Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Episcopal Communities & Services for Seniors and Subsidiaries

June 30, 2024 and 2023

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Table of Contents

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Report of Independent Auditors

The Board of Directors
Episcopal Communities & Services for Seniors and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Episcopal Communities & Services for Seniors and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Episcopal Communities & Services for Seniors and Subsidiaries as of June 30, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Episcopal Communities & Services for Seniors and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Episcopal Communities & Services for Seniors and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Episcopal Communities & Services for Seniors and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that comprise Episcopal Communities and Services for Seniors and Subsidiaries. The consolidating schedules on pages 42 through 54 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The consolidating schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating schedules are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Information

Management is responsible for the other information included in the California Department of Social Services Annual Report. The other information comprises the Forms 1-1, 1-2, and 7-1, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Moss Adams LLP

Pasadena, California
October 25,, 2024

Consolidated Financial Statements

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Financial Position (Dollars in Thousands)
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 9,069	$ 12,572
Investments, short-term	8,098	28,078
Accounts receivable, net	1,054	1,511
Other receivables	53	66
Unconditional promises to give	3	3
Inventories	225	231
Prepaid expenses and other current assets	961	933
Notes receivable, current portion	2,333	3,425
Assets limited as to use, required for current liabilities	18,755	2
Total current assets	40,551	46,821
PROPERTY AND EQUIPMENT, net	234,305	222,056
OTHER ASSETS		
Investments, long-term	167,156	121,638
Notes receivable, net of current portion	549	1,307
Assets limited as to use, net of current portion	69,436	4,893
Operating lease right-of-use assets	822	1,055
Other assets	1,078	184
Total other assets	239,041	129,077
Total assets	$ 513,897	$ 397,954

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Financial Position (Dollars in Thousands)
June 30, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,758	$ 3,800
Accrued compensation, payroll taxes, and benefits	5,356	3,293
Interest payable	973	336
Entrance fee refunds upon re-occupancy payable	6,299	7,925
Other current liabilities	1,168	4,791
Deferred revenue	252	1,206
Current portion of liability for losses during phase-out period of discontinued operations	66	86
Operating lease liability, current portion	287	270
Current portion of long-term debt	2,967	2,700
Total current liabilities	24,126	24,407
OTHER LIABILITIES		
Deposits from residents	2,332	537
Liability for refundable and repayable entrance fees	230,644	229,284
Deferred revenue from entrance fees	32,838	26,887
Liability for losses during phase-out period of discontinued operations, net of current portion	162	229
Operating lease liability, net of current portion	714	1,001
Long-term debt, net of current maturities	190,625	85,174
Total other liabilities	457,315	343,112
Total liabilities	481,441	367,519
NET ASSETS		
Without donor restriction	30,699	28,062
With donor restriction	1,757	2,373
Total net assets	32,456	30,435
Total liabilities and net assets	$ 513,897	$ 397,954

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Operations (Dollars in Thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTION		
Resident care fees, net	$ 47,678	$ 45,818
Ancillary services	3,505	4,489
Amortization of entrance fees	6,163	5,105
Service revenue	7,690	7,084
Contributions	467	155
Other	567	484
Total operating revenue and other support	66,070	63,135
Investment returns available for current operations, net	15,422	15,897
Total operating revenue, other support, and investment returns	81,492	79,032
OPERATING EXPENSES		
General and administrative	15,378	14,882
Dining service	11,671	10,789
Nursing service, routine	19,004	20,281
Residential services	3,711	3,171
Environmental services	10,210	10,000
Other expenses	1,862	2,076
Total operating expenses before depreciation	61,836	61,199
OPERATING INCOME BEFORE DEPRECIATION	19,656	17,833
DEPRECIATION	14,611	13,797
Total operating income	5,045	4,036
OTHER EXPENSE (INCOME)		
Gain on bond refinancing	-	(557)
Interest expense	2,702	3,066
Other	487	601
Total other expenses, net	3,189	3,110
Excess of revenue over expenses	$ 1,856	$ 926

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Changes in Net Assets (Dollars in Thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION		
Excess of revenue over expenses	$ 1,856	$ 926
Accretion of losses during phase-out period of discontinued operations	(171)	(312)
Net assets released from restrictions for capital expenditures	952	404
Total change in net assets without donor restriction	2,637	1,018
CHANGE IN NET ASSETS WITH DONOR RESTRICTION		
Contributions	172	157
Dividends and interest	67	58
Net realized and unrealized gains	97	109
Net assets released from restrictions for capital expenditures	(952)	(404)
Total change in net assets with donor restriction	(616)	(80)
CHANGE IN NET ASSETS	2,021	938
NET ASSETS		
Net assets, beginning of year	30,435	29,497
Net assets, end of year	$ 32,456	$ 30,435

