

SACRED HEART HOME  
NEW BEDFORD, MASSACHUSETTS  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Sacred Heart Home  
New Bedford, Massachusetts

**Opinion**

We have audited the accompanying financial statements of Sacred Heart Home (a nonprofit organization) (“the Home”), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, 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 Sacred Heart Home as of December 31, 2023 and 2022, and the changes in its 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 the Home and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Home’s ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Home'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 the Home'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.

*Livingston + Haynes, P.C.*

Wellesley, Massachusetts  
April 29, 2024

SACRED HEART HOME  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

ASSETS		2023	2022
Cash and cash equivalents		\$ 3,518,787	\$ 5,616,580
Patient accounts receivable, less allowance for credit losses of \$27,000 at December 31, 2023 and 2022		1,391,648	1,270,287
Other receivable		774	550
Investments - other		3,016,038	-
Inventories of supplies		33,437	43,599
Due from affiliates		1,613,252	1,470,426
Prepaid expenses		79,976	63,236
TOTAL CURRENT ASSETS		9,653,912	8,464,678
Property and equipment:			
Land and land improvements		1,175,500	1,175,500
Building and building improvements		6,332,126	6,321,187
Equipment		1,302,834	1,276,643
Vehicles		112,794	112,794
Construction in progress		368,830	2,925
		9,292,084	8,889,049
Less allowances for depreciation and amortization		6,956,168	6,715,972
		2,335,916	2,173,077
Restricted cash		45,147	55,891
Investments		1,194,025	986,248
TOTAL ASSETS		\$ 13,229,000	\$ 11,679,894
LIABILITIES AND NET ASSETS			
Accounts payable		\$ 802,321	\$ 474,026
Custodial funds		45,147	55,891
Due to affiliates		-	2,662
Accrued expenses		899,223	694,885
Current portion of long-term debt		34,246	33,402
TOTAL CURRENT LIABILITIES		1,780,937	1,260,866
Long-term debt, less current portion		331,577	365,822
TOTAL LIABILITIES		2,112,514	1,626,688
Net assets without donor restrictions		11,116,486	10,053,206
TOTAL NET ASSETS		11,116,486	10,053,206
TOTAL LIABILITIES AND NET ASSETS		\$ 13,229,000	\$ 11,679,894

See accompanying notes to financial statements.

SACRED HEART HOME  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Revenue and other support:		
Patient service revenue (net of contractual allowances and discounts)	\$ 14,718,324	\$ 13,328,602
COVID-19 related relief revenue	72,816	1,126,434
Investment return, net	339,776	(141,595)
Donations	2,706	7,092
Other	<u>304,935</u>	<u>343,680</u>
TOTAL REVENUE AND OTHER SUPPORT	15,438,557	14,664,213
Expenses:		
Program services: health services	13,248,535	12,759,873
Supporting services: management and general	<u>1,126,742</u>	<u>1,149,085</u>
TOTAL EXPENSES	<u>14,375,277</u>	<u>13,908,958</u>
CHANGES IN NET ASSETS	1,063,280	755,255
Net assets at beginning of year	<u>10,053,206</u>	<u>9,297,951</u>
NET ASSETS AT END OF YEAR	<u>\$ 11,116,486</u>	<u>\$ 10,053,206</u>

See accompanying notes to financial statements.

SACRED HEART HOME  
 STATEMENTS OF FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023		
	PROGRAM SERVICES	SUPPORT SERVICES	Total
	Health Services	Management and General	
Salaries and wages	\$ 6,571,817	\$ 386,655	\$ 6,958,472
Payroll taxes	490,764	28,874	519,638
Employee benefits	839,666	49,402	889,068
Office expenses	-	99,085	99,085
Travel	-	17,013	17,013
Professional fees	-	56,938	56,938
Provision for bad debts	39,194	-	39,194
Depreciation and amortization	228,959	12,395	241,354
Interest	9,531	-	9,531
Advertising	-	15,107	15,107
Occupancy	490,333	21,350	511,683
Supplies and other	554,159	-	554,159
Purchased services	3,296,816	15,898	3,312,714
Food	339,060	-	339,060
Management fee	-	417,000	417,000
User fee	320,174	-	320,174
Covid-19 testing	-	-	-
Miscellaneous	68,062	7,025	75,087
	<u>68,062</u>	<u>7,025</u>	<u>75,087</u>
<b>TOTAL EXPENSES AS PRESENTED ON THE STATEMENTS OF ACTIVITIES</b>	<b><u>\$ 13,248,535</u></b>	<b><u>\$ 1,126,742</u></b>	<b><u>\$ 14,375,277</u></b>

See accompanying notes to financial statements.

