AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED AUGUST 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Baptist Homes of the Midwest
Eden Prairie, Minnesota

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of American Baptist Homes of the Midwest and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Baptist Homes of the Midwest and Subsidiaries as of August 31, 2023 and 2022, and the results of their operations, their changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the financial statements* section of our report. We are required to be independent of American Baptist Homes of the Midwest and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements in 2023 American Baptist Homes of the Midwest and Subsidiaries adopted new accounting guidance for leases. The guidance requires the lessees to recognize a right-of-use asset and corresponding liability for all operating leases with lease terms greater than one year. Our opinion is not modified with respect to the 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.

Board of Directors
American Baptist Homes of the Midwest

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 American Baptist Homes of the Midwest and Subsidiaries' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the consolidated financial statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of American Baptist Homes of the Midwest and Subsidiaries' 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 American Baptist Homes of the Midwest and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 17, 2024

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,158,496	$ 3,298,366
Marketable Securities	21,479,570	35,082,419
Current Portion of Assets Limited as to Use	1,039,198	198,787
Receivables, Net:		
Residents and Government Agencies	6,633,165	5,470,472
Other	148,722	186,249
Third-Party Settlements	17,366	14,979
Prepaid Expenses	408,304	464,031
Total Current Assets	32,884,821	44,715,303
ASSETS LIMITED AS TO USE, LESS CURRENT PORTION	11,393,934	11,050,284
PROPERTY AND EQUIPMENT		
Land and Improvements	9,282,753	9,006,753
Buildings and Improvements	145,149,014	143,591,712
Furniture and Equipment	32,946,091	31,983,674
Construction in Progress	952,736	378,240
Total	188,330,594	184,960,379
Less: Accumulated Depreciation	107,708,035	100,540,129
Total Property and Equipment	80,622,559	84,420,250
OPERATING RIGHT-OF-USE ASSET, NET	3,522,759	-
OTHER ASSETS		
Other Assets	69,667	132,192
Total Other Assets	69,667	132,192
Total Assets	$ 128,493,740	$ 140,318,029

See accompanying Notes to Consolidated Financial Statements.

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AUGUST 31, 2023 AND 2022

LIABILITIES AND NET ASSETS	2023	2022
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 6,771,011	$ 5,278,933
Current Lease Liability - Operating	1,042,823	-
Line of Credit Payable	-	1,000,000
Current Portion of Deferred Compensation	3,900	3,900
Current Portion of Accommodation and Nursing Care Fees	4,237,252	4,509,344
Current Portion of Reserve for Gift Annuities	397	397
Accounts Payable - Trade	4,660,315	6,397,540
Third-Party Settlements	33,772	33,772
Refundable Reservation Deposits	73,996	69,231
Accrued Expenses:		
Payroll and Related Taxes	3,736,620	4,210,880
Interest	621,465	632,660
Vacation	2,036,676	2,033,834
Health Insurance	363,000	443,843
Other	1,229,346	675,441
Total Current Liabilities	24,810,573	25,289,775
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities and Unamortized Debt Issue Costs	113,403,548	116,260,585
Long-Term Lease Liability - Operating	2,479,936	-
Deferred Compensation Benefits	10,660	12,420
Deferred Accommodation and Nursing Care Fees	3,559,354	3,706,639
Refundable Accommodation Fees	40,519,432	38,804,306
Estimated Obligation to Provide Future Services in Excess of Amounts Received or to be Received	815,090	1,711,982
Reserve for Gift Annuities	55,196	55,593
Resident Deposits	95,518	124,490
Other Noncurrent Liabilities	289,741	279,235
Total Long-Term Liabilities	161,228,475	160,955,250
Total Liabilities	186,039,048	186,245,025
NET ASSETS		
Net Assets Without Donor Restrictions	(57,744,679)	(46,148,429)
Net Assets With Donor Restrictions	199,371	221,433
Total Net Assets	(57,545,308)	(45,926,996)
Total Liabilities and Net Assets	$ 128,493,740	$ 140,318,029

See accompanying Notes to Consolidated Financial Statements.

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
REVENUE		
Net Resident Service Revenue	$ 94,373,627	$ 88,635,590
Accommodation and Nursing Fees	780,589	861,561
Other Revenue	2,110,260	1,786,744
Total Revenue	97,264,476	91,283,895
EXPENSE		
Nursing	36,399,572	34,220,108
Other Care Related	3,088,694	2,935,447
Ancillary Services	13,761,097	11,989,733
Dietary	9,616,766	8,960,008
Laundry	547,574	483,380
Housekeeping	2,087,780	1,957,380
Plant Operations and Maintenance	6,468,792	6,047,429
Property and Related	2,115,378	2,066,499
General and Administrative	13,459,673	12,209,936
Payroll Taxes and Employee Benefits	8,979,495	9,177,311
Depreciation	7,167,906	7,103,212
Interest	8,138,564	7,873,113
Total Expense	111,831,291	105,023,556
OPERATING LOSS	(14,566,815)	(13,739,661)
OTHER INCOME (LOSS)		
Net Realized Gain (Loss) on Marketable Securities	(2,023,012)	1,194,825
Net Unrealized (Loss) Gain on Marketable Securities	1,590,796	(7,159,164)
Net Assets Released from Restrictions	143,701	46,585
Gifts and Bequests	185,923	334,455
Interest and Dividend Income	1,342,854	778,077
Gain on Sale of Property	306,322	15,586,737
Change in Obligation to Provide Future Services	896,892	514,124
Grant Revenue	474,617	2,223,256
Forgiveness of Paycheck Protection Program Loan	-	11,467,784
Other Income (Loss)	52,472	(428,128)
Total Other Income, Net	2,970,565	24,558,551
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	(11,596,250)	10,818,890
Transfer to Affiliate	-	(4,302,915)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (11,596,250)	$ 6,515,975

See accompanying Notes to Consolidated Financial Statements.

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
CHANGE IN NET ASSETS (Excluding Releases from Restrictions)	$ (11,739,951)	$ -	$ (11,739,951)	$ 6,469,390	$ -	$ 6,469,390
CONTRIBUTIONS RECEIVED	-	121,639	121,639	-	146,021	146,021
NET ASSETS RELEASED FROM RESTRICTION	143,701	(143,701)	-	46,585	(46,585)	-
CHANGE IN NET ASSETS	(11,596,250)	(22,062)	(11,618,312)	6,515,975	99,436	6,615,411
Net Assets - Beginning of Year	(46,148,429)	221,433	(45,926,996)	(52,664,404)	121,997	(52,542,407)
NET ASSETS - END OF YEAR	$ (57,744,679)	$ 199,371	$ (57,545,308)	$ (46,148,429)	$ 221,433	$ (45,926,996)

See accompanying Notes to Consolidated Financial Statements.