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Cash Flows (Dollars in Thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 2,021	$ 938
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Amortization of entrance fees	(6,163)	(5,105)
Amortization of premium	(58)	(58)
Amortization of financing costs	116	70
Amortization of intangible asset	-	80
Depreciation	14,611	13,797
Accretion of liability for losses during phase-out period of discontinued operations	171	312
Realized and unrealized gains on investments, net	(10,353)	(11,882)
Gain on bond refinancing	-	(557)
Loss on disposal of property and equipment	359	439
(Increase) decrease in		
Accounts receivable	457	(208)
Other receivables	13	27
Unconditional promises to give	-	2
Inventories	6	36
Prepaid expenses and other current assets	(28)	491
Other assets	(894)	53
Operating lease right-of-use assets	233	227
Increase (decrease) in		
Accounts payable and accrued expenses	2,958	162
Accrued compensation, payroll taxes, and benefits	2,063	(92)
Interest payable	637	(130)
Other current liabilities	(3,623)	3,899
Deferred revenue	(954)	918
Deferred rent	-	(21)
Operating lease liabilities	(270)	(253)
Deposits from residents	1,795	93
Deferred revenue from entrance fees and liability for refundable and repayable entrance fees	39,600	36,751
Liability for losses during phase-out period of discontinued operations	(258)	(427)
Net cash provided by operating activities	$ 42,439	$ 39,562

See accompanying notes.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidated Statements of Cash Flows (Dollars in Thousands)
Years Ended June 30, 2024 and 2023

	2024	2023
OPERATING ACTIVITIES		
Cash received		
Resident care fees	$ 52,600	$ 51,381
Entrance fees	39,768	36,751
Contributions	624	304
Investment income	5,464	4,351
Service revenue	8,729	6,962
Other	444	340
Cash disbursed		
Cash paid to employees and suppliers	(61,003)	(57,357)
Interest	(4,187)	(3,170)
Net cash provided by operating activities	42,439	39,562
INVESTING ACTIVITIES		
Investment income reinvested	(5,233)	(4,182)
Purchase of investments	(48,609)	(1,191)
Proceeds from sale of investments	38,657	8,170
Purchase of property and equipment	(27,219)	(14,729)
Proceeds from disposals of property and equipment	-	185
Issuance of note receivable	(7,688)	(11,242)
Collection of notes receivable	9,538	12,367
Net cash used in investing activities	(40,554)	(10,622)
FINANCING ACTIVITIES		
Payment of long-term debt	(2,700)	(43,350)
Proceeds from issuance of long-term debt	109,982	37,790
Refund of entrance fees	(27,752)	(27,324)
Payment of financing fees	(1,622)	-
Net cash provided by (used) in financing activities	77,908	(32,884)
Net increase (decrease) in cash and cash equivalents	79,793	(3,944)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	17,467	21,411
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 97,260	$ 17,467
NON-CASH OPERATING ACTIVITIES		
Gain on bond refinancing	$ -	$ 557
Right-of-use assets obtained in exchange for lease obligation	$ 304	$ 295

See accompanying notes.

Note 1 – Organization and Nature of Activities

Episcopal Communities & Services for Seniors (ECS), a nonprofit corporation, operates Life Plan Communities (LPCs) consisting of residential, assisted living, and memory support options known as The Canterbury in Rancho Palos Verdes, California; The Covington in Aliso Viejo, California; and MonteCedro in Altadena, California. ECS operates a rental community known as Twelve Oaks Senior Living in Glendale, California. ECS formerly operated Scripps Kensington in Alhambra, California (see Note 17).

The consolidated financial statements also include the activities of the following related entities:

- *ECS Management, LLC (ECSLLC)* – ECSLLC is a single-member limited liability company (LLC) with ECS as its sole member. ECSLLC was created to provide administrative, programming, and other forms of support to ECS, and any of its subsidiaries and affiliated organizations, provided they are exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3).

- *MonteCedro, Inc. (MCINC)* – MCINC operated the LPC known as MonteCedro in Altadena, California, consisting of residential and memory care facilities through July 31, 2023. MCINC merged into ECS effective July 31, 2023.

- *ECS Supportive Funds Management (ECSSFM)* – On July 1, 2021, the ECS Foundation curtailed fundraising efforts and transitioned to a solely funds management role overseeing the investment and distribution of restricted and unrestricted donor funds. Simultaneously, the ECS Community Advancement Office was launched supporting fundraising at ECS communities and ECSF changed its name to ECS Supportive Funds Management.

ECS also owns and operates:

- *Creative Housing & Services, LLC (CHS LLC)* – a single-member LLC with ECS as its sole member. CHS LLC provides development, management, and consulting services to affordable senior, disabled, and low-income housing facilities. CHS LLC is the managing general partner of Casa de los Amigos, L.P., a California Limited Partnership, formed for the purpose of developing and operating a 136-unit apartment complex for low-income senior residents located in Redondo Beach, California. The apartment complex is regulated by the United States Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

- *Creative Housing & Services (formerly Community Housing Management Services) (CHS)* – a California nonprofit corporation, which provides development, management, and consulting services to affordable senior, disabled, and low-income housing facilities. On October 17, 2018, CHS entered into an asset transfer agreement with CHS LLC. CHS transferred substantially all of its assets relating to programs and activities that support the management of affordable housing facilities to CHS LLC.

Notes to Consolidated Financial Statements (Dollars in Thousands)

- *Twelve Oaks Foundation (TOF) dba Twelve Oaks Senior Living (TOSL)* – On January 12, 2021, ECS's affiliation with TOF was finalized with ECS becoming the sole corporate member of TOF. Under the terms of the Affiliation Agreement, ECS assumed certain TOF debt and agreed to provide additional working capital support, investment, and/or financing for the operation and/or improvement of TOSL. ECS elected to apply push down accounting and the affiliation was accounted for as a business combination using the acquisition method of accounting. TOF owns and operates a senior living facility, TOSL, in Glendale, California, that offers independent living, assisted living, and memory support options.