SACRED HEART HOME  
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2022		
	PROGRAM SERVICES	SUPPORT SERVICES	Total
	Health Services	Management and General	
Salaries and wages	\$ 6,917,563	\$ 373,615	\$ 7,291,178
Payroll taxes	548,897	29,646	578,543
Employee benefits	838,031	45,262	883,293
Office expenses	-	131,798	131,798
Travel	-	19,576	19,576
Professional fees	-	38,510	38,510
Provision for bad debts	34,780	-	34,780
Depreciation and amortization	228,358	13,005	241,363
Interest	10,356	-	10,356
Advertising	-	11,799	11,799
Occupancy	468,011	20,378	488,389
Supplies and other	556,699	-	556,699
Purchased services	2,393,339	18,286	2,411,625
Food	338,550	-	338,550
Management fee	-	417,236	417,236
User fee	89,633	-	89,633
Covid-19 testing	262,170	-	262,170
Miscellaneous	73,486	29,974	103,460
<b>TOTAL EXPENSES AS PRESENTED ON THE STATEMENTS OF ACTIVITIES</b>	<b><u>\$ 12,759,873</u></b>	<b><u>\$ 1,149,085</u></b>	<b><u>\$ 13,908,958</u></b>

See accompanying notes to financial statements.



SACRED HEART HOME  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 1,063,280	\$ 755,255
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	241,354	241,363
Provision for bad debts	39,194	34,780
Unrealized (gains) losses on investments	(182,757)	222,238
Realized gains on investments	(13,375)	(24,547)
(Increase) decrease in:		
Patient accounts receivable	(160,555)	(57,047)
Other receivable	(224)	41,507
Interest receivable	-	456
Inventories of supplies	10,162	(16,328)
Due from affiliates	(142,826)	(49,116)
Prepaid expenses	(16,740)	(4,166)
Increase (decrease) in:		
Accounts payable	328,295	(130,928)
Due to affiliates	(2,662)	2,662
Accrued expenses and custodial funds	193,594	(478,636)
	293,460	(217,762)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,356,740	537,493
Cash flows from investing activities:		
Purchases of investments	(3,365,521)	(372,967)
Proceeds from sales of investments	337,838	365,446
Purchases of property and equipment	(404,193)	(45,364)
NET CASH USED BY INVESTING ACTIVITIES	(3,431,876)	(52,885)
Cash flows from financing activities:		
Principal payments of long-term debt	(33,401)	(32,578)
NET CASH USED BY FINANCING ACTIVITIES	(33,401)	(32,578)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(2,108,537)	452,030
Cash, cash equivalents, and restricted cash at beginning of year	5,672,471	5,220,441
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR	\$ 3,563,934	\$ 5,672,471

See accompanying notes to financial statements.

SACRED HEART HOME  
 STATEMENTS OF CASH FLOWS (CONTINUED)  
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Income taxes	\$ -	\$ -
Interest	\$ 9,460	\$ 10,423

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows:

	2022	2021
Cash and cash equivalents	\$ 3,518,787	\$ 5,616,580
Restricted cash	45,147	55,891
	\$ 3,563,934	\$ 5,672,471

See accompanying notes to financial statements.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Sacred Heart Home (the “Home”) is a non-profit corporation founded for the purpose of maintaining and operating a nursing and rehabilitation center for the aged and infirm. The Home is located in New Bedford, Massachusetts and provides services primarily to residents of the region. The significant accounting policies followed by the Home are described below.

New Accounting Pronouncement

*Allowance for Credit Losses*

On January 1, 2023, the Home adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. ASC 326 made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities that management does not intend to sell or believes that it is more likely than not they will be required to sell. The Home adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and the adoption did not have a material effect on reported assets, liabilities, or net assets. There are additional disclosures that are required under the ASU and these are included in this Note A and in Note K.

