CATHOLIC MEMORIAL HOME, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

CATHOLIC MEMORIAL HOME, INC.
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YEARS ENDED DECEMBER 31, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
Catholic Memorial Home, Inc.
Fall River, Massachusetts

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Catholic Memorial Home, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Catholic Memorial Home, Inc., as of December 31, 2023 and 2022, and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Catholic Memorial Home, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Catholic Memorial Home, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catholic Memorial Home, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
July 19, 2024

CATHOLIC MEMORIAL HOME, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 11,698,043	$ 10,922,390
Accounts Receivable - Residents	2,883,871	2,342,706
Allowance for Credit Losses - Residents	(104,465)	(144,123)
Other Receivables	280,884	177,790
Prepaid Expenses and Inventory	144,624	139,919
Total Current Assets	14,902,957	13,438,682
PROPERTY AND EQUIPMENT		
Land and Land Improvements	1,368,306	1,349,106
Building and Building Improvements	9,047,184	9,012,893
Equipment	2,528,021	2,499,803
Motor Vehicles	174,632	174,632
Construction in Progress (CIP)	97,572	-
Subtotal	13,215,715	13,036,434
Less: Accumulated Depreciation	10,549,782	10,323,952
Property and Equipment, Net	2,665,933	2,712,482
OTHER ASSETS		
Restricted Cash	92,801	76,024
Due from Affiliates	3,280,780	6,541,552
Allowance for Credit Loan Losses - Due from Affiliates	(709,250)	-
Beneficial Interest in Trust	56,463	-
Beneficial Interest in Perpetual Trusts	6,725,793	3,150,968
Total Other Assets	9,446,587	9,768,544
Total Assets	$ 27,015,477	$ 25,919,708
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 897,470	$ 939,540
Accounts Payable - CIP	87,311	-
Custodial Funds	92,801	76,024
Accrued Expenses	1,411,821	1,245,609
Other Payables	13,364	-
Deferred Revenue	195,519	208,736
Due to Third-Party Payors and Residents	236,375	275,820
Current Portion of Long-Term Debt	42,084	41,046
Total Current Liabilities	2,976,745	2,786,775
LONG-TERM DEBT, NET OF CURRENT PORTION	931,700	973,699
Total Liabilities	3,908,445	3,760,474
NET ASSETS		
With Donor Restrictions	6,740,493	3,165,668
Without Donor Restrictions	16,366,539	18,993,566
Total Net Assets	23,107,032	22,159,234
Total Liabilities and Net Assets	$ 27,015,477	$ 25,919,708

See accompanying Notes to Financial Statements.

CATHOLIC MEMORIAL HOME, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Operating Revenue and Other Support:		
Private and HMO Residents	$ 4,131,852	$ 2,938,007
Medicare Residents	1,805,072	1,326,356
Publicly-Aided and Other Residents	18,570,725	17,028,388
Ancillary Income	1,471,588	1,323,842
Prior Year Retroactive	(98,381)	(133,549)
State Relief Grant Revenue	123,312	1,578,999
Other Income	62,776	133,512
Net Assets Released from Restrictions	-	2,720
Total Operating Revenue and Other Support	26,066,944	24,198,275
Operating Expenses:		
Administrative and General	2,194,786	1,907,980
Employee Benefits	2,702,438	2,654,075
Property Expenses	502,210	480,366
Plant Operations	1,072,108	1,162,317
Dietary	1,837,163	1,722,422
Laundry and Linen	303,065	290,305
Housekeeping	709,785	679,006
Nursing	11,744,344	10,891,398
Medical Services	292,148	457,258
Social Service	272,742	276,149
Recreation	468,202	477,959
Consultants	168,563	151,093
Ancillaries	1,576,147	1,903,059
Total Operating Expenses	23,843,701	23,053,387
OPERATING INCOME	2,223,243	1,144,888
OTHER NONOPERATING INCOME		
Donations	60,355	4,750
Interest and Dividend Income	392,628	242,334
Net Gain on Insurance Proceeds for Property Damage	21,674	-
Fundraising Revenue, Net	5,508	5,299
Change in Net Unrealized Gains in Beneficial Interest in Trusts	1,867	-
Total Other Nonoperating Income	482,032	252,383
EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES AND LOSSES	2,705,275	1,397,271

See accompanying Notes to Financial Statements.

CATHOLIC MEMORIAL HOME, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
EXCESS OF REVENUES, GAINS, AND OTHER SUPPORT OVER EXPENSES AND LOSSES	$ 2,705,275	$ 1,397,271
Credit Loan Losses - Due from Affiliates	(709,250)	-
Transfers of Net Assets without Donor Restrictions	(4,623,052)	-
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,627,027)	1,397,271
NET ASSETS WITH DONOR RESTRICTIONS		
Donations - Temporary Restricted	-	17,420
Contribution - Beneficial Interest in Perpetual Trusts	2,761,976	1,169,976
Change in Net Unrealized Gains (Losses) in Beneficial Interest in Perpetual Trusts	812,849	(840,288)
Net Assets Released from Restrictions	-	(2,720)
Total Change in Net Assets With Donor Restrictions	3,574,825	344,388
TOTAL CHANGE IN NET ASSETS	947,798	1,741,659
Net Assets - Beginning of Year	22,159,234	20,417,575
NET ASSETS - END OF THE YEAR	$ 23,107,032	$ 22,159,234

See accompanying Notes to Financial Statements.