The population at each community as of June 30, 2024 and 2023, was as follows:

	2024	2023
The Canterbury	141	139
The Covington	222	192
MonteCedro	230	231
Twelve Oaks	36	33
Total	629	595

As a result of the closure of the Scripps Kensington LPC, residents were transferred to outside communities in 2010. The total number of Scripps Kensington residents located at outside facilities as of June 30, 2024 and 2023, was 4 and 5, respectively.

The population at Casa de los Amigos as of June 30, 2024 and 2023, was 134.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of ECS and its wholly owned subsidiaries ECSLLC, MCINC, ECSSFM, CHS, TOF, and Artful Home Care, LLC, hereinafter referred to collectively as the "Organization." All inter-organization balances and transactions have been eliminated.

Basis of presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed. Based on the existence or absence of donor-imposed restrictions, ECS classifies resources into two categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ECS. These net assets may be used at the discretion of ECS's management and Board of Directors.

Net assets with donor restrictions – Represent contributions that are limited in use by ECS in accordance with donor-imposed stipulations. 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 those 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.

Expiration of donor-imposed restrictions – Net assets are released from restrictions by incurring expenses satisfying the restricted purposes and by occurrence of events specified by the donors, including the passage of time. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed into service or expenditures exceed the amount of the gift.

Cash and cash equivalents – For purposes of reporting cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts, which may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the accompanying consolidated statements of financial position to the accompanying consolidated statements of cash flows as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Cash and cash equivalents	$ 9,069	$ 12,572
Restricted cash and cash equivalents, included in assets limited as to use	88,191	4,895
Cash and cash equivalents and restricted cash and cash equivalents as reported in statements of cash flows	$ 97,260	$ 17,467

Assets limited as to use – Assets limited as to use consist of cash, cash equivalents, collateral for workers' compensation claims and insurance collateral, waitlist deposits, and investments that are limited by the 2022A, 2022B, 2024A, and 2024B bond indenture. Amounts required for payment of current liabilities are classified as current assets.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statements of financial position. Fair value is established based on quoted prices from recognized securities exchanges. Net investment return (including realized and unrealized gains on investments, interest, dividends, and investment expenses) is included in changes in net assets without donor restrictions unless the income is restricted by donor or law.

Inventories – Inventories as of June 30, 2024 and 2023 primarily consist of dining supplies and are reflected in the consolidated statements of financial position at cost, which do not exceed market value.

Notes to Consolidated Financial Statements (Dollars in Thousands)

Property and equipment – The costs of property and equipment are depreciated using the straight-line method over their estimated useful lives. Costs of additions, renewals, and betterments are capitalized, while maintenance and repairs are expensed when incurred. Acquisitions of $1,500 or more with a useful life greater than one year are capitalized. Donated fixed assets are recorded at their fair value at the date of donation. Construction in progress consists of costs incurred on construction projects that have not been completed. Interest cost incurred during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets, net of investment income on unspent proceeds of tax-exempt borrowings restricted for use in construction.

Depreciation begins when related assets are placed in service. Estimated useful lives are as follows:

Land improvements	5–25 years
Buildings and improvements	5–50 years
Furnishings and equipment (including capitalized computer hardware and software)	3–20 years

Capitalized financing costs – Capitalized financing costs represent costs incurred in obtaining long-term financing and are amortized over the respective terms of the related obligations using the interest method. Such costs are presented as a component of long-term debt in accordance with Accounting Standards Codification (ASC) Topic 835 – *Interest.* Amortization expense is included as a component of interest expense.

Impairment of long-lived assets – The Organization reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recoverable. The Organization considers assets to be impaired and writes them down to fair value if expected associated cash flows are less than the carrying amounts. The Organization has determined that no long-lived assets are impaired as of June 30, 2024 and 2023.

Split-interest agreements – The Organization is a beneficiary of several irrevocable charitable gift annuities, which are held in trusts by third-party administrators. At the end of the annuity's term, the Organization will receive its beneficial interest in the trusts. The Organization's beneficial interest is measured at fair value and revalued annually using present value techniques.

Accrued workers' compensation claims – ECS's workers' compensation insurance is provided by Safety National, a commercial insurance carrier. Under the policy, ECS is responsible for the first $250,000 of each accident claim, subject to an aggregate loss limit of $1,350,000. Cash collateral of $273,000, included in assets limited as to use, is required and claims payment is made monthly to The Matrix Absence Management Company.

The provision for estimated workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The Organization estimates claims liabilities without consideration of insurance recoveries in accordance with ASC 954-450, *Health Care Entities – Contingencies*, and records insurance recoveries separately on the accompanying consolidated statements of financial position.

Obligation to provide future services and the use of facilities – The Organization calculates annually the present value (using a 5% discount rate as of June 30, 2024 and 2023) of the estimated net cost of future services to be provided to current continuing care residents. The change in the obligation during a year would be reported as a change in obligation to provide future services in the consolidated statements of operations. As of June 30, 2024 and 2023, the estimated amounts received or to be received from current continuing care residents exceeded the estimated costs of providing future services and use of facilities to those residents. Accordingly, no liability was recorded in relation to future service obligations as of June 30, 2024 and 2023.

