3. Investments, Assets Limited as to Use and Fair Value Measurements

FASB ASC *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under this framework are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology are observable other than level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs to the valuation measurement are unobservable, supported by little or no market data, and are significant to the fair value of the assets and liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization also invests in emerging markets, which accounts for a small percentage of its investments, which may be subject to various risk factors including market risk, credit risk, and sovereign risk.

Sierra View Homes

Notes to Consolidated Financial Statements

All of the Organization's investments are classified within Level 1 because they are comprised of money market mutual funds, common stock, mutual funds and fixed income securities with readily determinable fair values in an active market. The fixed income securities are comprised of comprised of mid and large cap corporate securities, which are considered regularly traded. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Fair values of assets measured on a recurring basis at December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Marketable short-term investments				
Money market funds	$ 285,586	$ -	$ -	$ 285,586
Fixed income securities	350,064	-	-	350,064
Mutual Funds - International	36,331	-	-	36,331
US Equity Funds	304,498	-	-	304,498
International Equity Funds	168,965	-	-	168,965
Real Estate Security Fund	59,079	-	-	59,079
Common stock	20,481	-	-	20,481
Other	24,534	-	-	24,534
Total marketable short-term investments	$ 1,249,538	$ -	$ -	$ 1,249,538
Assets limited as to use				
Held by trustee for Series 2016A debt service				
Money market funds (current)	$ 347,674	$ -	$ -	$ 347,674
Held by trustee for Series 2016A reserve account				
Money market funds	379,453	-	-	379,453
Total assets limited as to use	$ 727,127	$ -	$ -	$ 727,127

At December 31, 2023, the Organization had no assets measured at fair value on a nonrecurring basis and no liabilities measured at fair value on a recurring and nonrecurring basis.
Net Investment Return.

Net investment return on assets limited as to use, short-term investments, and cash equivalents consist of the following for the year ended December 31, 2023:

Net investment return	
Interest and dividends	$ 84,815
Income from captive insurance	224,165
Realized gains and losses (net)	(23,066)
Change in unrealized gains and losses	103,017
	$ 388,931

Investments in Captive Insurance Companies

The Organization is currently invested in two captive insurance plans, Peace Church Workers Safety Program (PCWSP) which provides workers compensation insurance and Peace Church Risk Retention Group (PCRRG) which provides general and professional liability insurance. The Organization, along with other similar facilities, formed these insurance companies in an effort to control insurance costs.

The Organization's investments were recorded at cost, increased for net income allocations to the Organization from the captive, and reduced by distributions paid by the captives. Activity in the Organization's captive accounts during the year ended December 31, 2023 is as follows:

Paid in Capital Accounts		
Balance, beginning of year	$	132,544
Contributions		-
Balance, end of year	$	132,544
Subscriber Savings Accounts		
Balance, beginning of year (restated)	$	363,339
Net income allocation		72,050
Distribution		(14,023)
Balance, end of year	$	421,366

Note 4. Employee Retention Credits

The Organization is eligible for the Employee Retention Credit ("ERC") under the CARES Act. The receivable for the ERC at December 31, 2023 is $647,618 which represents refunds due on the 2021 Form 941-X Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund for the quarter ended March 31, 2021.

Sierra View Homes

Notes to Consolidated Financial Statements

Note 5. Long-Term Debt

Long-term debt as of December 31, 2023 consists of the following:

City of Reedly, California 2016 Series A Insured Revenue Certificates of Participation, payable in varying annual principal installments and semiannual interest payments at an effective interest rate of 2.98% per year to September 2040; secured by real and other property and subject to loan covenants	$	9,600,000
Unamortized issuance premium		341,997
Unamortized debt issuance costs		(319,673)
Note payable, due in monthly installments of $3,794 including interest at an effective interest rate of 2.0% per year to September 2039; secured by real and other property and subject to loan covenants		613,862
Unamortized debt issuance costs		(7,713)
Note payable, due in monthly installments of $5,007 including interest at an effective interest rate of 3.0% per year to November 2024; secured by real and other property and subject to loan covenants		54,256
Unamortized debt issuance costs		(629)
		10,282,100
Less current maturities		(512,815)
Long-term debt, net of current portion	$	9,769,285

The Certificates of Participation, as well as certain notes payable, place limits on the incurrence of additional borrowings as well as requirements to satisfy certain measures of financial performance. At December 31, 2023, the Organization was not in compliance with its debt covenants. Per the regulatory agreement, the Organization is required to hire a consultant to assist with plans to bring the Organization back into compliance. The debt is not callable as a result of the noncompliance.

Principal maturities for long-term debt are as follows:

Year ending December 31,		
2024	$	512,815
2025		464,236
2026		479,927
2027		495,632
2028		516,351
Thereafter		7,799,157
Plus: unamortized issue premium		341,997
Less: unamortized debt issue costs		(328,015)
	$	10,282,100

Sierra View Homes

Notes to Consolidated Financial Statements

Note 6. Retirement Plan

The Organization has a retirement plan for its employees known as a 403(b) plan (the Internal Revenue Code section designation). The plan applies to eligible employees. The Organization can contribute up to a maximum of 4% of an eligible employee's wages, and expense for the year ended December 31, 2023 was $67,073.