CATHOLIC MEMORIAL HOME, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 947,798	$ 1,741,659
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operations:		
Depreciation and Amortization	304,985	300,851
Gain on Insurance Proceeds for Property Damage	(21,674)	-
Contributions of Beneficial Interest in Perpetual Trusts	(2,761,976)	(1,169,976)
Change in Value of Beneficial Interest in Perpetual Trusts	(812,849)	840,288
Contributions of Beneficial Interest in Trusts	(54,596)	-
Change in Value of Beneficial Interest in Trusts	(1,867)	-
Provision for Credit Losses	669,592	(35,877)
Net Asset Transfers	4,623,052	-
(Increase) Decrease in:		
Accounts Receivable - Residents	(541,165)	370,867
Other Receivables	(103,094)	(134,054)
Prepaid Expenses and Inventory	(4,705)	(12,985)
Increase (Decrease) in:		
Accounts Payable	(42,070)	244,556
Accrued Expenses and Custodial Funds	182,989	(353,316)
Deferred Revenue	(13,217)	(143,832)
Due to Third-Party Payors and Residents	(39,445)	275,820
Other Payables	13,364	(9,005)
Net Cash Provided by Operating Activities	2,345,122	1,914,996
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment & CIP	(239,466)	(232,990)
Disposal of Property and Equipment	34,171	-
Proceeds from Insurance for Property Damage	55,844	-
Net Cash Used by Investing Activities	(149,451)	(232,990)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funds Advanced to Affiliates	(1,822,280)	(355,000)
Funds Paid Back by Affiliates	460,000	100,000
Principal Payments of Long-Term Debt	(40,961)	(43,323)
Net Cash Used by Financing Activities	(1,403,241)	(298,323)
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	792,430	1,383,683
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,998,414	9,614,731
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 11,790,844	$ 10,998,414

See accompanying Notes to Financial Statements.

CATHOLIC MEMORIAL HOME, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 24,900	$ 25,915
NONCASH DISCLOSURE OF OPERATING, INVESTING, AND FINANCING ACTIVITIES		
Additions of Property and Equipment & CIP	$ (326,777)	$ (232,990)
Less: Accounts Payable - CIP	87,311	-
Cash Paid for Property and Equipment & CIP	$ (239,466)	$ (232,990)
Change in Due From Affiliates	$ 3,260,772	$ (255,000)
Net Asset Transfers	(4,623,052)	-
Net Cash Advanced To (Paid Back By) Affiliates	$ (1,362,280)	$ (255,000)

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Catholic Memorial Home, Inc.. (the Home) is a nonprofit charitable corporation, which owns and operates a 249-bed nursing home in Fall River, Massachusetts. Effective July 2022, due to statewide regulatory requirements of dedensification, the Home decreased from 273-beds down to 249-beds in operation. The Home provides comprehensive health services which include skilled nursing, rehabilitation programs, specialized Alzheimer's care, pain management and palliative care.

A summary of the Home's significant accounting policies follows:

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence of donor-imposed restrictions. Accordingly, net assets of the Home and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the board of directors can designate, from net assets without donor restrictions, net assets designated for special use.

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

Revenue and Support With and Without Donor Restrictions

Donations and contributions received are recorded as without donor restrictions or with donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions based on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Measure of Operations

For purposes of presentation, transactions deemed by management to be an integral part of its programs and supporting activities, net assets released from donor restrictions to support operating expenditures, and transfers from board-designated and other nonoperating funds to support current operating activities are reported as operating revenues and expenses. The measure of operations excludes donations, contribution income, net fundraising revenue, and investment activity.

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

Performance Indicator

For purposes of presentation, the change in net assets without donor restrictions is the operating indicator for the Home. Other changes in net assets without donor restrictions that are excluded from the operating indicator, consistent with industry practice, included unrealized gains and losses on nonequity investments, restricted contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets), and net asset transfers.

Use of Estimates

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

Contributions, Donations, Gifts, and Bequests

Contributions, including unconditional promises to give, are recognized as revenue in the period received or promised. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved.

Contributions received with donor-imposed restrictions are reported as revenues net with donor restrictions when they are received. A reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions in the year the restriction is met. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the net asset without donor restrictions class.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported at fair value as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with donor stipulations are reported as revenues with donor restrictions, and the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributions of services are reported as revenues and expenses without donor restrictions at the fair value of the services received only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Home if they had not been provided by individuals with those skills. Contributions of goods to be used in program operations are reported as revenues and expenses without donor restrictions at the time the goods are received.