Accrual Basis

The financial statements of the Home have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

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

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed stipulations.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

*Net assets with donor restrictions* - 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 purpose for which the resource was restricted has been fulfilled, or both.

The Home had no net assets with donor restrictions at December 31, 2023 and 2022.

Revenues are reported as increases in net assets without donor restriction, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulations or law. Expirations of time restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets as net assets released from restrictions.

Revenue Recognition and Operations

Under accounting standards, revenue may be earned under exchange transactions or contribution transactions as follows:

*Earned Support*

Exchange transactions are measured via a principles-based process. Exchange transactions are under arrangements that are one year or less in length. The Home's exchange transactions involve patient service revenue.

*Contributed Support*

Grants and contributions are considered contributed support. In connection with conditional grants and other conditional funding for which funding sources have a right of return or right of release, the Home recognizes the related revenue after it has overcome any applicable barriers thereby entitling the Home to the assets transferred or promised. Amounts received prior to overcoming the applicable barriers are reported as deferred revenues in the statements of financial position.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Operations (Continued)

*Contributed Support (Continued)*

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 to be used to acquire property and equipment are reported as revenue of the net assets with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of financial assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable would be provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

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 systematic 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.

*Contributions of Nonfinancial Assets*

Contributions of property and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue of the net assets without donor restrictions. Contributions of other nonfinancial assets are recorded at their estimated fair value.

The Home's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the Home to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Patient Service Revenue

Patient service revenue is primarily derived from services rendered to residents for inpatient nursing care. The services provided by the Home have no fixed duration and can be terminated by the resident or the Home at any time and, therefore, each treatment is its own stand-alone contract.

In order to recognize the patient service revenue, the Home identifies the resident's contract, identifies the performance obligations in the contract, determines the transaction price, allocates the transaction price to the performance obligations in the contract, and recognizes revenue when (or as) the Home satisfies a performance obligation.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Service Revenue (Continued)

Patient service revenue is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing resident and patient 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. 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 the Home receiving skilled nursing services. The Home considers daily services provided to residents of the skilled nursing facility as separate performance obligations and measures these on a monthly basis, or upon move-out within the month, whichever is shorter. The Home measures the performance obligation from admission into the Home, 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 evidence. 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.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Service Revenue (Continued)

*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 patients into a Resident Classification System (“RCS”) using the underlying complexity and clinical needs of a patient as a basis for reimbursement. SNF’s must complete the resident assessments according to a specific time schedule designed for Medicare payment.

SNF’s 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 patient’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. The 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 patient 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 in 2023 and 2022.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Patient Service Revenue (Continued)

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. 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. See Note B for adjustments to revenue recognized due to changes in its contractual adjustments for the years ended December 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 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 patient'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 \$14,718,324 and \$13,328,602, respectively, from goods and services that transfer to the patients over a period of time.

The opening and closing contracted balances were as follows:

	<u>Accounts Receivable</u>
Balance as of January 1, 2022	\$1,248,020
Balance as of December 31, 2022	\$1,270,287
Balance as of December 31, 2023	\$1,391,648

Functional Allocation of Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

The financial statements report certain categories that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization, insurance, and occupancy which are allocated on a square footage basis, as well as salaries and wages, payroll taxes and employee benefits, which are allocated on the basis of estimates of time and effort.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in bank, and short-term highly liquid investments, with maturities at purchase of less than three months. The cash equivalents, included in Note F - Investments, are not considered cash and cash equivalents in the statements of cash flows since these amounts are managed by outside investment advisers and are not considered available for operating cash flows.

Restricted Cash

The restricted cash belongs to residents and employees of the Home. The residents' funds represent amounts on deposit to be used for residents' personal needs. The employees' funds represent amounts on deposit that belong to the employees to use as they determine. The funds are not available for use by the Home. The related liabilities are included as custodial funds on the statements of financial position.

Investments - Other

Investments - other consists of certificates of deposit with original maturities of three months or longer and are carried at cost in the statements of financial position. These investments are available for operating purposes.