The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the years ended June 30, 2024 and 2023.

Fair value of financial instruments – The Organization's consolidated financial statements include the following financial instruments: cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, obligation to provide future services and the use of facilities, and long-term debt. The Organization believes that the carrying amounts of current assets and liabilities in the consolidated statements of financial position approximate the fair values of these financial instruments because of the relatively short period of time between origination of the instruments and their expected realization. The fair values of assets limited as to use and investments are disclosed in Note 7.

Donated material and services – Donations and bequests are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

A substantial number of volunteers have donated their time to the Organization's programs and other services. However, these donated services are not reflected in the accompanying consolidated financial statements since they do not meet the criteria for recognition as contributed services.

Contributions – Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Revenue recognition

Resident care fees and ancillary services revenue – Resident care fees and ancillary services revenue are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for the services provided. Under the Organization's resident service agreement, the Organization provides senior living services to residents for a stated monthly fee. The Organization recognizes revenue for senior living services under the residential services agreement for independent living and assisted living in accordance with the provision of ASC 842, *Leases (ASC 842).*

Resident services – Resident services revenue is primarily derived from providing accommodations and services to residents under a continuing care contract for residential care, assisted living, and memory care. The Organization has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The transaction price is based on standard charges for goods and services provided.

Care center revenue – Care center revenue is primarily derived from providing nursing services to patients. The Organization has determined that nursing services are considered one performance obligation, measured from the point of admission into the care center to the point of discharge. Patients and third-party payors (including government programs and health insurers) are billed monthly after the services are performed, which include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

Care center revenues are recognized on a monthly basis after the services are provided. The transaction price is based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. Contractual adjustments are based on agreements, discount policies, and historical experience.

Agreements with third-party payors provide payments at amounts less than established charges. Major third-party payors with payment arrangements include:

Medicare – Services rendered to Medicare program beneficiaries for skilled nursing are reimbursed under a prospective methodology, and no additional settlement will be made on the difference between the per diem rates paid and actual costs.

Other – Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined rates per day.

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

The Organization disaggregates revenue from contracts with customers by type of service and payor source, as this depicts the nature, amount, timing, and uncertainty of its revenue and cash flows as affected by payors and economic factors. Resident revenues consist of the following for the fiscal year ended June 30, 2024 (in thousands):

	Residential Care	Assisted Living/ Memory Care	Total
Private	$ 44,894	$ 13,979	$ 58,873

Resident revenues consist of the following for the fiscal year ended June 30, 2023 (in thousands):

	Residential Care	Assisted Living/ Memory Care	Care Center	Total
Private	$ 41,893	$ 10,994	$ 2,058	$ 54,945
Medicare	-	-	2,405	2,405
Other third-party payors	-	-	41	41
Total	$ 41,893	$ 10,994	$ 4,504	$ 57,391

Revenue from nonrefundable entrance fees received is recognized on a straight-line basis over the actuarially based estimated life of each resident, which approximates the period of time the goods and services under the agreements are expected to be transferred to residents.

Entrance Fees and Financial Arrangements

Scripps Kensington – The former residents of Scripps Kensington have life care continuing care contracts. Life care contracts include a promise by Scripps Kensington to provide routine and certain ancillary services at all levels of care to a resident for the duration of his or her life, including acute care and services of physicians and surgeons, to the extent not covered by other public or private insurance benefits. Life care contracts include provisions to subsidize residents who become financially unable to pay their monthly care fees.

The Canterbury – The Canterbury offers payment options under (1) a fee-for-service continuing care agreement, and (2) a month-to-month agreement. Residents entering under the month-to-month agreement are charged a monthly care fee. The continuing care agreement applies to independent residency, and the Canterbury's admission policy for new continuing care residents requires payment of (1) an entrance fee upon admission currently ranging from $170,000 to $725,000, depending on residence and entrance fee option selected; and (2) a monthly care fee.

The two entrance fee options offered are (1) 36-month refundable pro rata if a continuing care resident should leave within three years from admission, or (2) 80% of entrance fee re-occupancy benefit paid to the resident or their estate upon reletting of the residence.

The 36-month option offered is refundable pro rata if a continuing care resident should leave within three years from admission, as follows:

i) During the first 90 days, the entrance fee is refunded in full.

ii) If the resident's tenancy is longer than three months and up to three years, the Canterbury retains 1/36th of the entrance fee for each month of residency or portion thereof.

iii) No refunds after 36 months.

The Canterbury amortizes entrance fees over the resident's expected life, and a liability is recognized (liability for refundable and repayable entrance fees) for the expected amount that will be refunded to those residents who will not remain at the facility for the stipulated time.

The 80% re-occupancy benefit option is refundable or repayable if the resident should leave the Canterbury as follows:

1. During the first 90 days, the entrance fee paid by the resident is refunded in full.

2. If the resident's tenancy terminates subsequent to the first 90 days, the resident will receive a re-occupancy benefit equal to 80% of the paid entrance fees within:

    a. 14 calendar days after the resident's accommodation unit is re-let to a new resident who has executed a care and residence agreement and paid the then-applicable entrance fee for the same unit; or

    b. 180 days after the resident's accommodation unit is re-let to a new resident who enters under a month-to-month agreement.