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

Governmental Grants

The Home recognizes governmental grants once there is reasonable assurance that any conditions attached to the grant will be met and the grant will be received. Once there is reasonable assurance that the conditions will be met, the grant is recognized on a systemic basis over the periods in which the Home recognizes as expenses the related costs for which the grants are intended to compensate. Thus, the Home would initially record the governmental grant as a deferred income liability and then reduce the liability and recognize revenue as the Home recognized the related cost to which the grant relates.

Adoption of Accounting Pronouncements

At the beginning of 2023, the Company adopted the Financial Accounting Standards Board (FASB)'s Accounting Standards Update (ASU) 2016-13, Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Home adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Home's financial statements but did change how the allowance for credit losses is determined.

Tax Status and Uncertain Tax Positions

The Home is qualified under Section 501(c)(3) of the Internal Revenue Code (IRC) and is generally exempt from federal and state corporate income taxes on related income.

The Home follows the provisions of the income tax accounting standards regarding the recognition and measurement of uncertain tax positions. The application of these provisions have no material impact on the Home's financial statements. Management is not aware of any activities that would jeopardize its tax-exempt status or aware of any activities that are subject to tax on unrelated business income or excise or other taxes. Tax returns are subject to review and examination by federal, state and local authorities in accordance with prescribed statutes. The Home has not been examined for any open years.

Cash, Cash Equivalents, and Restricted Cash

The Home considers all short-term highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are considered cash and cash equivalents for purposes of the statement of cash flows. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

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

Cash, Cash Equivalents, and Restricted Cash (Continued)

The restricted cash belongs to residents of the Home and represents funds on deposit to be used for residents' personal needs. It is not available for use by the Home. The related liability is included as Custodial Funds on the statement of financial position.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts on the statement of cash flows.

	2023	2022
Cash and Cash Equivalents	$ 11,698,043	$ 10,922,390
Restricted Cash	92,801	76,024
Total Cash, Cash Equivalents, and Restricted Cash Shown in Statement of Cash Flows	$ 11,790,844	$ 10,998,414

Resident Accounts Receivable and Allowance for Credit Losses

Accounts receivable – residents are reported net of an allowance for credit losses to represent the Home's estimate of expected losses at the balance sheet date. The adequacy of the Home's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary.

Credit is extended to residents and collateral is not required. Historically, the Home has not charged interest on accounts that deemed to be delinquent.

Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the resident base has not changed significantly. Also, management believes that future economic conditions will be comparable to prior year economic conditions and will not have a significant impact on collectability of receivables. Management performed an analysis of receivable portfolios by payor source and aging of receivables and reviewed specific accounts to establish an allowance for credit losses. Management also applied a credit loss percentage to each aging category based on expected future economic conditions and market trends.

Changes in the allowance for credit losses - residents for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Balance, Beginning of Year	$ 144,123	$ 180,000
Provision for Credit Losses	30,000	30,001
Amounts Written Off	(69,658)	(65,878)
Balance, End of Year	$ 104,465	$ 144,123

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

Inventories of Supplies

Inventories of supplies are carried at the lower of cost (determined by the first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Donated property is recorded at its estimated fair value at the date of receipt. Gifts of long-lived assets are recorded at their fair market value at the date of donation and reported as support without donor restrictions unless explicit donor stipulations specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long those assets must be maintained, expiration of donor restrictions are reported when the donated or acquired long-lived assets are placed into service.

Maintenance repairs and minor renewals are expensed as incurred. Acquisitions of property and equipment in excess of $5,000 or more per item and all expenditures for renewals and betterments that materially extend the useful life of the asset are capitalized. Depreciation is computed using the straight-line method over the following estimated useful life of the assets.

Depreciation expense charged to operations amounted to $304,985 and $300,851 for years ended December 31, 2023 and 2022, respectively.

Buildings	40 Years
Land and Building Improvements	20 Years
Equipment	3-10 Years
Motor Vehicles	4 to 5 Years

The Home records impairment losses on property and equipment when events or circumstances indicate that it is probable that the assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. Based on management's estimates, no impairment losses have been recorded as of December 31, 2023 and 2022.

Fair Value of Beneficial Interest in Perpetual Trusts and Other Trust

The Home is one of multiple beneficiaries of trust funds administered by other entities. The Home only receives income from these trusts and will never be able to access the principal of the perpetual trusts. The Home records its beneficial interest in these trusts as an investment based on the trust administrator's valuation of the specific trust in its entirety. The investment income derived from these funds are reported as nonoperating income, while the unrealized gains and losses are included in the change in net assets with donor restriction.

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

Fair Value of Beneficial Interest in Perpetual Trusts and Other Trust (Continued)

The Home categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

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

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

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

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

Professional standards allow entities the irrevocable option to elect the measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Home adopted the policy to value certain financial instruments at fair value.

Endowment Fund Investment and Spending Policies

The Home’s endowment funds consist principally of the beneficial interest in four perpetual trusts that are held and administered by other entities. The Home’s endowment funds only include donor-restricted funds and no funds designated by the board of directors to function as endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the board of directors to function as endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Home has determined that its beneficial interest in perpetual trusts received as an endowment is subject to the terms of the governing documents of the trusts. Changes in the value of the endowment assets are added or subtracted from the original amount of the contribution. Actual returns in any given year may vary and distributions received by the Home also may fluctuate.