Investments

The Home records investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Investment return, net is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

The Home utilizes various methods to measure the fair value of its investments on a recurring basis. Accounting principles generally accepted in the United States of America establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. Assets utilizing Level 1 inputs include the Home's publicly-traded equity securities. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

Level 2 - Other significant observable inputs that reflect the assumptions market participants would use in pricing an asset or liability based on market data obtained from independent market sources. These observable inputs include quoted prices for similar investments, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 - Unobservable inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability based upon the best information available in the circumstances.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Accounts Receivable

The Home carries its accounts receivable at estimated net realizable value when there is an unconditional right to consideration.

Management provides reserves for credit losses for its accounts receivable. These reserves are based on an analysis of historical trends of collection activity adjusted for current conditions and forecasts. These estimates are impacted by a number of factors, including changes in the economy and demographic or competitive changes in the Home's areas of operation. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account is considered uncollectible when all efforts to collect the account have been exhausted. Interest is not charged on accounts receivable.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories of Supplies

Inventories of supplies are valued at the lower of cost or net realizable market value using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or, if donated, at the market value on the date of the gift less accumulated depreciation and amortization. Maintenance repairs and minor renewals are expensed as incurred and renewals and betterments are capitalized. When an asset is retired or disposed of, the related costs and allowances for depreciation or amortization are removed from the accounts and any gain or loss on the disposition is reflected in the statements of activities. Provision for depreciation and amortization is made on the straight-line method by annual charges to the statements of activities calculated to absorb the costs over the estimated useful lives of the assets.

The estimated useful lives of these assets are as follows:

Land and land improvements	15-25 years
Building and building improvements	10-50 years
Equipment	3-10 years
Vehicles	4 years

Income Taxes

The Home is classified as a public charity exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Home recognizes the tax benefit from any uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities, based on the technical merits of the tax position. Any tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. Management has analyzed the Home's tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open years (2020-2022) or expected to be taken in the Home's 2023 tax returns.

The Home identifies its major tax jurisdictions as U.S. Federal and the Commonwealth of Massachusetts; however, the Home is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Home also follows the policy to recognize interest and penalties related to unrecognized tax benefits (if any) in income tax expense. No such interest and penalties have been recorded as of December 31, 2023 and 2022.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments and Credit Risk

The Home manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by them to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Home has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are from governmental agencies. Investments are made by an investment manager whose performance is monitored by management and the Board of Directors. Although the fair values of the investments are subject to fluctuation, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Home.

NOTE B - CONCENTRATIONS AND RISKS

The Home grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The primary third-party payor is the Commonwealth of Massachusetts.

For the years ended December 31, 2023 and 2022, revenue from the Medicare programs accounted for approximately 14% and 18%, respectively, of the Home's patient service revenue. For the years ended December 31, 2023 and 2022, revenue from Medicaid programs accounted for approximately 47% and 52%, respectively, of the Home's patient service revenue. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The 2023 net patient service revenue decreased \$68,817 and 2022 net patient service revenue increased \$11,885 due to prior-year retroactive adjustments in excess of amounts previously estimated.

NOTE C - PENSION PLAN

The Home participates with other related and affiliated non-profit organizations in a multiemployer, contributory, defined-benefit plan.

Effective December 31, 2015, the Diocese froze the Plan to new entrants and froze 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 Plan freeze. As of January 1, 2018, the Plan is requiring that the Home make a monthly contribution that is billed by the Plan.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE C - PENSION PLAN (Continued)

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to multiemployer plans by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to a multiemployer plan, generally the unfunded obligations of the multiemployer plan may be borne by the remaining participating employers on a case by case basis.
- c. If a participating entity chooses to stop participating in a multiemployer plan, the participating entity may be required to pay the multiemployer plan an amount based on the underfunded status of the multiemployer plan, referred to as a withdrawal liability.