Under the re-occupancy benefit contract agreement, the Canterbury amortizes 20% of the entrance fee over the resident's expected life. A liability is recognized (liability for refundable and repayable entrance fees) for the remaining 80%.

The Covington – Residents of the Covington pay (1) an entrance fee upon admission ranging from $256,000 to $1,190,000, depending on residence and entrance fee option selected; and (2) a monthly care fee. The entrance fee is refundable or repayable if a resident should leave the Covington are as follows.

Re-occupancy benefit option:

i) During the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy terminates subsequent to the first 90 days, the resident will receive a re-occupancy benefit equal to 80% of the paid entrance fees within 14 calendar days after the resident's accommodation unit is re-let to a new continuing care resident who has executed a care and residence agreement and paid the then-applicable entrance fee for the same unit in full.

The Covington amortizes 20% of the paid entrance fees over the resident's expected life. A liability is recognized (liability for refundable and repayable entrance fees) for the remaining 80%.

36-month option:

i) During the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy is longer than three months and up to three years, the Covington retains $1/36^{th}$ of the entrance fee for each month or partial month of residency.

iii) No refunds after 36 months.

MonteCedro – MonteCedro offers payment options under a care and residence agreement (re-occupancy benefit and 36-month pro rata refundable options) which requires payment of (1) an entrance fee upon admission ranging from $332,000 to $1,885,000, depending on residence and entrance fee option selected; and (2) a monthly care fee.

The entrance fee is refundable or repayable if the resident should leave MonteCedro as follows:

i) During the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy terminates subsequent to the first 90 days, the resident will receive a re-occupancy benefit equal to 75% or 90% (depending on the contract) of the paid entrance fees within 14 calendar days after the resident's accommodation unit is re-let to a new continuing care resident who has executed a care and residence agreement and paid the then-applicable entrance fee for the same unit in full.

Under the 75% or 90% re-occupancy benefit agreement, MonteCedro amortizes 25% or 10% of the entrance fee over the resident's expected life, respectively. A liability is recognized ("liability for refundable and repayable entrance fees") for the remaining 75% or 90%.

36-month option:

i) During the first 90 days, the entrance fee paid by the resident is refunded in full.

ii) If the resident's tenancy is longer than three months and up to three years, MonteCedro retains $1/36^{th}$ of the entrance fee for each month or partial month of residency.

iii) No refunds after 36 months.

As of June 30, 2024 and 2023, approximately $236,943,000 and $237,209,000, respectively, was estimated to be contractually refundable or repayable. These balances represent the amounts due to residents, if all were to cancel their contracts as of June 30, 2024 and 2023, based on the Organization's refund and repayment policy.

Income taxes – ECS and its controlled subsidiaries are organized as nonprofit corporations under the general nonprofit corporation laws of the state of California, and are exempt from federal income taxation under IRC Section 501(c)(3).

ECSSFM is organized as a nonprofit corporation under the general nonprofit corporation laws of the state of California and is exempt from federal income taxation under IRC Section 501(c)(3). ECSSFM is classified as a supporting organization under IRC Section 509(a)(3).

ECSLLC and Artful Home Care, LLC are organized as nonprofit limited liability companies in the state of California. They have not applied for their own tax exemption for income tax purposes because they are disregarded entities. While they are disregarded for income tax purposes, they are still subject to the California annual minimum tax and the annual fee.

Nonprofit organizations are generally not liable for taxes on income. Therefore, other than the California annual minimum tax and annual fee related to ECSLLC and Artful Home Care, LLC, no provision is made for such taxes in the consolidated financial statements in accordance with U.S. GAAP.

The Organization considers many factors when evaluating and estimating their tax positions and tax benefits, which may require periodic adjustments and may not accurately anticipate actual outcomes. The Organization evaluates their uncertain tax positions using the provisions in conformity with U.S. GAAP.

These standards require management to perform an evaluation of all income tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns. Management believes the tax positions taken more-likely-than-not will be sustained under examination by the applicable tax authorities. Examples of tax positions taken include the tax-exempt status of the Organization, and various positions related to the potential sources of unrelated business taxable income. Since matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interests as a result of such challenge.

Advertising – The Organization expenses advertising costs as they are incurred. Advertising costs expensed for the years ended June 30, 2024 and 2023, were approximately $480,000 and $391,000, respectively.

Excess (deficiency) of revenue over expenses – Excess (deficiency) of revenue over expenses represents the performance indicator. Changes in net assets without donor restrictions that are excluded from (deficiency) excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

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

Business combinations – Business combinations are accounted for using the acquisition method of accounting. Expenses incurred in connection with a business combination are expensed as incurred.