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

Related Party Loans Receivable

The Home's due from affiliates balance on the statement of financial position includes unsecured related party loans receivable from affiliates that bear no interest and have no fixed repayment terms, as detailed in Note 9, and are considered a single portfolio class. Loans receivable are recorded net of an allowance for expected loan losses (allowance). The Home establishes an allowance as an estimate of inherent risk in the Home's loan portfolio. Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. The allowance is established through a provision for loan losses that is charged to expense. Loan losses are charged off against the allowance when the Home determines the loan balance to be uncollectible. Proceeds received on previously charged off amounts are recorded as a recovery in the year of receipt. The Home determined that an allowance of approximately $709,000 as of December 31, 2023 is adequate.

The Home reviews the adequacy of the allowance, including consideration of the relevant risks in the loan portfolio, current economic conditions, and other factors periodically. The Home internally monitors related party borrowers to assess the risk of nonperformance. If the Home determines that changes are warranted based on those reviews, the allowance is adjusted.

Net Resident Service Revenue

Net resident service revenue is reported at the estimated net realizable amounts. Third-party revenues are recorded as indicated in Note 2.

Promotional Advertising

Promotional advertising costs are expensed as incurred. Advertising expenses amounted to $4,366 and $3,640 as of December 31, 2023 and 2022, respectively.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are directly allocated to program or support services whenever possible. Other shared expenses are allocated based on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy expenses based on an estimated allocation percentage between program and supporting services, as well as salaries, payroll taxes and employee benefits, which are allocated on a basis of estimates of time and effort.

Leases

The Home determines if an arrangement is a lease at inception. Operating leases are included in ROU assets – operating and lease liability – operating, and finance leases are included in ROU assets –financing and lease liability – financing in the statement of financial position.

ROU assets represent the Home's right to use an underlying asset for the lease term and lease liabilities represent the Home'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.

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

Leases

Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Home will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Home 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 ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Home has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The Home has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

As of December 31, 2023 and 2022, management has determined the Home’s leases are not material and therefore ROU assets and lease liabilities are not reflected in the financial statements.

Reclassifications

Certain items in the 2022 financial statements have been reclassified to conform to 2023 financial statement presentation. The reclassifications have no effect on the results of operations or net assets.

Subsequent Events

In preparing these financial statements, the Home has evaluated events and transactions for potential recognition or disclosure through July 19, 2024, the date the financial statements were issued.

NOTE 2 RESIDENT SERVICE REVENUES

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

Performance obligations are determined based on the nature of the services provided by the Home. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges.

NOTE 2 RESIDENT SERVICE REVENUES (CONTINUED)

The Home 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 facility receiving skilled nursing. The Home measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge.

The Home 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 residents in accordance with the Home's policy, and/or implicit price concessions provided to residents. The Home determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Home 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 – Standard Payments to Nursing Facilities

The Home receives reimbursement from the Commonwealth of Massachusetts under a standard rate of reimbursement payment system for the care and services rendered to publicly aided residents pursuant to regulations promulgated by the Center for Health Information and Analysis. Under the regulations, current year rates are a combination of actual base year costs blended with industry standards adjusted for inflation. The base year costs are subject to audit and could result in a retroactive rate adjustment for the current year.

Effective October 1, 2023, the Commonwealth of Massachusetts implemented the Patient-Driven Payment Model (PDPM) for reimbursement of skilled nursing facility services. Under PDPM, payment is based on a resident's classification into one of ten clinical categories, each with its own case-mix index. The case-mix index is used to calculate a per diem rate for each resident, which is then adjusted based on the resident's functional score and other factors. The Home recognizes revenue for skilled nursing facility services when the services are provided and the right to payment is reasonably assured. The Home estimates the amount of revenue to be recognized based on the expected reimbursement rate for each resident, considering the resident's classification under PDPM and other relevant factors.

Medicare – Prospective Payment System

The Home receives reimbursement for the care of certain residents under the federally sponsored Medicare prospective payment system (PPS) through an insurance intermediary under a Patient-Driven Payment Model (PDPM). The federal rates utilize facility case-mix resident assessment data, completed by the skilled nursing facility (SNF), to assign residents into Resident Classification System (RCS) using the underlying complexity and clinical needs of a resident as a basis for reimbursement.

NOTE 2 RESIDENT SERVICE REVENUES (CONTINUED)

Medicare – Prospective Payment System (Continued)

SNFs must complete the resident assessments according to a specific time schedule designed for Medicare payment. SNFs that do not comply with this requirement will be paid at a default payment (the lowest of the federal rates) for the days of a resident's care for which the SNF is not in compliance.