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (11,618,312)	$ 6,615,411
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Realized and Unrealized Loss on Marketable Securities	432,216	5,964,339
Gain on Sale of Property	(306,322)	(15,586,737)
Restricted Contributions Received	(121,639)	(146,021)
Gain on Forgiveness of Debt	-	(11,424,624)
Depreciation	7,167,906	7,103,212
Amortization Debt Issue Costs Included in Interest Expense	125,710	126,332
Bond Premium/Discount Amortization Included in Interest Expense	(27)	(29)
Amortization of TCEP Liability	-	(98,900)
Accommodation and Nursing Fees	(780,589)	(861,561)
Change in Obligation to Provide Future Services	(896,892)	(514,124)
Change in Receivables	(1,127,553)	(18,310)
Change in Prepaid Expenses	55,727	677,264
Change in Other Assets	62,525	(32,874)
Change in Accounts Payable and Accrued Expenses	(1,760,477)	1,942,019
Change in Third-Party Payor Settlements	-	33,234
Change in Deferred Compensation Benefits	2,140	3,043
Net Cash Used by Operating Activities	(8,765,587)	(6,218,326)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(3,370,166)	(2,355,853)
Proceeds on Disposal Of Assets	306,273	17,560,770
Proceeds from Sale of Marketable Securities	18,424,894	17,780,122
Purchases of Marketable Securities	(5,209,312)	(29,930,949)
Net Deposits into Bond Funds	(10,483,366)	(10,118,204)
Payments of Principal and Interest from Bond Indenture Funds	10,190,444	10,192,450
Net Change in Escrow Funds	-	462,528
Net Cash Provided by Investing Activities	9,858,767	3,590,864
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of Long-Term Debt	(2,847,073)	(2,747,804)
Proceeds from Issuance of Long-Term Debt	1,356,431	2,431,707
Change in Line of Credit Payable	(1,000,000)	1,000,000
Restricted Contributions Received	121,639	146,021
Payments Made on Deferred Compensation Plans	(3,900)	(3,900)
Addition to Deferred Accommodation and Nursing Fees	5,482,630	6,917,900
Refunds of Deferred Accommodation and Nursing Fees	(3,406,292)	(5,486,948)
Change in Reserve for Gift Annuities	(397)	600
Net Cash Provided (Used) by Financing Activities	(296,962)	2,257,576
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	796,218	(369,886)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,293,674	4,663,560
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 5,089,892	$ 4,293,674

See accompanying Notes to Consolidated Financial Statements.

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
SUPPLEMENTAL DISCLOSURES OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	$ 3,158,496	$ 3,298,366
Marketable Securities Invested in Cash and Cash Equivalents	406,865	361,916
Assets Limited as to Use Invested in Cash and Cash Equivalents	1,524,531	633,392
Total Cash, Cash Equivalents, and Restricted Cash	$ 5,089,892	$ 4,293,674
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 8,019,442	$ 7,717,768
Assets Acquired under Lease Agreements	$ 4,413,015	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

American Baptist Homes of the Midwest and Subsidiaries (the Organization) include the following corporations:

American Baptist Homes of the Midwest (ABHM)

Presented below are the available units at each facility as of August 31, 2023.

Operating Locations	Services
Thorne Crest Retirement Center Albert Lea, Minnesota	43 Skilled Nursing Beds 9 Transitional Care Beds 86 Independent and Assisted Living Units 9 Assisted Living Memory Support
Elm Crest Harlan, Iowa	55 Skilled Nursing Beds 16 Alzheimer's Units 31 Assisted Living Units 32 Independent Living Units
Tudor Oaks Muskego, Wisconsin	38 Skilled Nursing Beds 23 Transitional Care Beds 43 Assisted Living Units 22 Assisted Living Memory Support 118 Independent Living Units
Maple Crest Care Center Omaha, Nebraska	103 Skilled Nursing Beds 19 Transitional Care Beds 38 Alzheimer's Units
Trail Ridge Retirement Community Sioux Falls, South Dakota	152 Independent and Assisted Living Units 22 Assisted Living Memory Support

Operating Locations	Services
Cedar Rapids Crest Home Cedar Rapids, Iowa	38 Individuals in 11 Daily Sites, 19 Individuals in the Community
Ottumwa Crest Home Ottumwa, Iowa	27 Individuals in 11 Daily Sites, 11 Individuals in the Community
Chariton Crest Services Chariton, Iowa	19 Individuals in 8 Daily Sites, 17 Individuals in the Community
Albert Lea Crest Home Albert Lea, Minnesota	24 Individuals in 7 Group Homes, 37 Individuals in the Community
Harlan Crest Home Harlan, Iowa	9 Individuals in 3 Daily Sites
Des Moines Crest Home Des Moines, Iowa	62 Individuals in 22 Daily Sites, 36 Individuals in the Community

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

American Baptist Homes of the Midwest (ABHM) (Continued)

During 2006, ABHM formed a new corporation, Crossings at Tudor Oaks, of which ABHM is the sole member. As of August 31, 2023, this corporation remains in existence, but does not contain any operations.

In addition to owning and operating the above communities, ABHM also manages a variety of communities, including residences, group homes, apartments, and nursing care communities in multiple states.

American Baptist Homes of the Midwest Foundation (ABHM Foundation)

American Baptist Homes of the Midwest Foundation's purpose is to provide management, oversight, fundraising, investment, and funding services to and for the benefit of American Baptist Homes of the Midwest and Baptist Home Association of the Rocky Mountains, Inc.

Baptist Home Association of the Rocky Mountains, Inc. (BHA)

Supporting Corporations of BHA

Operating Locations	Services
Health Center at Franklin Park, Inc. Denver, Colorado	65 Skilled Nursing Beds 21 Alzheimer's Units
Mountain Vista Health Center, Inc. Wheat Ridge, Colorado	120 Skilled Nursing Beds 16 Transitional Care Beds 27 Alzheimer's Units
Vista Village Retirement Community Wheat Ridge, Colorado	47 Independent Apartments 47 Assisted Living Units 22 Assisted Living Memory Support
Residences at Franklin Park, Inc. Denver, Colorado	(RFP) is the general managing partner of Denver Apartment Partners LLC as described below.

Denver Apartment Partners LLC (DAP)

Denver Apartment Partners LLC is a limited liability company formed under the LLC Act by filing Articles of Organization in the offices of the Secretary of State of the state of Nebraska. The General Managing Partner is Residences at Franklin Park, Inc. and the Administrative Member is Central States Development, LLC.

DAP was formed to own and operate the 92-unit apartment complex in Denver, Colorado, formerly operated as Residences at Franklin Park, Inc., and provides affordable housing utilizing the tax credit exchange program. DAP receives housing assistance payments on behalf of eligible residents from the Department of Housing and Urban Development (HUD) under Section 8 Housing Assistance Payments Program.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Denver Apartment Partners LLC (DAP) (Continued)

DAP has signed a land use restriction agreement with the Colorado Housing and Finance Authority (CHFA) as a condition to receiving an allocation of low-income housing tax credits from CHFA. Under this agreement, the DAP must continuously comply with Section 42 and other applicable sections of the Internal Revenue Code (IRC). The agreement places occupancy restrictions on rents and a minimum percent of units which shall be occupied by individuals or families whose income meets the requirements set under IRC Section 42. If DAP fails to comply with this agreement or with the IRC or to correct the noncompliance within a specified time period, it could result in recapture of previously taken tax credits, plus interest.

Profits and losses from operations are allocated 99% to the Administrative Member and 1% to the General Managing Partner.

In October of 2021, the Administrative Member and General Managing Partner amended the operating agreement to allocate the proceeds from a sale to approximately 28% and 72%, respectively. In November 2021, the Organization sold, to an unrelated entity, substantially all of the assets of DAP for a purchase price of $21,070,000.

Obligated Group

ABHM, ABHM Foundation, and BHA, except for RFP and DAP are the members of the Obligated Group under a Master Trust Indenture which secures a major portion of the Organization's debt. Each member of the Obligated Group is jointly and severally liable for all debt under the indenture.