Recent accounting standards – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which introduces a new accounting model for estimating credit losses on financial assets, including accounts receivable and contract assets. The new model, known as the Current Expected Credit Loss (CECL) model, requires a forward-looking approach to estimating expected credit losses, rather than a previous incurred loss model. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 326: ASU 2018-19, *Codification Improvements to Topic 326;* ASU 2019-04, *Codification Improvements to Topic 326 Financial Instruments – Credit Losses, Topic 815 Derivatives and Hedging, and Topic 825, Financial Instruments;* and ASU 2019-05, *Targeted transition Relief.*

Effective July 1, 2023, ECS adopted the CECL standard for accounting for credit losses on financial assets, including accounts receivable. The adoption of the CECL standard resulted in a change in ECS's accounting policy for credit losses, as it requires a forward-looking approach to estimate expected credit losses, rather than the previous incurred model. ECS has implemented the CECL standard using a modified retrospective approach, which requires the cumulative effect of the change in accounting policy to be recognized as an adjustment to the opening balance of ECS's net assets as of the date of adoption. The adoption of the CECL standard did not have a material impact on ECS's financial position, results of operations, or cash flows.

Going concern – In connection with the preparation of the consolidated financial statements for the year ended June 30, 2024, management conducted an evaluation as to whether there were conditions and events, considered in the aggregate, which raised substantial doubt as to the Organization's ability to continue as a going concern within one year after the date the consolidated financial statements were issued.

Note 3 – Assets Limited as to Use

Assets limited as to use comprise the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Series 2022A bonds		
Paying agency account funds	$ 2	$ 2
Series 2024AB bonds		
Project reserve fund	71,191	-
Capitalized interest fund	9,831	-
Insurance collateral	273	273
Wait list deposits and other	6,894	4,620
Subtotal	88,191	4,895
Less: amounts required for payment of current liabilities	(18,755)	(2)
Total	$ 69,436	$ 4,893

As of June 30, 2024 and 2023, the Organization maintains a letter of credit totaling $1,350,000 in lieu of requiring cash collateral for workers' compensation claims.

Note 4 – Investments

Investments in marketable securities are stated at their fair market value. As of June 30, 2024 and 2023, investments comprise the following (in thousands):

	2024	2023
Investments	$ 175,254	$ 149,716
Less: investments, short-term	(8,098)	(28,078)
Total investments, long-term	$ 167,156	$ 121,638

The Organization's investment policy makes available only a portion of the Organization's total investment return, consisting of dividends and interest, net realized gains and losses, and principal for the support of current operations and development; the remainder is retained to support operations of future years and to offset potential market declines.

The following schedule summarizes investment return and its classification in the consolidated statements of operations and changes in net assets for the years ended June 30, 2024 and 2023 (in thousands):

	2024		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividend income	$ 5,371	$ 67	$ 5,438
Realized gains, net	569	159	728
Unrealized gains (losses), net	9,680	(55)	9,625
Total investment gains	15,620	171	15,791
External investment income (expense)	(198)	(7)	(205)
Investment gains, net	$ 15,422	$ 164	$ 15,586

	2023		
	Without Donor Restriction	With Donor Restriction	Total
Interest and dividend income	$ 4,351	$ 58	$ 4,409
Realized gains, net	1,865	13	1,878
Unrealized gains, net	9,895	109	10,004
Total investment gains	16,111	180	16,291
External investment expense	(214)	(13)	(227)
Investment gains, net	$ 15,897	$ 167	$ 16,064

Note 5 – Property and Equipment

As of June 30, 2024 and 2023, property and equipment comprise the following (in thousands):

	2024	2023
Land	$ 28,338	$ 28,338
Land improvements	7,005	6,800
Buildings and improvements	302,935	294,552
Furnishings and equipment	35,438	29,646
Capitalized computer hardware and software	2,014	1,939
Project development costs and construction in progress	19,259	7,234
Total property and equipment	394,989	368,509
Less: accumulated depreciation	(160,684)	(146,453)
Property and equipment, net	$ 234,305	$ 222,056

Note 6 – Notes Receivable

Notes receivable comprise the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Casa de los Amigos	$ 711	$ 1,433
Other	2,171	3,299
Total notes receivable	2,882	4,732
Less: current portion	(2,333)	(3,425)
Notes receivable, net of current portion	$ 549	$ 1,307

Casa de los Amigos – During fiscal year 2014, the Organization purchased a note receivable from the General Partner (Episcopal Housing Alliance) and from the Corp Sole (The Bishop of the Protestant Episcopal Church in Los Angeles). The note receivable was originally entered into September 1, 2007, in the principal amount of $4,480,000, interest rate at 4.9% per annum, maturity date of September 28, 2062. The note is subordinated to other notes payable of Casa de los Amigos, LP, a California limited partnership. Payments of interest are due annually on April 20, if there is any surplus cash determined to be available in accordance with the Regulatory Agreement. The gross contractual amounts receivable total $5,854,000, all of which is expected to be collected based on the best estimate at the acquisition date. The current portion of the note receivable as of June 30, 2024 and 2023, is approximately $163,000 and $126,000, respectively. The remaining outstanding balances as of June 30, 2024 and 2023, are approximately $711,000 and $1,433,000, respectively.

Other notes receivable consists of short-term non-interest-bearing loans to incoming residents bridging deferred entrance fee payment to the sale of their home.

Note 7 – Fair Value Measurements

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Level 1 Measurements

Cash and cash equivalents – Cash and cash equivalents generally consist of actively traded money market funds that have daily quoted net asset values for identical assets that the Organization has the ability to access at the measurement date.