The PPS program mandates the implementation of fee schedules for SNF therapy services to residents not in a covered Part A stay and to nonresidents who receive outpatient rehabilitation services from the SNF. The Centers for Medicare and Medicaid Services imposed a limit for both physical therapy (including speech therapy) and occupational therapy services, except for certain medical conditions. Program is administered by the Centers for Medicare and Medicaid Services (CMS).

Other

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

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 Home'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 Home. In addition, the contracts the Home 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 resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home'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 for the years ended December 31, 2023 and 2022. Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

NOTE 2 RESIDENT SERVICE REVENUES (CONTINUED)

The Home 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. A decrease in revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments related to prior-year retroactive adjustments in excess of amounts previously estimated amounted to $98,381 and $133,549 for the years ended December 31, 2023. And 2022, respectively. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as credit loss expense.

The Home has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, resident) have different reimbursement/payment methodologies
- Length of the resident's service
- Geography of the service location
- Method of reimbursement (fee for service)
- Nursing Home's line of business that provided the service (for example, skilled nursing, rehabilitation services, etc.)

For the years ended December 31, 2023 and 2022, the Home recognized revenue of $25,880,856 and $22,483,044, respectively, from services that transfer to the resident over time.

	Accounts Receivable - Residents
Balance as of January 1, 2022	$ 2,713,573
Balance as of December 31, 2022	2,342,706
Balance as of December 31, 2023	2,883,871

	Deferred Revenue - Residents
Balance as of January 1, 2022	$ 352,568
Balance as of December 31, 2022	208,736
Balance as of December 31, 2023	195,519

	Due to Third-Party Payors & Residents
Balance as of January 1, 2022	$ -
Balance as of December 31, 2022	275,820
Balance as of December 31, 2023	236,375

NOTE 3 ACCOUNTS RECEIVABLE - RESIDENTS

Accounts receivable - residents is comprised of the following at December 31:

	2023	2022
Private and HMO Residents	$ 634,688	$ 559,029
Medicare Residents	345,469	142,303
Publicly-Aided and Other Residents	1,903,714	1,641,374
Accounts Receivable - Residents	$ 2,883,871	$ 2,342,706

Credit Losses charged to operations related to residents amounted to approximately $30,000 for each of the years ended December 31, 2023 and 2022.

NOTE 4 CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Home to concentrations of credit risk consist principally of the following:

Cash, Cash Equivalents, and Restricted Cash

Cash balances are held at a banking institution where all deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) and Depositors Insurance Fund (DIF). The DIF insures all deposits above the FDIC limit.

Accounts Receivable – Residents

The Home extends unsecured credit to its private residents and residents covered under third-party payor arrangements. Accounts receivable from private residents and third-party payors totaled $2,883,871 at December 31, 2023. See Note 2 and Note 3 for details of third-party payor arrangements and receivable balances, respectively.

Due From Affiliates

The Home extends unsecured credit to its affiliates under certain payor arrangements, see Note 9. Amounts due from affiliates totaled $3,280,780 at December 31, 2023.

NOTE 5 BENEFICIAL INTEREST IN PERPETUAL TRUSTS AND FAIR VALUE MEASUREMENTS

The Home is one of multiple beneficiaries of trust funds administered by other entities. The Home only receives income from these trusts and will never be able to access the principal of the perpetual trusts. The Home records its beneficial interests in four perpetual trusts as an investment. For one trust, the Home determines the fair market value of its beneficial interest in the trust based on the trust administrator’s valuation of the entire trust. Then, the Home records its portion (33 1/3% of the entire trust) as the value of its interest in the trust. For the second trust, the Home determines the fair market value of its beneficial interest in the trust based on 100% of the fair market value of its beneficial interest in the trust based on the trust administrator’s valuation of the entire trust.

NOTE 5 BENEFICIAL INTEREST IN PERPETUAL TRUSTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

For the third trust, the Home determines the fair market value of its beneficial interest in the trust based on 50% of the fair market value of its beneficial interest in the trust based on the trust administrator's valuation of the entire trust. For the fourth trust, the Home determines the fair market value of its beneficial interest in the trust based on 25% of the fair market value of its beneficial interest in the trust based on the trust administrator's valuation of the entire trust. The fair value of beneficial interests in perpetual trusts are determined based on the Home's beneficial portion of the fair market value of the underlying assets in each respective trust. The underlying assets for the beneficial interests in perpetual trusts consist of marketable securities.

The following table presents the Home's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31:

	2023			
	Total	Level 1	Level 2	Level 3
Beneficial Interest in Perpetual Trusts	$ 6,725,793	$ -	$ -	$ 6,725,793

	2022			
	Total	Level 1	Level 2	Level 3
Beneficial Interest in Perpetual Trusts	$ 3,150,968	$ -	$ -	$ 3,150,968

The following table provides a summary of unobservable inputs related to the Home's Level 3 financial instruments as of December 31:

Instrument	2023	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Perpetual Trusts	$ 6,725,793	FMV of Trust Investments	Time Period of Trusts

Instrument	2022	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Perpetual Trusts	$ 3,150,968	FMV of Trust Investments	Time Period of Trusts