Income Taxes

The Organization, except RFP and DAP, qualify as tax-exempt corporations described in Section 501(c)(3) of the IRC. RFP qualifies as a tax-exempt corporation as described in Section 501(c)(4) of the IRC. DAP profits and losses allocated to RFP qualify as tax exempt under RFP's tax-exempt status. Accordingly, the Organization is not subject to federal income taxes under Section 501(a) of the Code.

The Organization follows the standard for contingencies in evaluating the accounting for uncertainty in income taxes recognized in an entity's financial statements. This standard prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The accompanying consolidated financial statements include all accounts of the Organization. Intercompany transactions and balances have been eliminated in the preparation of the accompanying consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for uncollectible accounts receivable, contractual adjustments, deferred accommodation and nursing care fees, deferred compensation, accrued health insurance, and the deferred nursing care reserve. Actual results could differ from those estimates.

Basis of Presentation

The Organization reports contributions received according to two classes of net assets depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Those resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board of directors has set aside for a particular purpose.

Net Assets with Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Organization, passage of time or maintained permanently. The Organization has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restriction class.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. The gifts received with donor stipulations are reports as donor-restricted support.

When a donor restriction is satisfied, net assets are released and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted using a rate of 5%. Amortization of discounts is included in contribution revenue.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents on the consolidated statements of cash flows consist of cash held in bank accounts and temporary investments with original maturities of less than 90 days. The Organization places their temporary cash investments with financial institutions.

Marketable Securities

Marketable securities are primarily investments in debt and equity securities. Debt and equity securities are carried at fair value with realized and unrealized gains and losses reported as net assets without donor restrictions or net assets with donor restrictions, as appropriate. The cost of securities sold is based on the specific identification method.

Concentration of Credit Risk

The Organization’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and marketable securities. The Organization believes it places its cash and cash equivalents and marketable securities with high quality credit institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit.

The Organization has investments in a variety of investment funds. In general, investments are exposed to various risks such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that change in the values of the investments will occur in the near term and that such changes could materially affect account balances and the statements of operations.

Accounts Receivable

The Organization provides an allowance for uncollectible accounts based on the allowance method using management’s judgment. Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts past due more than 90 days are individually analyzed for collectability. In addition, an allowance is estimated for other accounts based on historical experience of the Organization. At August 31, 2023 and 2022, the allowance for uncollectible accounts was approximately $190,900 and $206,200, respectively.

Assets Limited as to Use

Assets limited as to use consist of assets held by trustees under bond indenture agreements, and assets held by the Organization as resident deposits. Assets limited as to use that are required for obligations classified as current liabilities are reported as current assets.

Resident Deposits

The Organization is the trustee of various trust funds on behalf of the residents.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment, with an original cost at or greater than one thousand dollars, are recorded at cost for purchased assets or fair market value at date of receipt for donated assets. Depreciation is computed using the straight-line basis over the estimated useful life of each unit of property. Depreciation expense was approximately $7,167,900 and $7,100,600 for the years ended August 31, 2023 and 2022, respectively.

Construction and development costs have been deferred until the projects have been completed. When the projects are completed, these costs will be capitalized and depreciated over the life of the projects.

Renewals and betterments are capitalized, while maintenance and repairs are charged to operations when incurred. Upon sale or retirement, the cost of assets and the related accumulated depreciation are eliminated from the property accounts and any gain or loss is credited or charged to operations. Management reviews the value of property and equipment for impairment as events or circumstances indicate that they may not be recoverable. If determined that the carrying value exceeds the fair market value, an impairment loss is recognized.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and obligations under lease liability in the consolidated statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization’s ROU assets.

Interest Capitalization

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets and depreciated over the estimated useful lives by the straight-line method of depreciation.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reserve for Gift Annuities

The reserve for gift annuities is the present value of estimated future cash flows due under gift annuity agreements.

Accommodation and Nursing Care Fees

Deferred accommodation and nursing care fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. However, under the terms of the residency agreements, refunds of these fees will generally be paid from the proceeds of fees received from a successor resident. Therefore, these amounts are similar to a “permanent funding” arrangement except that the residents do not acquire an interest in the real estate and property of the community.

The Organization has a nonrefundable (life care) plan and a refundable (continuing care) plan. Under the life care plan, the entrance fees received are nonrefundable and recorded as deferred revenue. This deferred revenue is amortized to income in a systematic manner over the actuarial life expectancy of the residents. The terms of the contracts provide for a partial refund of deferred accommodation fees on a pro rata basis if the resident dies or voluntarily vacates the unit within a specified time period – in all cases seven years or less.

If the resident transfers permanently to the nursing care facility, the refundable portion of deferred accommodation fees are retained and applied to nursing care fees over the remaining portion of the contract. The accommodation fees estimated to be amortized to income or applied to nursing care fees within one year are included as a current liability.

Under the continuing care plan, a portion of the entrance fee (10% to 30%) is nonrefundable and is recognized on the same basis as under the life care plan. The remaining amount represents the portion of the accommodation fee, less unreimbursed fees, and expenses, which will be refunded to the resident upon termination of occupancy after receipt of a new entrance fee from a successor resident. This refundable portion is recorded as a liability. The current portion of the refund due to the resident has been estimated based on the Organization’s experience over the past three years. Indications of the amounts that are refunded for accommodation and nursing care during the fiscal year are presented in the consolidated statements of cash flows as a financing activity.

ABHM is obligated to provide future services to residents based upon the resident plans described above. A liability recognizing an obligation to provide future services to residents is recorded if the present value of future cash outflows, adjusted for certain noncash items, exceeds the present value of future cash inflows, adjusted for unamortized deferred revenue. Third-party actuarial calculations have estimated a future service obligation liability of approximately $815,100 and $1,712,000 at August 31, 2023 and 2022, respectively.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset Retirement Obligation

Asset retirement obligation represents obligations to dispose of assets that are legally required to be removed at a future date. These are recorded at the net present value using a risk-free interest rate and inflationary rate.

Contributed Services

The Organization receives a substantial number of services donated by volunteers. No amounts have been reflected in the consolidated financial statements for these services since they do not meet the definition of recordable services under current accounting principles.

Resident Services Revenue

Resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident or housing. 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 and housing rental charges are due at the beginning of each month. 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 our facilities receiving skilled nursing services or residents receiving services in our facilities or in their homes (home care). The Organization measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

Accommodation and nursing care contracts have no termination date and can be cancelled by residents at any time. Income under the residency plan contracts is not considered to provide a material right to future services. As result, fees under this contract are recognized monthly as services are performed.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (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 contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization’s policies, and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience.

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 Medicaid programs are covered through the state departments of health and rates charged are in accordance with the rules established in those states.

Medicare

The Organization participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The Organization is paid under the Patient Driven Payment Model (PDPM) whereby the underlying complexity and clinical needs of a patient are used as a basis for reimbursement. In addition, PDPM utilizes variable adjustment factors that change reimbursement rates during the resident’s length of stay. Nursing facilities licensed for participation in the Medicare and Medicaid programs are subject to annual surveys. 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, which would have a negative impact on the revenues of the 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.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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

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 2023 or 2022.

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 changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments was not considered material for the years ended August 31, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the Resident's ability to pay are recorded as bad debt expense.

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

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services Revenue (Continued)

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

	2023	2022
Medicaid and Elderly Waiver	$ 49,003,100	$ 46,241,000
Private Pay	35,506,100	32,044,700
Medicare	5,419,500	5,230,400
Other	4,444,927	5,119,490
Total	$ 94,373,627	$ 88,635,590

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

	2023	2022
Skilled Nursing	$ 63,002,927	$ 59,188,490
Assisted Living and Memory Care	21,360,600	20,017,800
Independent Living	10,010,100	9,429,300
Total	$ 94,373,627	$ 88,635,590

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.