The plan that the Home participates in is the Retirement Plan for Full-Time Lay Employees of Roman Catholic Bishop of Fall River, Corporation Sole (“the Plan”). Benefits under the Plan are provided through a pension plan administered by the Diocese. For the years ended December 31, 2023 and 2022, the Home made pension contributions to the Plan of approximately \$249,800 and \$242,800, respectively. The Home has determined that its contributions represent more than 5% of total contributions to the Plan during the years ended December 31, 2023 and 2022. The Home owes \$20,816 and \$20,816, respectively, for these contributions at December 31, 2023 and 2022 which is included in accounts payable on the statements of financial position. Accumulated plan benefit information, as provided by consulting actuaries, has not been distinguished from the benefits of the other organizations participating in the Plan and is not reflected in the accompanying statements of financial position.

The Plan provided retirement payments to employees on the basis of the credits earned by those participating employees. 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. At this time, based on the Home’s understanding of the Plan, the Home is not responsible for the underfunded status of the Plan because, presently, the Plan does not require withdrawing participants to pay a withdrawal liability or other penalty. As of January 1, 2017, the Plan included assets equal to 58.1% of the present value of accumulated benefits.

In replacement of the Plan, the Home’s employees can contribute to a 403(b) Plan (refer to Note I.)

NOTE D - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, the Home purchased accounting and management services in the approximate amount of \$417,000 and \$417,200, respectively, from the Diocese’s Office of Diocesan Health Facilities (“DHFO”), a related organization.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE D - RELATED PARTY TRANSACTIONS (Continued)

During the years ended December 31, 2023 and 2022, the Home purchased various property and malpractice insurance and medical coverage for its employees in the aggregate amounts of approximately \$579,300 and \$633,500, respectively, through the Diocese. The Home owed at December 31, 2023 and 2022 approximately \$76,300 and \$73,300, respectively, for this insurance coverage, which is included in accounts payable on the statements of financial position.

During 2020, the Diocese converted \$798,773 of the amounts owed related to these insurance policies into a loan from the Diocese. See Note N for more information on this loan. During 2023 and 2022, the Home made principal payments on this loan of \$33,401 and \$32,578, respectively, and incurred interest expense of \$9,531 and \$10,356, respectively. At December 31, 2023 and 2022, the Home had accrued interest expense related to this loan of \$762 and \$833, respectively. These amounts are included in accrued expenses on the statements of financial position.

Employees of the Home also provided services to related entities. The applicable salaries and benefits of these employees are reimbursed by the related entities. The value of these services approximated \$200,200 and \$215,300 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the Home is owed \$374,195 and \$246,926, respectively, for these services for the current and prior years, which are included in due from affiliates and due to affiliates on the statements of financial position.

Certain personnel employed by related entities performed services for the Home. The applicable salaries and benefits of these employees are reimbursed by the Home. The value of these services approximated \$23,900 and \$43,600 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the Home owed \$4,781 and \$1,102, respectively, for these services for the current and prior years, which are included in due from affiliates and due to affiliates on the statements of financial position.

At December 31, 2023 and 2022, affiliates of the Home owed the Home \$1,227,000 for short-term loans made to these 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 2023 and 2022, the Home did not receive any repayments on these loans. The short-term loans are included in due from affiliates on the statements of financial position.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE D - RELATED PARTY TRANSACTIONS (Continued)

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

	<u>2023</u>	<u>2022</u>
Marian Manor, Inc.:		
Services and other	\$ 196,169	\$ 156,794
Funds advanced from the Home	551,000	551,000
Catholic Memorial Home, Inc.:		
Services and other	10,124	-
Funds advanced from the Home	-	-
Office of Diocesan Health Facilities:		
Services and other	11,636	-
Funds advanced from the Home	-	-
Madonna Manor, Inc.:		
Services and other	110	-
Funds advanced from the Home	-	-
Our Lady's Haven of Fairhaven, Inc.:		
Services and other	168,213	86,632
Funds advanced from the Home	<u>676,000</u>	<u>676,000</u>
	<u>\$ 1,613,252</u>	<u>\$ 1,470,426</u>

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

	<u>2023</u>	<u>2022</u>
Catholic Memorial Home, Inc.:		
Services and other	\$ -	\$ 886
Funds advanced to the Home	-	-
Office of Diocesan Health Facilities:		
Services and other	-	1,776
Funds advanced to the Home	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 2,662</u>