NOTE 5 BENEFICIAL INTEREST IN PERPETUAL TRUSTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The changes in investments measured at fair value for which the Home has used Level 3 inputs to determine fair value are as follows:

Beneficial Interest in Perpetual Trusts	2023	2022
Balance, Beginning of Year	$ 3,150,968	$ 2,821,280
Contribution of Beneficial Interest in Perpetual Trusts	2,761,976	1,169,976
Change in Net Unrealized Losses	812,849	(840,288)
Balance, End of Year	6,725,793	3,150,968

The unrestricted income for the associated beneficial interests in perpetual trusts received in years ending December 31, 2023 and 2022 amounted to approximately $221,000 and $177,000 and is included in nonoperating income as interest and dividend income on the statement of activities, respectively. The unrealized gain (loss) associated with the beneficial interests in perpetual trusts as of December 31, 2023 and 2022 was approximately $813,000 and ($840,000), respectively, for which is considered to be restricted, and is included in the changes in net assets with donor restrictions.

During the year ended December 31, 2023, the Home was named as replacement beneficiary to an existing trust. This determination, made by the plan’s trustee, resulted in a contribution of approximately $2,762,000 (market value of 25% of the entire trust), which has been included in the change in net assets with donor restrictions on the statement of activities. The fair value of this trust is also included in the beneficial interest in perpetual trusts on the statement of financial position.

During the year ended December 31, 2022, the Home was named as replacement beneficiary to an existing trust. This determination, made by the plan’s trustee, resulted in a contribution of approximately $1,170,000 (market value of 50% of the entire trust), which has been included in the change in net assets with donor restrictions on the statement of activities. The fair value of this trust is also included in the beneficial interest in perpetual trusts on the statement of financial position.

NOTE 6 PENSION PLANS

Frozen Contributory, Defined-Benefit Plan

The Home participates with other related and affiliated nonprofit organizations in a multiemployer, contributory, defined-benefit plan (the Plan) administered by the Diocese of Fall River (the Diocese).

Effective December 31, 2015, the Diocese froze the Plan to new entrants and froze the future benefit accruals for all current participants under the Plan. The Plan covered substantially all lay employees who were eligible to participate in the Plan prior to the freeze. As of January 1, 2018, the Plan is requiring that the Home contribute annually 3% of its December 15, 2015 salaries to the Plan in 12 monthly installments.

NOTE 6 PENSION PLANS (CONTINUED)

Frozen Contributory, Defined-Benefit Plan (Continued)

The Home has determined that its contributions represent more than 5% of total contributions to the Plan in 2023 and 2022. To the extent that the Plan is underfunded, if at all, future contributions by the Home to the Plan may or may not be affected depending upon how the Plan decides to handle the underfunding.

For the years ended December 31, 2023 and 2022, the Home made pension contributions to the Plan of approximately $458,000 and $446,000, respectively. The Home owed $43,691 for these contributions at both December 31, 2023 and 2022, which is included in accounts payable on the statement of activities. In replacement of the frozen Plan, the Home's employees can contribute to a 403(b) plan as noted below.

403(b) Plan

On August 1, 2010, the Home joined the Roman Catholic Bishop of Fall River 403(b) Plan (the 403(b) Plan). The Home participates with other related and affiliated nonprofit organizations in this defined contribution deferred savings plan based on total compensation and qualifies under Section 403(b) of the IRC. The 403 (b) Plan is administered by the Diocese of Fall River. All employees are eligible to participate immediately upon employment at the Home. The Home is not making matching contributions to the 403 (b) Plan.

NOTE 7 PROFESSIONAL LIABILITY CLAIMS

The Home purchases professional and general liability insurance to cover professional liability claims. Through December 31, 2023, the Home was covered by an occurrence-based policy. The Home is not aware of any known claims and incidents, however there may be claims from unknown incidents, that have been or may be asserted arising from services provided to residents. Based on historical evidence, the Home believes that a reserve for claims from unknown incidents is not necessary and, as such, no reserve has been accrued in the financial statements as of December 31, 2023 and 2022.

NOTE 8 LONG-TERM DEBT

On July 1, 2020, the Home obtained an unsecured loan from the Diocese of Fall River in exchange for paying off old outstanding invoices that were owed to the Diocese. The loan payable consists of the following at December 31:

Description	2023	2022
2.5% unsecured loan payable to the Diocese in monthly payments of $5,496, including interest, through July 2042	$ 973,784	$ 1,014,745
Less: Current Portion	(42,084)	(41,046)
Long-Term Debt, Net of Current Portion	$ 931,700	$ 973,699

NOTE 8 LONG-TERM DEBT (CONTINUED)

Scheduled principal payments on the long-term debt are as follows:

Year Ending December 31,	Amount
2024	$ 42,084
2025	43,148
2026	44,240
2027	45,358
2028	46,505
Thereafter	752,449
Total	$ 973,784

Forgivable Loans

The Home entered into several forgivable loan agreements with the Commonwealth of Massachusetts to fund capital improvement projects including renovations, elevator, boiler, and hot water tank replacement. The maximum amount of loans approved in September 2023 total approximately $1,531,000. As of December 31, 2023, no funds have been received from the state. However, the Home received approximately $167,000 in January 2024, and the remaining balance of the loans is expected to be received during 2024 and 2025. The loans are forgivable if the Home meets the requirements and conditions outlined in the agreements.