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.

The opening and closing contract balances were:

	Accounts Receivables	Deferred Entrance Fees
Balances as of September 1, 2021	$ 5,653,390	$ 7,610,268
Balances as of August 31, 2022	5,671,700	8,215,983
Balances as of August 31, 2023	6,799,253	7,796,606

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Occupancy Rates

During the years ended August 31, 2023 and 2022, the occupancy percentages and the percentage of residents covered under the Medicaid and Medicare programs for the nursing care communities were as follows:

	2023	2022
Total Occupancy	71.9 %	72.2 %
Medicaid	68.0	67.5
Medicare	5.1	4.7

Excess (Deficit) of Revenue Over Expense

The consolidated statements of operations include excess (deficit) of revenue over expense. Changes in net assets which are excluded from excess (deficit) of revenue over expense, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, and 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).

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was approximately $1,132,500 and $697,800 for the years ended August 31, 2023 and 2022, respectively.

Fair Value Measurements

The Organization follows the Fair Value Measurements accounting standard. The standard 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.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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 U.S. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment testing.

Professional standards allow the Organization the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the consolidated statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective September 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. Lease disclosures for the year ended August 31, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization has elected the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards (Continued)

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

NOTE 2 ASSETS LIMITED AS TO USE

Assets limited as to use that are required for obligations classified as current liabilities are reported in current assets and are recorded at their estimated market value. A description and composition of these funds on August 31 is as follows:

Description	2023	2022
Bond Indentures:		
Debt Service Reserve Fund - Available for payments to Bond Fund in the event that sufficient funds are not available to meet debt service requirements. Interest earned which accumulates in excess of reserve requirements may be transferred to the Bond Funds.	$ 11,386,308	$ 11,041,686
Bond Fund - Available for payment of principal and interest on bonds.	869,684	5,066
Assets Limited as to Use Under Bond Indenture Agreements	12,255,992	11,046,752
Resident Deposits - Restricted for the sole purpose of providing refunds to residents.	177,140	202,319
Total Assets Limited as to Use	12,433,132	11,249,071
Less: Current Portion	1,039,198	198,787
Noncurrent Portion of Assets Limited as to Use	$ 11,393,934	$ 11,050,284

NOTE 2 ASSETS LIMITED AS TO USE (CONTINUED)

Summary of Funds

Funds are recorded at market value, except for the guaranteed investment contracts which are recorded at contract cost, and are invested as follows:

Investments	2023	2022
Cash and Cash Equivalents	$ 1,524,531	$ 633,392
U.S. Government Issues	10,908,601	10,615,679
Total	$ 12,433,132	$ 11,249,071

NOTE 3 MARKETABLE SECURITIES

Marketable securities on August 31 are summarized as follows:

	2023		2022	
	Cost	Market	Cost	Market
Cash and Cash Equivalents	$ 406,865	$ 406,865	$ 361,916	$ 361,916
Mutual Funds	14,375,343	11,425,193	29,398,717	25,566,130
Equity Securities	11,234,619	9,642,512	11,425,069	9,149,373
Cost Based:				
Investment	5,000	5,000	5,000	5,000
Total	$ 26,021,827	$ 21,479,570	$ 41,190,702	$ 35,082,419

Marketable securities include certificates of deposit which are held as collateral for the letter of credit backing the workers compensation arrangement. The value of these certificates of deposit was approximately $282,000 and $281,000, on August 31, 2023 and 2022, respectively.

Investment fees incurred for the years ended August 31, 2023 and 2022 totaled approximately $32,900 and $39,500, respectively, and are included in general and administrative expenses in the consolidated statements of operations.

NOTE 4 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value refer to Note 1 – Organization and Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets and liabilities of the Organization measured at fair value on a recurring basis as of August 31:

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

2023				
Description	Total	Level 1	Level 2	Level 3
Marketable Securities:				
Mutual Funds	$ 11,425,193	$ 11,425,193	$ -	$ -
Equity Securities	9,642,512	9,642,512	-	-
Assets Limited as to Use:				
U.S. Government Issues	10,908,601	10,908,601	-	-
Total Assets	$ 31,976,306	$ 31,976,306	$ -	$ -

2022				
Description	Total	Level 1	Level 2	Level 3
Marketable Securities:				
Mutual Funds	$ 25,566,130	$ 25,566,130	$ -	$ -
Equity Securities	9,149,373	9,149,373	-	-
Assets Limited as to Use:				
U.S. Government Issues	10,615,679	10,615,679	-	-
Other Assets:				
Charitable Remainder Unitrust	87,192	-	-	87,192
Total Assets	$ 45,418,374	$ 45,331,182	$ -	$ 87,192

The following table provides a summary of changes to fair value of the Organization's Level 3 financial assets for the years ended August 31, 2023 and 2022.

	Charitable Remainder Unitrust
Fair Value at August 31, 2022	$ 87,192
Unrealized Gain Included in Change in Net Assets:	
Net Assets from Continuing Operations	179
Disbursements	(87,371)
Fair Value at August 31, 2023	$ -
Fair Value at August 31, 2021	$ 99,318
Unrealized Gains Included in Change in Net Assets:	
Net Assets from Continuing Operations	(7,318)
Payments on Charitable Remainder Unitrust	(4,808)
Fair Value at August 31, 2022	$ 87,192

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Marketable securities are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Trading securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Marketable securities valued using Level 2 inputs include private collateralized mortgage obligations, municipal bonds, and corporate debt securities. The Organization values its charitable remainder unitrust using Level 3 inputs. See Note 7 for the Organization's method for determining the fair value of its charitable remainder unitrust. Significant changes in the inputs used to determine the fair value would result in a significant change to the fair value measurement.

NOTE 5 LIQUIDITY AND AVAILABILITY

Financial assets available for general expense that is without donor restriction or other restrictions limiting their use within one year of the consolidated statement of financial position date, comprise the following August 31:

	2023	2022
Financial Assets at Year End:		
Cash and Cash Equivalents	$ 3,158,496	$ 3,298,366
Marketable Securities	21,479,570	35,082,419
Accounts Receivable - Net	6,799,253	5,671,700
Less: Assets with Donor Restrictions	(199,371)	(221,433)
Total Financial Assets Available for Use Within One Year	$ 31,237,948	$ 43,831,052

NOTE 6 CONSTRUCTION IN PROGRESS

On August 31, 2023 and 2022, the Organization has incurred approximately $952,700 and $378,200, respectively, in construction costs related to planned minor renovations, remodel, and repair of existing nursing communities and senior housing projects.

NOTE 7 OPERATING LEASES

For periods beginning after December 15, 2021, new accounting standards became effective requiring lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. In applying this guidance, The Organization elected the practical expedients allowed under the accounting standard and has implemented this standard effective September 1, 2022.

NOTE 7 OPERATING LEASES (CONTINUED)

The Organization has entered into a noncancelable operating lease agreements for vehicles, real property, and office equipment with unrelated and related parties which upon implementation of the new standard in 2023 are retained as operating leases. The leases expire at various dates through 2028. Some of the leases provide for renewal options ranging from one month to five years and others would require a new lease agreement to be entered into. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements for real property generally require the Organization to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Organization's leases.