U.S. Treasury securities – Valuation is based on unadjusted quoted prices for identical assets in active markets that the Organization can access at the measurement date. The Organization considers all U.S. Treasury securities to be based on Level 1 fair value measurements.

Mutual funds – Mutual funds in this category are comprised primarily of underlying stocks and other ownership interests in companies. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Organization can access at the measurement date.

Equities and other investments – Equities and other investments include stocks and exchange-traded funds. Exchange-traded funds in this category are comprised primarily of underlying stocks and other ownership interests in companies. Valuation is based on unadjusted quoted prices for identical assets in active markets that the Organization can access at the measurement date.

Level 2 Measurements

Money market securities – The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Fixed income securities – Fixed income securities include corporate bonds, U.S. government and agency bonds, and other similar debt instruments. The primary inputs to the valuation include quoted prices for identical or similar assets in markets that are not active, contractual cash flows, benchmark yields, and credit spreads.

Level 3 Measurements

Alternative investments – Investments are valued using the net asset value (NAV) as reported by its investment advisors as a practical expedient, to determine the fair value of investments in investment funds which (a) do not have a readily determinable fair value, and (b) either have the attributes of an investment fund or prepare their financial statements consistent with the measurement principles of an investment fund.

Split-interest agreements – Agreements that include charitable gift annuities, valued at fair value by estimating the present value of expected future cash inflows.

Liability for losses during phase-out period of discontinued operations – Valued at fair value by estimating the present value of expected future cash outflows. Calculated based on expected future revenues, less expected future expenses, of the former Scripps Kensington residents remaining at each fiscal year end. Inflation rate used was 4% and the discount rate used was 4% for 2024 and 2023.

Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts the Organization would realize in a current market exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair values. The estimates presented are based on pertinent information available to management as of June 30, 2024 and 2023. Current estimates of fair value may differ significantly from the amounts presented.

The following table sets forth by level within the fair value hierarchy assets and liabilities at fair value as of June 30, 2024 (in thousands):

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents	$ 167	$ 167	$ -	$ -
U.S. Treasury securities	157	157	-	-
Money market securities	56,559	-	56,559	-
Mutual funds	116,763	116,763	-	-
Equities and other investments	838	838	-	-
Alternative investments	770	-	-	770
Total investments	$ 175,254	$ 117,925	$ 56,559	$ 770
Assets limited as to use				
Cash and cash equivalents	$ 88,191	88,191	-	-
Total assets limited as to use	$ 88,191	$ 88,191	$ -	$ -
Split-interest agreements	$ 6	$ -	$ -	$ 6
Liability for losses during phase-out period of discontinued operations	$ 228	$ -	$ -	$ 228

The following table sets forth by level within the fair value hierarchy assets and liabilities at fair value as of June 30, 2023 (in thousands):

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and cash equivalents	$ 171	$ 171	$ -	$ -
U.S. Treasury Securities	86	86	-	-
Money market securities	29,447	-	29,447	-
Mutual funds	118,143	118,143	-	-
Equities and other investments	1,087	1,087	-	-
Alternative investments	782	-	-	782
Total investments	$ 149,716	$ 119,487	$ 29,447	$ 782
Assets limited as to use				
Cash and cash equivalents	$ 4,895	$ 4,895	$ -	$ -
Total assets limited as to use	$ 4,895	$ 4,895	$ -	$ -
Split-interest agreements	$ 6	$ -	$ -	$ 6
Liability for losses during phase-out period of discontinued operations	$ 315	$ -	$ -	$ 315

The following table sets forth a summary of changes in the fair value of the Level 3 assets and liabilities for the year ended June 30, 2024 (in thousands):

	Alternative Investments	Split-Interest Agreements	Liability for Losses During Phase-Out Period of Discontinued Operations
BALANCE, July 1, 2023	$ 782	$ 6	$ 315
Unrealized gain relating to instruments still held at the reporting date	4	-	-
Distributions	(16)	-	-
Net costs paid during the period	-	-	(258)
Accretion	-	-	171
BALANCE, June 30, 2024	$ 770	$ 6	$ 228

The following table sets forth a summary of changes in the fair value of the Level 3 assets and liabilities for the year ended June 30, 2023 (in thousands):

	Alternative Investments	Split-Interest Agreements	Liability for Losses During Phase-Out Period of Discontinued Operations
BALANCE, July 1, 2022	$ 855	$ 6	$ 430
Unrealized losses relating to instruments still held at the reporting date	(4)	-	-
Distributions	(69)	-	-
Net costs paid during the period	-	-	(427)
Accretion	-	-	312
BALANCE, June 30, 2023	$ 782	$ 6	$ 315

Note 8 – Deferred Revenue from Entrance Fees and Repayable Entrance Fees Liability

A summary of the changes in deferred revenue from entrance fees for the years ended June 30 is as follows (in thousands):

	2024	2023
BALANCE, beginning of year	$ 26,887	$ 23,550
New fees received	12,282	8,442
Discharges	(4,853)	(3,436)
Amortization of entrance fees	(1,478)	(1,669)
BALANCE, end of year	$ 32,838	$ 26,887

A summary of the changes in the repayable entrance fees liability for the years ended June 30 is as follows (in thousands):

	2024	2023
BALANCE, beginning of year	$ 237,209	$ 236,224
New fees received	27,486	28,309
Entrance fees refunded	(27,752)	(27,324)
BALANCE, end of year	$ 236,943	$ 237,209

Based on the past five years, actual refunds have averaged approximately $24,867,000 per year for the potentially refundable declining period.