NOTE E - ADVERTISING COSTS

The Home expenses advertising costs as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Help wanted advertising	\$ 10,715	\$ 8,958
Advertising - promotional	<u>4,392</u>	<u>2,841</u>
	<u>\$ 15,107</u>	<u>\$ 11,799</u>

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE F - INVESTMENTS

Investments, at fair values, are as follows at December 31, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash equivalents	\$ 200,898	\$ 200,898	\$ 178,311	\$ 178,311
Marketable equity securities	<u>652,537</u>	<u>993,127</u>	<u>650,104</u>	<u>807,937</u>
	<u>\$ 853,435</u>	<u>\$ 1,194,025</u>	<u>\$ 828,415</u>	<u>\$ 986,248</u>

Investment return, net consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 154,310	\$ 66,354
Realized gains on investments	13,375	24,547
Investment advisory fees	(10,666)	(10,258)
Unrealized gains (losses) on investments	<u>182,757</u>	<u>(222,238)</u>
Investment return, net	<u>\$ 339,776</u>	<u>\$ (141,595)</u>



SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE G - FAIR VALUE MEASUREMENTS

The following table illustrates the classification of the Home's assets within the fair value hierarchy at December 31, 2023 and 2022:

	2023			Total
	Level 1	Level 2	Level 3	
Cash equivalents	\$ 200,898	\$ -	\$ -	\$ 200,898
Marketable equity securities:				
Communication services	64,442	-	-	64,442
Consumer discretionary	56,130	-	-	56,130
Consumer staples	54,897	-	-	54,897
Energy	49,474	-	-	49,474
Financials	178,104	-	-	178,104
Health care	82,152	-	-	82,152
Industrials	116,320	-	-	116,320
Information technology	265,343	-	-	265,343
Materials	51,401	-	-	51,401
Real Estate	24,107	-	-	24,107
Utilities	<u>50,757</u>	<u>-</u>	<u>-</u>	<u>50,757</u>
Total marketable equity securities	<u>993,127</u>	<u>-</u>	<u>-</u>	<u>993,127</u>
	<u>\$ 1,194,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,025</u>
	2022			
	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 178,311	\$ -	\$ -	\$ 178,311
Marketable equity securities:				
Communication services	43,837	-	-	43,837
Consumer discretionary	55,453	-	-	55,453
Consumer staples	51,179	-	-	51,179
Energy	42,292	-	-	42,292
Financials	121,855	-	-	121,855
Health care	85,129	-	-	85,129
Industrials	101,600	-	-	101,600
Information technology	214,041	-	-	214,041
Materials	33,812	-	-	33,812
Real Estate	16,154	-	-	16,154
Utilities	<u>42,585</u>	<u>-</u>	<u>-</u>	<u>42,585</u>
Total marketable equity securities	<u>807,937</u>	<u>-</u>	<u>-</u>	<u>807,937</u>
	<u>\$ 986,248</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 986,248</u>

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE H - ACCRUED EXPENSES

At December 31, 2023 and 2022, accrued expenses consist of:

	<u>2023</u>	<u>2022</u>
Accrued salaries	\$ 278,737	\$ 278,981
Accrued paid time off	319,838	308,255
Accrued user fee	85,672	24,066
Accrued payroll taxes	20,396	21,072
Accrued insurance	15,759	13,757
Other accrued expenses	<u>178,821</u>	<u>48,754</u>
	<u>\$ 899,223</u>	<u>\$ 694,885</u>

NOTE I - 403(b) PLAN

The Home has joined the Roman Catholic Bishop of Fall River 403(b) Retirement Plan (the "Plan"). The Home participates with other related and affiliated non-profit organizations in this defined contribution deferred savings plan. The Plan is being administered by the Diocese. The Plan is based on total compensation and qualifies under Section 403(b) of the Internal Revenue Service Code. All employees are eligible to participate immediately upon employment at the Home. The Home is not making matching contributions to the Plan.