Lease Costs:	
Operating Lease Costs	$ 1,260,806
Short Term-Lease Costs	292,874
Variable Lease Costs	334,696
Total Lease Costs	$ 1,888,376
Other Information:	
Right-of-Use Assets Obtained in Exchange for Operating Lease Liability	$ 4,466,797
Weighted-Average Remaining Lease Term - Operating Leases	4.18
Weighted-Average Discount Rate - Operating Leases	3.36%

Minimum lease payments in future years under these noncancelable operating leases are as follows:

Year Ending August 31,	Leases
2024	$ 1,042,823
2025	885,957
2026	799,980
2027	638,403
2028	319,844
Later Years	95,731
Total	3,782,738
(Less) Imputed Interest	(259,979)
Total Present Value	$ 3,522,759

The Organization had no finance leases at August 31, 2023.

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended August 31, 2022 are made under prior lease guidance in FASB ASC 840.

NOTE 7 OPERATING LEASES (CONTINUED)

Rent expense was approximately $1,469,000 for the year ended August 31, 2022. A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2022 is as follows:

Year Ending August 31,	Amount
2023	407,611
2024	246,996
2025	210,775
2026	142,553
2027	80,654
Total	1,088,589

NOTE 8 GIFT ANNUITIES AND TRUST FUNDS

The Organization is the beneficiary of various gift annuities, including assets in the possession of the Organization held in a trust, and assets not in the possession of the Organization.

Gift Annuities

The Organization is the beneficiary of gifts where the terms of the gift specify that the donor's primary beneficiary receives predetermined annual distributions from the corpus of the gift each year until the primary beneficiary dies. Upon receipt of the gift, the Organization records a liability equal to the present value of the estimated future payments expected to be distributed over the primary beneficiary's expected life. Discount rates of 6.75% – 11.25% were used to calculate the present values. The difference between this liability and the corpus of the gift is recognized as contribution revenue in the year it is received.

Charitable Remainder Unitrust

The Organization is the beneficiary of a trust fund where the donor designated the Organization as the Trustee. The terms of the trust specify that the donor's primary beneficiary receives annual distributions of a predetermined percentage of the fair market value of the trust assets each year until the primary beneficiary dies. The remaining assets are then distributed to the Organization for unrestricted use.

The Organization recorded the trust at fair market value and recorded a liability equal to the present value of the estimated future payments expected to be distributed after the primary beneficiary's expected life. The Charitable Remainder Unitrust was distributed during the year ended August 31, 2023.

NOTE 9 LONG-TERM DEBT

The following is a summary of long-term debt outstanding on August 31:

Description		2023	2022
Revenue Bonds:			
Colorado Health Facilities Authority 2013 Series Bonds: 6.375% to 8.0% Due through Fiscal 2043	(2)	$ 47,715,000	$ 47,855,000
City of Hayward, Minnesota 2014 Series Bonds: 4.250% to 5.750% Due through Fiscal 2044	(3)	9,790,000	10,035,000
Colorado Health Facilities Authority 2016 Series Bonds: 5.0% to 6.125% Due through Fiscal 2046	(4)	6,090,000	6,225,000
Wisconsin Health and Educational Facilities Authority Series 2017: 3.5% to 5.0% Due through Fiscal 2039	(1)	53,945,000	56,110,000
Total Revenue Bonds		117,540,000	120,225,000
Note Payable, 4.95% to 6.12% Due through Fiscal 2030		1,328,739	1,488,186
Bernstein Margin Loan - Secured by Marketable Securities		3,788,138	2,431,707
Total		122,656,877	124,144,893
Less: Series 2013 Bond Discount		(637,399)	(668,746)
Less: Series 2014 Bond Discount		(122,717)	(128,639)
Add: Series 2016 Bond Premium		38,724	40,452
Add: Series 2017 Bond Premium		521,253	556,821
Less: Current Maturities		(6,771,011)	(5,278,933)
Less: Unamortized Debt Issue Costs		(2,282,179)	(2,405,263)
Total Long-Term Debt		$ 113,403,548	$ 116,260,585

NOTE 9 LONG-TERM DEBT (CONTINUED)

(1) In September 2017, the $61,785,000 Wisconsin Health and Educational Facilities Authority Refunding Revenue Bonds, Series 2017 (American Baptist Homes of the Midwest Obligated Group) were issued to refund the Organization’s Series 2007 and advance refund the Organization’s Series 2009 bonds. The debt was issued as an obligation of the Obligated Group.

(2) In December 2013, the Organization issued the Colorado Health Facilities Authority Series 2013 Bonds in the aggregate amount of $48,565,000 to fund capital improvements at various health facilities owned and operated by the Obligated Group. The debt was issued as an obligation of the Obligated Group.

(3) In May 2014, the Organization issued the City of Hayward, Minnesota Health Care Facilities Revenue Bonds, Series 2014 in the aggregate amount of $11,305,000 to fund capital improvements at Thorne Crest Retirement Center. The debt was issued as an obligation of the Obligated Group.

(4) In January 2016, the Organization issued the Colorado Health Facilities Authority Series 2016 Bonds in the aggregate amount of $6,835,000 to fund capital improvements at various health facilities owned and operated by the Obligated Group. The debt was issued as an obligation of the Obligated Group.

A first mortgage and security agreement has been placed on all fixtures and equipment acquired with proceeds of the Bonds in favor of the Bond Trustee.

The Obligated Group, as part of the master trust indenture, has agreed to certain covenants including establishing and maintaining debt service funds, restriction on asset dispositions, additions of organizations into the master trust indenture, restrictions on additional long-term indebtedness, maintenance of a specified minimum level of debt service coverage, and maintaining a specified level of days cash on hand.

Required principal payments on the above long-term debt obligations for the next five years ending August 31 are approximately:

Year Ending August 31,	Bonds	Other	Total
2024	$ 2,815,000	$ 3,956,011	$ 6,771,011
2025	2,940,000	172,465	3,112,465
2026	3,095,000	181,322	3,276,322
2027	3,255,000	190,634	3,445,634
2028	3,410,000	200,349	3,610,349
Thereafter	102,025,000	416,096	102,441,096
Total	$ 117,540,000	$ 5,116,877	$ 122,656,877

NOTE 9 LONG-TERM DEBT (CONTINUED)

Unamortized Debt Issue Costs

On August 31, 2023 and 2022, original financing costs of approximately $3,301,700 related to long-term debt issues are being amortized over the lives of the related debt, which varies from 22 to 30 years. On August 31, 2023 and 2022, accumulated amortization was approximately $1,019,500 and $893,800, respectively. Total amortization expense for the years ended August 31, 2023 and 2022 was approximately $125,700 and $126,300, respectively. During the year ended August 31, 2022, approximately $102,900 and $29,500 of financing costs and accumulated amortization were written off as a part of the sale of DAP.

Paycheck Protection Program Loan

On April 16, 2021, the Organization received proceeds in the amount of $11,424,624 to fund payroll costs, utilities, and existing debt and mortgage interest through the Paycheck Protection Program (the PPP Loan). The PPP loan may be forgiven by the U.S. Small Business Administration (SBA), if during the covered period, the Organization maintains payroll and compensation levels, spends the proceeds of the PPP loan on payroll and other eligible expenses, and at least 60% of the proceeds are spent on payroll related costs. The PPP loan and related interest was forgiven during April 2022, as a result the amount has been recognized as grant revenue in the consolidated statements of operations for the year ended August 31, 2022. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization’s consolidated financial position.