Note 7. Liquidity and Availability

As of December 31, 2023, the Organization's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

Cash and cash equivalents	$ 130,117
Resident accounts receivable	1,047,207
Other receivable - employee retention credits	661,641
Marketable short-term investments	1,249,538
Assets limited as to use - held by trustee under certificate trust agreement	347,674
Total financial assets	3,436,177
Less amounts not available to be used within one year	
Assets limited as to use - held by trustee under certificate trust agreement	(347,674)
Financial assets available to meet general expenditures over the next 12 months	$ 3,088,503

The Organization's financial assets available to meet cash needs for general expenditures within one year represents funding for ongoing operational requirements. The Organization structures its financial assets above to be available when general expenditures, liabilities, and other payment obligations come due. The Organization has no restrictions on the above financial assets. See Note 5 "Restricted Assets, Certificate Debt Trust Agreement" for discussion on use of these reserve deposit accounts for payment of principal and interest on this certificate debt.

Note 8. Concentrations of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at December 31, 2023, was as follows:

Medi-Cal	47%
M	18%
Commercial insurance	20%
Pri	15%
	100%

Note 9. Contingencies

Professional Liability Insurance

The Organization has professional liability coverage to provide protection for professional liability losses on a claims made basis subject to a limit of $1,000,000 million per claim and an annual aggregate limit of $3,000,000 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

Litigation, Claims, and Disputes

The Organization is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. Management assesses the ultimate settlement of any litigations, claims, and disputes in process in determining whether a liability should be recorded, or a disclosure should be presented.

Note 10. Correction of an Error

During 2023, the Organization identified balances held at captive insurance companies having allocations of net income to the Organization's subscriber accounts. As the Organization is entitled to the amounts held in the subscription accounts, these amounts were recorded as investments in the captive insurance. The amount of the adjustment increased beginning net assets by $779,120 from the previously reported amount of $7,576,962 to $8,356,082 as reported in the accompanying consolidated statement of activities. The Organization's 2022 net allocations to income totaled $22,109, which would have increased the previously reported net income of $588,476 to $610,585. The restated beginning balances of the Organization's accounts with the captive insurance plans are shown in Note 3.

Supplementary Information

Sierra View Homes
Statement of Patient Census
December 31, 2023

Line No.	PATIENT (Census) DAYS	Medicare	Medi-Cal	Self -Pay	Managed Care
	Routine Services:				
5	Skilled Nursing Care	1,432	13,882	2,946	-
10	Intermediate Care	-	-	-	-
15	Mentally Disordered Care	-	-	-	-
20	Developmentally Disabled Care	-	-	-	-
25	Sub-Acute Care	-	-	-	-
30	Sub-Acute Care - Pediatric	-	-	-	-
35	Transitional Inpatient Care	-	-	-	-
40	Hospice Inpatient Care	-	-	-	-
45	Other Routine Services	-	-	-	-
70	**Subtotal (Lines 5 through 45)**	1,432	13,882	2,946	-

Sierra View Homes

Statement of Patient Revenue

December 31, 2023

			Medicare		Medi-Cal		Self-Pay		Managed Care		Other Payers	
Line No.	GROSS REVENUE		Inpatient	Outpatient	Inpatient	Outpatient	Inpatient	Outpatient	Inpatient	Outpatient	Inpatient	Outpatient
	Routine Services:											
5	Skilled Nursing Care	3100	$ 639,476	$ -	$ 3,657,710	$ -	$ 810,513	$ -	$ -	$ -	$ 328,926	$ -
10	Intermediate Care	3200	-	-	-	-	-	-	-	-	-	-
15	Mentally Disordered Care	3300	-	-	-	-	-	-	-	-	-	-
20	Developmentally Disabled Care	3400	-	-	-	-	-	-	-	-	-	-
25	Sub-Acute Care	3500	-	-	-	-	-	-	-	-	-	-
30	Sub-Acute Care - Pediatric	3520	-	-	-	-	-	-	-	-	-	-
35	Transitional Inpatient Care	3560	-	-	-	-	-	-	-	-	-	-
40	Hospice Inpatient Care	3600	-	-	-	-	-	-	-	-	-	-
45	Other Routine Services	3900	-	-	-	-	-	-	-	-	-	-
70	**Subtotal (Lines 5 through 45)**		$ 639,476	$ -	$ 3,657,710	$ -	$ 810,513	$ -	$ -	$ -	$ 328,926	$ -
	Ancillary Services:											
105	Patient Supplies	4100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
110	Specialized Support Surfaces	4150	-	-	-	-	-	-	-	-	-	-
115	Physical Therapy	4200	-	-	-	-	-	-	-	-	-	-
120	Respiratory Therapy	4220	-	-	-	-	-	-	-	-	-	-
125	Occupational Therapy	4250	-	-	-	-	-	-	-	-	-	-
130	Speech Pathology	4280	-	-	-	-	-	-	-	-	-	-
135	Pharmacy	4300	-	-	-	-	-	-	-	-	-	-
140	Laboratory	4400	-	-	-	-	-	-	-	-	-	-
145	Home Health Services	4800	-	-	-	-	-	-	-	-	-	-
155	Other Ancillary Services	4900	-	-	-	-	-	-	-	-	-	-
170	**Subtotal (Lines 105 through 155)**		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
175	**Total (Lines 70 and 170)**		$ 639,476	$ -	$ 3,657,710	$ -	$ 810,513	$ -	$ -	$ -	$ 328,926	$ -

Line No.	DEDUCTIONS FROM REVENUE		(1) Amount
205	Charity Adjustments	5100	$ -
210	Administrative Adjustments	5200	-
215	Contractual Adjustments - Medicare	5310	(370,866)
220	Contractual Adjustments - Medi-Cal	5320	105,738
222	Contractual Adjustments - Managed Care	5330	-
225	Contractual Adjustments - Other	5340	(7,937)
230	Other Deductions from Revenue	5400	1,087,661
240	**Total (Lines 205 through 230)**		$ 814,596
	Skilled nursting revenue less adjustments		$ 4,622,029