NOTE J - ACCOUNTS RECEIVABLE

At December 31, 2023 and 2022, accounts receivable consists of:

	<u>2023</u>	<u>2022</u>
Private patients	\$ 590,675	\$ 483,125
Medicare patients	258,876	214,845
Medicaid patients	569,097	599,317
Allowance for uncollectible accounts	<u>(27,000)</u>	<u>(27,000)</u>
	<u>\$ 1,391,648</u>	<u>\$ 1,270,287</u>

NOTE K - ALLOWANCE FOR CREDIT LOSSES

The Home's accounts receivable primarily consists of amounts due from patient services provided. An allowance for credit losses related to these accounts receivable is established based upon historical collection rates by the age of the receivable and is adjusted for reasonable expectations of future collection performance, net of estimated recoveries. The Home periodically assesses its methodologies for estimating credit losses in consideration of actual experience, trends, and changes in the overall economic environment.

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE K - ALLOWANCE FOR CREDIT LOSSES (Continued)

The Home's accounts receivable and allowance for credit losses were as follows as of December 31, 2023 and 2022:

	2023	2022
Accounts receivable	\$ 1,418,648	\$ 1,297,287
Allowance for credit losses	(27,000)	(27,000)
Accounts receivable, net	<u>\$ 1,391,648</u>	<u>\$ 1,270,287</u>

The following summarizes the activity in the allowance for credit losses for the years ended December 31, 2023 and 2022:

	Accounts Receivable
Allowance for credit losses, December 31, 2021	\$ 76,000
Write-offs charged against the allowance	(83,779)
Recoveries collected	-
Provision for expected credit losses	34,779
Allowance for credit losses, December 31, 2022	27,000
Write-offs charged against the allowance	(39,195)
Recoveries collected	-
Provision for expected credit losses	39,195
Allowance for credit losses, December 31, 2023	<u>\$ 27,000</u>

NOTE L - PROPERTY AND EQUIPMENT

For the years ended December 31, 2023 and 2022, depreciation and amortization of property and equipment amounted to \$241,354 and \$241,363, respectively.

NOTE M - COMMITMENTS AND 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.

SACRED HEART HOME  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 DECEMBER 31, 2023 AND 2022

NOTE M - COMMITMENTS AND CONTINGENCIES (Continued)

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. 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 B). 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 used in calculating the prospective rates. It is not possible at this time to determine whether the Home will be audited or if a retroactive rate adjustment would result.

A significant portion of the Home's revenues are derived from services under the Medicare program (see Note B). 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 ("FI"). It is not possible at this time to determine whether the Home will be audited or if a retroactive rate adjustment would result.

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 N - LONG-TERM DEBT

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

	<u>2023</u>	<u>2022</u>
2.5% unsecured loan payable to the Diocese in monthly payments of \$3,583, including interest, through July 2033	\$ 365,823	\$ 399,224
Less current portion	<u>34,246</u>	<u>33,402</u>
	<u>\$ 331,577</u>	<u>\$ 365,822</u>

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE N - LONG-TERM DEBT (Continued)

The amount of aggregate annual principal installments of long-term debt for each of the five years succeeding December 31, 2023 are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 34,246
2025	35,112
2026	36,000
2027	36,911
2028	37,844

NOTE O - LIQUIDITY AND AVAILABILITY

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. The Home has various sources of liquidity at its disposal including cash and cash equivalents, investments, and short-term loans from the other related nursing homes.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Home considers all expenditures related to its ongoing activities of health services as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Home operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,518,787	\$ 5,616,580
Investments - other	3,016,038	-
Investments	1,194,025	986,248
Patient accounts receivable	1,391,648	1,270,287
Other receivable	774	550
Due from affiliates	<u>1,613,252</u>	<u>1,470,426</u>
	<u>\$ 10,734,524</u>	<u>\$ 9,344,091</u>

SACRED HEART HOME  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2023 AND 2022

NOTE P - 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 through April 10, 2025 when all accrued interest and principal payments are due. The Homes would be obligated to perform under this guarantee if DHFO failed to pay principal and interest payments to the bank when due. At December 31, 2023, DHFO did not have an outstanding balance on the line of credit. Therefore, no amounts have been accrued on the statements of financial position related to the guarantee.

NOTE R - SUBSEQUENT EVENTS

The Home has evaluated the impact of all subsequent events through April 29, 2024, the date the financial statements were available to be issued, and has determined that there were no subsequent events requiring adjustment or disclosure in the financial statements.