NOTE 10 LINE OF CREDIT PAYABLE

The Organization had a line of credit through Bremer Bank with a maximum borrowing limit of $2,500,000 and a variable interest rate equal to prime plus 0.5% (9.0% on August 31, 2023). The line of credit matured on September 27, 2023, and was not extended subsequent to year end. The balance outstanding on the line of credit on August 31, 2023 and 2022 was $-0- and $1,000,000 respectively.

NOTE 11 EMPLOYEE BENEFITS

Deferred Compensation

Deferred compensation plans have been established for certain key employees. The plans provide for payments to the employees or beneficiaries commencing upon retirement, death prior to retirement, or disability. The liability for the net present value of the estimated payments to be made upon normal retirement is accrued over the estimated years of employment for each participant. At August 31, 2023 and 2022, the net present value of the deferred compensation benefits recorded was approximately $14,600 and $16,300, respectively.

NOTE 11 EMPLOYEE BENEFITS (CONTINUED)

Deferred Compensation (Continued)

The following is a summary of the deferred compensation obligations for the next five years:

Year Ending August 31,	Amount
2024	$ 3,900
2025	3,900
2026	3,900
2027	2,860
Total	$ 14,560

Qualified Retirement Plan

The Organization has a Section 403(b) retirement plan which covers substantially all employees after specified periods of service and after meeting certain eligibility requirements. The plan includes a salary deferral through a payroll savings program with matching employer contributions. The matching contribution is a discretionary percentage of the employee's salary deferral. During the years ended August 31, 2023 and 2022, employer contributions of approximately $303,900 and $324,900 were made to the retirement plan, respectively.

NOTE 12 FUNCTIONAL EXPENSE

As discussed in Note 1, the Organizations provides housing, skilled care, and ancillary services to residents. The functional classification of expenses related to providing these services consisted of the following as of the year ended August 31, 2023.

	Program Services					Supporting Services		
	Residential Living	Skilled Nursing	Assisted Living	Group Homes	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 3,365,191	$ 28,813,250	$ 9,010,497	$ 10,842,045	$ 52,030,983	$ 241,493	$ 64,287	$ 52,336,763
Benefits	876,506	4,727,625	1,139,812	2,218,467	8,962,410	12,167	4,918	8,979,495
Purchased Services	135,628	10,935,531	974,334	21,478	12,066,971	1,093,140	12,251	13,172,362
Professional Fees	3,717	7,310	4,371	-	15,398	8,893	-	24,291
Utilities	766,193	1,302,724	529,907	103,512	2,702,336	82,429	-	2,784,765
Food	609,442	2,084,492	913,881	92,267	3,700,082	-	-	3,700,082
Insurance	192,528	855,734	252,032	250,274	1,550,568	19,265	-	1,569,833
Medical Surcharge	80,404	633,770	55,074	-	769,248	23,464	-	792,712
Supplies	171,807	1,438,992	333,950	17,261	1,962,010	190,880	-	2,152,890
Depreciation	1,601,498	3,171,014	2,106,302	75,985	6,954,799	213,107	-	7,167,906
Interest	1,544,398	4,069,782	2,301,895	(109)	7,915,966	222,598	-	8,138,564
Other	533,540	4,867,152	623,732	635,893	6,660,317	4,330,571	20,740	11,011,628
Total Expense	$ 9,880,852	$ 62,907,376	$ 18,245,787	$ 14,257,073	$ 105,291,088	$ 6,438,007	$ 102,196	$ 111,831,291

NOTE 12 FUNCTIONAL EXPENSE (CONTINUED)

The functional classification of expenses related to providing these services consisted of the following as of the year ended August 31, 2022.

	Program Services						Supporting Services		
	Residential Living	Skilled Nursing	Assisted Living	Group Homes	Affordable Housing	Total Program Services	Management and General	Fundraising	Total
Salaries	$2,796,957	$26,619,664	$8,256,650	$9,525,445	$63,023	$ 47,261,739	$151,267	$60,949	$ 47,473,955
Benefits	907,111	5,051,510	1,241,470	1,922,457	11,176	9,133,724	38,924	4,663	9,177,311
Purchased Services	97,651	10,964,547	921,997	17,243	7,543	12,008,981	696,783	12,457	12,718,221
Professional Fees	4,865	10,790	5,817			21,472	31,891		53,363
Utilities	767,621	1,256,835	501,716	92,481	17,448	2,636,101	80,409		2,716,510
Food	509,688	1,816,824	761,960	80,771		3,169,243			3,169,243
Insurance	180,482	982,226	261,564	236,868	10,148	1,671,288	17,445		1,688,733
Medical Surcharge	52,377	653,272	54,627			760,276	23,191		783,467
Supplies	161,036	1,392,238	328,336	20,314	5,147	1,907,071	172,151		2,079,222
Depreciation	1,568,586	3,162,675	2,031,798	50,349	79,307	6,892,715	210,497		7,103,212
Interest	1,502,214	3,885,480	2,229,921		22,455	7,640,070	233,043		7,873,113
Other	453,319	4,963,317	524,844	580,950	63,043	6,585,473	3,573,974	27,759	$ 10,187,206
Total Expense	$ 9,001,907	$ 60,759,378	$ 17,120,700	$ 12,526,878	$ 279,290	$ 99,688,153	$ 5,229,575	$ 105,828	$ 105,023,556

The consolidated financial statements report certain expense categories that are attributable to multiple program and support functions. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including housekeeping, property and related and maintenance costs, depreciation, and interest are allocated based on square footage. Employee benefits are allocated based on a percentage of salaries.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions

At August 31, 2023 and 2022, net assets with donor restrictions were comprised of the following:

	2023	2022
Foundation	$ 45,795	$ 46,770
Elm Crest Project	16,335	16,335
Thorne Crest Project	135	-
Trail Ridge Project	77,796	157,858
Tudor Oaks Project	50,540	470
Maple Crest Project	8,000	-
Vista Village Project	770	-
Total	$ 199,371	$ 221,433

Net assets with donor restrictions released from restriction of approximately $143,701 and $46,585 consists of proceeds from contributions which were used for the donor-imposed restrictive purpose during the years ended August 31, 2023 and 2022, respectively.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Self-Insured Medical Benefits

ABHM has a self-insured medical plan. This plan excludes BHA. The Organization has contracted with an administrative service company to supervise and administer the program. The Organization contracts separately to insure for excessive or unexpected claims. Claims in excess of the insurance limit will be funded by the insurance carrier. Estimated future claims for incurred incidents of approximately $363,000 and $443,800, were recorded as a liability at August 31, 2023 and 2022, respectively.

Provider Relief Funding

During the years ended August 31, 2023 and 2022, the Organization received approximately $-0- and $1,022,200, respectively, from the CARES Act Provider Relief Fund. The Organization must comply with the terms and conditions of the funding which includes, amongst other things, that the funds will only be used to prevent, prepare for, and respond to coronavirus and that the funds shall reimburse the Organization for COVID related expenses or lost revenues that are attributable to coronavirus.

During the year ended August 31, 2023 and 2022, the Organization received approximately $396,100 and $319,550, respectively, of American Rescue Plan rural payments intended to help address the disproportionate impact that COVID-19 has had on rural health care providers.

During the years ended August 31, 2023 and 2022, the Organization also received approximately $380,900 and $1,463,300, respectively, in various state grant funding to help fund costs necessary to respond to coronavirus.

During the year ended August 31, 2023, the Organization received grants totaling approximately $216,900 from the Minnesota Department of Health to be used for facility expenses such as rent, mortgage payments, line of credit payments or physical plant improvements. During the year ended August 31, 2023 approximately $22,600 of the funding received was recognized as grant revenue on the consolidated statement of operations.