NOTE 9 RELATED PARTY TRANSACTIONS

The Home has entered into the following transactions with related parties:

Due From Affiliates

The amounts due from related affiliates at December 31, 2023 and 2022 are as follows:

	2023	2022
Office of Diocesan Health Facilities	$ 1,427,418	$ 1,418,500
Madonna Manor, Inc.	533,362	936,052
Marian Manor, Inc.	1,320,000	2,387,000
Our Lady's Haven of Fairhaven, Inc.	-	1,800,000
Total	$ 3,280,780	$ 6,541,552

The Home has agreed not to demand payment from the related affiliates for at least 12 months from the date of the financial statements. Credit Loan Losses related to amounts Due from Affiliates amounted to approximately $709,000 for the year ended December 31, 2023.

The Diocese of Fall River (the Diocese) (Continued)

During the years ended December 31, 2023 and 2022, the Home purchased various property and liability insurance as well as health insurance coverage for its employees in the aggregate amount of approximately $1,164,000 and $1,114,000, respectively, through the Diocese.

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

The Diocese of Fall River (the Diocese) (Continued)

The Home owed the Diocese approximately $169,000 and $310,000 for the insurance coverage as of December 31, 2023 and 2022, respectively, which is included in accounts payable on the statements of financial position.

In fiscal year 2020, the Diocese converted $1,224,998 of the amounts owed related to previous insurance policies into a loan from the Diocese. See Note 8 for information on this loan. During the years ended December 31, 2023 and 2022, the Home made principal payments of $40,961 and $43,323, respectively.

Management Fees

During the years ended December 31, 2023 and 2022, the Home purchased accounting and management services from the Diocese's Office of Diocesan Health Facilities (DHFO), a related organization, for an approximate total of $580,000 each year. No amounts are owed for these services as of December 31, 2023 and 2022.

Services and Advances Provided to/from Affiliates

Certain personnel employed by related affiliates often perform services for the Home. The applicable salaries and benefits of these employees are reimbursed by the Home. The value of these services are valued at cost. Employees of the Home also provide services to related affiliates. The applicable salaries and benefits of these employees are reimbursed by the related affiliates. The value of these services are valued at cost. At December 31, 2023 and 2022, the affiliates owed $279,559 and $165,588, respectively, for services rendered during the ordinary course of business. These amounts are included in other receivables on the statement of financial position.

During the years ended December 31, 2023 and 2022, the Home has also loaned approximately $1,822,000 and $355,000, respectively, to its affiliates to allow these organizations to meet their cash needs. Currently, there are no repayment terms, and the Home is not charging interest on the loans. During the years ended December 31, 2023 and 2022, the Home received $460,000 and $100,000, respectively, in repayments from the affiliates for the loans. At December 31, 2023 and 2022, the affiliates owed $3,280,780 and $6,541,552, respectively, due to the Home. The loans are included in due from affiliates on the statement of financial position.

Transfer of Net Assets without Donor Restrictions

Upon evaluation of the overall fiscal health of the Affiliates with balances owed to the Home, it was determined that it was unlikely, in the short-term, that the loans that the Home had made in prior years to related affiliates would be paid back. Therefore, the Home has reflected a net asset transfer without donor restrictions of $4,623,052 on the statements of activities and changes in net assets during 2023.

Guarantee Liabilities

The Home along with the other four Diocesan Nursing Homes have guaranteed a $1,500,000 revolving line of credit that DHFO has with a bank. The DHFO revolving line of credit has interest-only payments due prior to the maturity date.

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

Guarantee Liabilities (Continued)

The full outstanding principal balance, all accrued interest, and any other outstanding sums were originally due and payable on April 10, 2022.

DHFO requested and the lender agreed to extend the maturity date from April 10, 2022 to April 10, 2025. The Homes would be obligated to perform under this guarantee if DHFO failed to pay principal and interest payments to the bank when due. During 2023, DHFO did not draw on the line of credit and as of December 31, 2023 did not have an outstanding balance on the line of credit.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions consist of funds received from donors that are restricted for the following purposes:

	2023	2022
Endowment Net Assets: Beneficial Interest in Perpetual Trusts	$ 6,725,793	3,150,968
Subject to Expenditure for Specified Purpose: Alzheimer's Unit	14,700	14,700
Total Net Assets with Donor Restrictions	$ 6,740,493	$ 3,165,668

NOTE 11 FUNCTIONAL EXPENSES

The Home provide nursing care to residents within its geographic area. The Home allocates expenses by functional classification. The functional allocation of expenses is as follows for the years ended December 31:

	2023		
	Nursing Care Program	Management and General	Total
Salaries	$ 11,801,761	$ 492,267	$ 12,294,028
Payroll Taxes and Benefits	2,601,539	108,301	2,709,840
Supplies	1,093,333	125,822	1,219,155
Purchased Services	4,661,170	106,829	4,767,999
Food	619,746	-	619,746
Other	100,140	73,592	173,732
Management Fees	580,000	-	580,000
Occupancy	471,468	67,353	538,821
Depreciation and Amortization	304,985	-	304,985
Interest	24,986	-	24,986
Credit Losses	30,000	-	30,000
User Fee	-	580,409	580,409
Total Expenses	$ 22,289,128	$ 1,554,573	$ 23,843,701

NOTE 11 FUNCTIONAL EXPENSES (CONTINUED)

	2022		
	Nursing Care Program	Management and General	Total
Salaries	$ 12,460,665	$ 477,496	$ 12,938,161
Payroll Taxes and Benefits	2,560,675	97,958	2,658,633
Supplies	958,887	164,479	1,123,366
Purchased Services	3,306,661	111,222	3,417,883
Food	555,028	-	555,028
Other	183,452	94,644	278,096
Management Fees	579,619	-	579,619
Occupancy	504,535	72,077	576,612
Depreciation and Amortization	300,851	-	300,851
Interest	25,915	-	25,915
Credit Losses	30,001	-	30,001
User Fee	-	169,737	169,737
COVID-19 Testing	399,485	-	399,485
Total Expenses	$ 21,865,774	$ 1,187,613	$ 23,053,387

NOTE 12 LIQUIDITY AND AVAILABLE RESOURCES

The Home regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Home considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following:

	2023	2022
Cash and Cash Equivalents	$ 11,698,043	$ 10,922,390
Accounts Receivable, Net of Expected Credit Losses	2,782,980	2,223,433
Total Financial Assets	$ 14,481,023	$ 13,145,823

NOTE 13 CONTINGENCIES

In the ordinary course of business, the Home is, from time to time, involved in various legal matters. It is the Home’s opinion that any potential settlements would not be material to the accompanying financial statements.

A significant portion of the Home’s net revenues and accounts receivable are derived from services reimbursable under the Medicaid and the Medicare programs. There are numerous health care reform proposals being considered on the federal and state levels.

NOTE 13 CONTINGENCIES (CONTINUED)

The Home cannot predict at this time whether any of these proposals will be adopted or, if adopted and implemented, what effect such proposals would have on the Home.

A significant portion of the Home's revenues are derived from services reimbursable under the Medicaid program (see Note 2). The base year costs utilized in calculating the Medicaid prospective rates are subject to audit which could result in a retroactive rate adjustment for all years in which that base year's costs are utilized in calculating the prospective rate. It is not possible at this time to determine whether the Home will be audited or if a retroactive rate adjustment would result.

A portion of the Home's revenues are derived from services under the Medicare program, (see Note 2). Under the program, cost reports are subject to audit for a period of three years from the date of issuance of a Notification of Provider Reimbursement by the fiscal intermediary. It is not possible at this time to determine whether the Home will be audited or if a retroactive rate adjustment would result.

A portion of the Home's grant revenues in 2020 was derived from the federal Payroll Protection Program to use to fund payroll, rent, utilities, and interest on existing debt. It is not possible at this time to determine whether the Home will be audited or if a retroactive adjustment would result.

NOTE 14 STATE RELIEF GRANT REVENUE

During 2023 and 2022, the Home received and recognized state grants to provide funding to respond to the COVID-19 pandemic as follows:

State COVID-19 Testing Grant - The Home received payments from the Commonwealth of Massachusetts Executive Office of Health and Human Services (EOHHS) which amounted to $123,312 and $698,964 and recognized those payments as revenues as of years ended December 31, 2023 and 2022, respectively. The revenues recognized are included in State Relief Grant Revenue on the statement of activities and changes in net assets. The grant payments received are to offset COVID-19 testing costs incurred by the Home. Management believes the amounts have been recognized appropriately as of December 31, 2023 and 2022.

American Rescue Plan Act (ARPA) Funds - The Home received ARPA funds from the Commonwealth of Massachusetts which amounted to $195,773 and recognized those payments as revenues as of year ended December 31, 2022. The revenues recognized are included in State Relief Grant Revenue on the statement of activities and changes in net assets. The payments received are subject to restrictions on the time period and type of expenses that these payments can be spent on. The Home's spending on these payments is subject to reporting requirement. Management believes the amounts have been recognized appropriately as of December 31, 2022.

NOTE 14 STATE RELIEF GRANT REVENUE (CONTINUED)

Workforce Recruitment and Retention Grant - The Home received payments from the Commonwealth of Massachusetts which amounted to $684,262 and recognized those payments as revenues as of year ended December 31, 2022. The revenues recognized are included in State Relief Grant Revenue on the statement of activities and changes in net assets. The payments received are subject to restrictions on the time period and type of expenses that these payments can be spent on. The Home’s spending on these payments is subject to reporting requirement. Management believes the amounts have been recognized appropriately as of December 31, 2022.

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