Government Regulations – Medicaid

The governmental state agencies reserve the right to perform field audit examinations of the Organization’s records. Any adjustments from such examinations could retroactively adjust Medicaid revenue.

Litigation

The Organizations are involved in various employee-related and resident-related claims arising in the ordinary course of business. Although the final outcome of these matters cannot be determined, it is management’s opinion that these final resolutions will not have a material adverse effect on the Organization’s financial position.

NOTE 15 SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 17, 2024, the date the consolidated financial statements were available to be issued.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
American Baptist Homes of the Midwest
Eden Prairie, Minnesota

We have audited the consolidated financial statements of American Baptist Homes of the Midwest and Subsidiaries as of and for the years ended August 31, 2023 and 2022, and our report thereon dated February 17, 2024, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statements of financial position and operations is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it 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 consolidating statements of financial position and operations has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 17, 2024

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	Obligated Group	Residences at Franklin Park	Denver Apt Partnership	Eliminating Entries	Total
CURRENT ASSETS					
Cash and Cash Equivalents	$ 3,143,806	$ 14,690	$ -	$ -	$ 3,158,496
Marketable Securities	19,864,154	1,615,416	-	-	21,479,570
Current Portion of Assets Limited as to Use	1,039,198	-	-	-	1,039,198
Accounts Receivables:					
Residents and Government Agencies	6,633,165	-	-	-	6,633,165
Intercompany	-	2,673,235	-	(2,673,235)	-
Other	148,722	-	-	-	148,722
Third-Party Settlements	17,366	-	-	-	17,366
Prepaid Expenses	408,304	-	-	-	408,304
Total Current Assets	31,254,715	4,303,341	-	(2,673,235)	32,884,821
ASSETS LIMITED AS TO USE					
Noncurrent Portion of Assets Limited as to Use	11,393,934	-	-	-	11,393,934
PROPERTY AND EQUIPMENT					
Land and Improvements	9,282,753	-	-	-	9,282,753
Buildings and Improvements	145,149,014	-	-	-	145,149,014
Furniture and Equipment	32,946,091	-	-	-	32,946,091
Construction in Progress	952,736	-	-	-	952,736
Total	188,330,594	-	-	-	188,330,594
Less: Accumulated Depreciation	107,708,035	-	-	-	107,708,035
Total Property and Equipment	80,622,559	-	-	-	80,622,559
OPERATING RIGHT-OF-USE ASSET, NET	3,522,759	-	-	-	3,522,759
OTHER ASSETS					
Other Assets	69,667	-	-	-	69,667
Total Other Assets	69,667	-	-	-	69,667
Total Assets	$ 126,863,634	$ 4,303,341	$ -	$ (2,673,235)	$ 128,493,740

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AUGUST 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	Obligated Group	Residences at Franklin Park	Denver Apt Partnership	Eliminating Entries	Total
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	$ 6,771,011	$ -	$ -	$ -	$ 6,771,011
Current Lease Liability - Operating	1,042,823	-	-	-	1,042,823
Current Portion of Deferred Compensation	3,900	-	-	-	3,900
Current Portion of Accommodation and Nursing Care Fees	4,237,252	-	-	-	4,237,252
Current Portion of Reserve for Gift Annuities	397	-	-	-	397
Accounts Payable - Trade	4,660,315	-	-	-	4,660,315
Due to Affiliates	2,673,235	-	-	(2,673,235)	-
Third-Party Settlements	33,772	-	-	-	33,772
Refundable Reservation Deposits	73,996	-	-	-	73,996
Accrued Expenses:					
Payroll and Related Taxes	3,736,620	-	-	-	3,736,620
Interest	621,465	-	-	-	621,465
Vacation	2,036,676	-	-	-	2,036,676
Health Insurance	363,000	-	-	-	363,000
Other	1,229,346	-	-	-	1,229,346
Total Current Liabilities	27,483,808	-	-	(2,673,235)	24,810,573
LONG-TERM LIABILITIES					
Long-Term Debt, Less Current Maturities and Unamortized Debt Issue Costs	113,403,548	-	-	-	113,403,548
Long-Term Lease Liability - Operating	2,479,936	-	-	-	2,479,936
Deferred Compensation Benefits	10,660	-	-	-	10,660
Deferred Accommodation and Nursing Care Fees	3,559,354	-	-	-	3,559,354
Refundable Accommodation Fees	40,519,432	-	-	-	40,519,432
Estimated Obligation to Provide Future Services in Excess of Amounts Received or to be Received	815,090	-	-	-	815,090
Reserve for Gift Annuities	55,196	-	-	-	55,196
Resident Deposits	95,518	-	-	-	95,518
Other Noncurrent Liabilities	289,741	-	-	-	289,741
Total Long-Term Liabilities	161,228,475	-	-	-	161,228,475
Total Liabilities	188,712,283	-	-	(2,673,235)	186,039,048
NET ASSETS					
Net Assets Without Donor Restrictions	(62,048,020)	4,303,341	-	-	(57,744,679)
Net Assets With Donor Restrictions	199,371	-	-	-	199,371
Total Net Assets	(61,848,649)	4,303,341	-	-	(57,545,308)
Total Liabilities and Net Assets	$ 126,863,634	$ 4,303,341	$ -	$ (2,673,235)	$ 128,493,740

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Obligated Group	Residences at Franklin Park	Denver Apt Partnership	Eliminating Entries	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 2,762,438	$ 535,928	$ -	$ -	$ 3,298,366
Marketable Securities	23,040,958	12,041,461	-	-	35,082,419
Current Portion of Assets Limited as to Use	198,787	-	-	-	198,787
Accounts Receivables:					
Residents and Government Agencies	5,470,472	-	-	-	5,470,472
Intercompany	-	958,511	-	(958,511)	-
Other	186,249	-	-	-	186,249
Third-Party Settlements	14,979	-	-	-	14,979
Prepaid Expenses	464,031	-	-	-	464,031
Total Current Assets	32,137,914	13,535,900	-	(958,511)	44,715,303
ASSETS LIMITED AS TO USE					
Noncurrent Portion of Assets Limited as to Use	11,050,284	-	-	-	11,050,284
PROPERTY AND EQUIPMENT					
Land and Improvements	9,006,753	-	-	-	9,006,753
Buildings and Improvements	143,591,712	-	-	-	143,591,712
Furniture and Equipment	31,983,674	-	-	-	31,983,674
Construction in Progress	378,240	-	-	-	378,240
Total	184,960,379	-	-	-	184,960,379
Less: Accumulated Depreciation	100,540,129	-	-	-	100,540,129
Total Property and Equipment	84,420,250	-	-	-	84,420,250
OTHER ASSETS					
Other Assets	132,192	-	-	-	132,192
Total Other Assets	132,192	-	-	-	132,192
Total Assets	$ 127,740,640	$ 13,535,900	$ -	$ (958,511)	$ 140,318,029

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AUGUST 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

LIABILITIES AND NET ASSETS	Obligated Group	Residences at Franklin Park	Denver Apt Partnership	Eliminating Entries	Total
CURRENT LIABILITIES					
Current Portion of Long-Term Debt	$ 5,278,933	$ -	$ -	$ -	$ 5,278,933
Line of Credit Payable	1,000,000	-	-	-	1,000,000
Current Portion of Deferred Compensation	3,900	-	-	-	3,900
Current Portion of Accommodation and Nursing Care Fees	4,509,344	-	-	-	4,509,344
Current Portion of Reserve for Gift Annuities	397	-	-	-	397
Accounts Payable - Trade	6,397,540	-	-	-	6,397,540
Due to Affiliates	958,511	-	-	(958,511)	-
Third-Party Settlements	33,772	-	-	-	33,772
Refundable Reservation Deposits	69,231	-	-	-	69,231
Accrued Expenses:					
Payroll and Related Taxes	4,210,880	-	-	-	4,210,880
Interest	632,660	-	-	-	632,660
Vacation	2,033,834	-	-	-	2,033,834
Health Insurance	443,843	-	-	-	443,843
Other	675,441	-	-	-	675,441
Total Current Liabilities	26,248,286	-	-	(958,511)	25,289,775
LONG-TERM LIABILITIES					
Long-Term Debt, Less Current Maturities and Unamortized Debt Issue Costs	116,260,585	-	-	-	116,260,585
Deferred Compensation Benefits	12,420	-	-	-	12,420
Deferred Accommodation and Nursing Care Fees	3,706,639	-	-	-	3,706,639
Refundable Accommodation Fees	38,804,306	-	-	-	38,804,306
Estimated Obligation to Provide Future Services in Excess of Amounts Received or to be Received	1,711,982	-	-	-	1,711,982
Reserve for Gift Annuities	55,593	-	-	-	55,593
Resident Deposits	124,490	-	-	-	124,490
Other Noncurrent Liabilities	279,235	-	-	-	279,235
Total Long-Term Liabilities	160,955,250	-	-	-	160,955,250
Total Liabilities	187,203,536	-	-	(958,511)	186,245,025
NET ASSETS					
Net Assets Without Donor Restrictions	(59,684,329)	13,535,900	-	-	(46,148,429)
Net Assets With Donor Restrictions	221,433	-	-	-	221,433
Total Net Assets	(59,462,896)	13,535,900	-	-	(45,926,996)
Total Liabilities and Net Assets	$ 127,740,640	$ 13,535,900	$ -	$ (958,511)	$ 140,318,029

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Obligated Group	Residences at Franklin Park	Denver Apt Partnership	Eliminating Entries	Total
REVENUE					
Net Resident Service Revenue	$ 94,373,627	$ -	$ -	$ -	$ 94,373,627
Accommodation and Nursing Fees	780,589	-	-	-	780,589
Other Revenue	2,110,260	-	-	-	2,110,260
Total Revenue	97,264,476	-	-	-	97,264,476
EXPENSE					
Nursing	36,399,572	-	-	-	36,399,572
Other Care Related	3,088,694	-	-	-	3,088,694
Ancillary Services	13,761,097	-	-	-	13,761,097
Dietary	9,616,766	-	-	-	9,616,766
Laundry	547,574	-	-	-	547,574
Housekeeping	2,087,780	-	-	-	2,087,780
Plant Operations and Maintenance	6,468,792	-	-	-	6,468,792
Property and Related	2,115,378	-	-	-	2,115,378
General and Administrative	13,457,433	2,240	-	-	13,459,673
Payroll Taxes and Employee Benefits	8,965,596	13,899	-	-	8,979,495
Depreciation	7,167,906	-	-	-	7,167,906
Interest	8,157,423	-	-	(18,859)	8,138,564
Total Expense	111,834,011	16,139	-	(18,859)	111,831,291
OPERATING LOSS	(14,569,535)	(16,139)	-	18,859	(14,566,815)
OTHER INCOME (LOSS)					
Net Realized Gain (Loss) on Sales of Marketable Securities	(390,063)	(1,632,949)	-	-	(2,023,012)
Net Unrealized Loss on Marketable Securities	825,776	765,020	-	-	1,590,796
Net Assets Released from Restrictions	143,701	-	-	-	143,701
Gifts and Bequests	185,923	-	-	-	185,923
Interest and Dividend Income	749,114	612,599	-	(18,859)	1,342,854
Gain on Sale of Property	306,322	-	-	-	306,322
Change in Obligation to Provide Future Services	896,892	-	-	-	896,892
Grant Revenue	474,617	-	-	-	474,617
Forgiveness of Paycheck Protection Program Loan	-	-	-	-	-
Other Loss	52,472	-	-	-	52,472
Total Other Income (Loss), Net	3,244,754	(255,330)	-	(18,859)	2,970,565
DEFICIT OF REVENUE OVER EXPENSE	(11,324,781)	(271,469)	-	-	(11,596,250)
Transfer (to) from Affiliate	8,961,090	(8,961,090)	-	-	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (2,363,691)	$ (9,232,559)	$ -	$ -	$ (11,596,250)

AMERICAN BAPTIST HOMES OF THE MIDWEST AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED AUGUST 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Obligated Group	Residences at Franklin Park	Denver Apt Partnership	Eliminating Entries	Total
REVENUE					
Net Resident Service Revenue	$ 88,436,291	$ -	$ 199,299	$ -	$ 88,635,590
Accommodation and Nursing Fees	861,561	-	-	-	861,561
Other Revenue	1,754,277	1,825	99,442	(68,800)	1,786,744
Total Revenue	91,052,129	1,825	298,741	(68,800)	91,283,895
EXPENSE					
Nursing	34,220,108	-	-	-	34,220,108
Other Care Related	2,935,393	-	15,062	(15,008)	2,935,447
Ancillary Services	11,989,733	-	-	-	11,989,733
Dietary	8,960,008	-	-	-	8,960,008
Laundry	483,380	-	-	-	483,380
Housekeeping	1,956,203	1,041	136	-	1,957,380
Plant Operations and Maintenance	6,002,426	(5,194)	69,947	(19,750)	6,047,429
Property and Related	2,036,336	-	30,163	-	2,066,499
General and Administrative	12,162,648	11,770	82,735	(47,217)	12,209,936
Payroll Taxes and Employee Benefits	9,175,401	-	(11,265)	13,175	9,177,311
Depreciation and Amortization	7,021,486	-	81,726	-	7,103,212
Interest	7,849,973	-	41,999	(18,859)	7,873,113
Total Expense	104,793,095	7,617	310,503	(87,659)	105,023,556
OPERATING LOSS	(13,740,966)	(5,792)	(11,762)	18,859	(13,739,661)
OTHER INCOME (LOSS)					
Net Realized Gain on Sales of Marketable Securities	1,194,994	(169)	-	-	1,194,825
Net Unrealized Gain on Marketable Securities	(6,104,565)	(1,054,599)	-	-	(7,159,164)
Net Assets Released from Restrictions	46,585	-	-	-	46,585
Gifts and Bequests	334,455	-	-	-	334,455
Interest and Dividend Income	684,042	112,775	119	(18,859)	778,077
Gain on Sale of Property	1,300	-	15,585,437	-	15,586,737
Change in Obligation to Provide Future Services	514,124	-	-	-	514,124
Grant Revenue	2,223,256	-	-	-	2,223,256
Forgiveness of Paycheck Protection Program Loan	11,467,784	-	-	-	11,467,784
Other Loss	(428,128)	-	-	-	(428,128)
Total Other Income (Loss), Net	9,933,847	(941,993)	15,585,556	(18,859)	24,558,551
EXCESS (DEFICIT) OF REVENUE OVER EXPENSE	(3,807,119)	(947,785)	15,573,794	-	10,818,890
Transfer (to) from Affiliate	-	11,332,217	(15,635,132)	-	(4,302,915)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (3,807,119)	$ 10,384,432	$ (61,338)	$ -	$ 6,515,975