Note 9 – Long-Term Debt

In June 2014, MCINC issued Los Angeles County Regional Financing Authority Insured Revenue Bonds, Series 2014A, Series 2014B-1, Series 2014B-2, and Series 2014B-3 in the aggregate amount of $140,305,000.

On July 29, 2021, ECS, sole member of MCINC, entered into a Bond Purchase Agreement for the sale and issuance by ECS to certain investors of (i) the ECS 3.04% Senior Secured Bonds, Series 2022A, due May 15, 2047, in the original aggregate principal amount of $52,495,000 (the “Series 2022A Bonds”); and (ii) the ESC 2.89% Senior Secured Bonds, Series 2022B, due November 15, 2044, in the original aggregate principal amount of $37,790,000 (the “Series 2022B Bonds;” together with the Series 2022A Bonds, the “Series 2022 Bonds”). The Series 2022A Bonds and the Series 2022B Bonds were issued on a forward delivery basis, with the Series 2022A Bonds issued on May 16, 2022 (the “First Delivery Date”), and the Series 2022B Bonds issued on November 15, 2022 (the “Second Delivery Date”). The proceeds of the Series 2022A Bonds were used to redeem all the California Statewide Communities Development Authority Revenue Refunding Bonds, Series 2012 (Episcopal Communities & Services) (the “ECS Series 2012 Bonds”) on the First Delivery Date. The proceeds of the Series 2022B Bonds were used to redeem all the Los Angeles County Regional Financing Authority Insured Revenue Bonds Series 2014A (MonteCedro Inc. Project) (the “MonteCedro Series 2014A Bonds”) on the Second Delivery Date. As of June 30, 2024, ECS recognized a gain on the refinancing of the bonds for a total of $577,000 related to the bond premium and deferred financing costs that were written off during the year. This gain was recorded as other expenses on the consolidated statement of changes in operations.

Upon issuance of the Series 2022A Bonds and the redemption of the ECS Series 2012 Bonds on the First Delivery Date, the existing master trust indenture was replaced with the Master Trust Indenture (Amended and Restated), with ECS remaining as the Obligation Group Representative. The related deeds of trust under the prior master trust indenture were released. Upon the issuance of the Series 2022B Bonds and the redemption of the MonteCedro Series 2014A Bonds on the Second Delivery Date, MonteCedro joined the Obligated Group under the Master Trust Indenture (Amended and Restated). The Series 2022A Bonds and the Series 2022B Bonds are each secured by an Obligation under the Master Trust Indenture (Amended and Restated).

In January 2024, the California Health Facilities Financing Authority issued $109,982,000 aggregate principal amount of Revenue Bonds (Episcopal Communities & Services), comprising $30,000,000 Series 2024A Bonds (Initial Entrance Fees) and $75,515,000 Series 2024B Bonds. These bonds were issued at a premium of $4,467,410. The Series 2024A Bonds, bearing interest at 3.85%, mature on November 15, 2027. The Series 2024B Bonds, bearing interest between 5.00% and 5.25%, have staggered maturities ranging from November 15, 2028, through November 15, 2058.

The proceeds from the Series 2024 Bonds were used to finance the acquisition, construction, expansion, and renovation of senior living and related facilities owned and operated by ECS. Specifically, the funds are being applied to redevelopment and expansion projects at the Canterbury, the Covington, and MonteCedro campuses, as well as to fund capitalized interest for 28 months and pay issuance-related costs.

The Series 2024 Bonds are limited obligations of the California Health Facilities Financing Authority, payable solely from the revenues pledged under the bond indenture. The primary source of these revenues is loan repayments made by ECS under the loan agreement, which is secured by the Series 2024 Obligation. The Series 2024 Obligation was issued pursuant to the Master Trust Indenture (Amended and Restated), which outlines the obligations of ECS as the sole member of the Obligated Group. Under this indenture, ECS and any future members of the Obligated Group are jointly and severally responsible for ensuring payments are made on the Series 2024 Obligation, sufficient to cover both principal and interest due on the bonds. This repayment obligation is further secured by a pledge of all Gross Revenues of the Obligated Group, which are deposited into a designated Gross Revenue Fund. However, the Series 2024 Bonds do not benefit from any direct security in the form of a mortgage or deed of trust on real property, and therefore bondholders do not have a claim on specific ECS real estate assets in the event of default.

The outstanding balances of these bonds are as follows as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Series 2024A, interest rates of 3.85% per annum, with principal payment due November 15, 2027	$ 30,000	$ -
Series 2024 B, interest rates from 5% to 5.25% per annum, with principal payments annually from May 15, 2028 to May 15, 2059	75,515	-
Series 2022A, interest rate of 3.04% per annum, with principal payments due annually from May 15, 2023 to May 15, 2047	49,625	51,080
Series 2022B, interest rate of 2.89% per annum, with principal payments due annually from November 15, 2023 to November 15, 2044	36,545	37,790
Subtotal	191,685	88,870
Less: current portion including current portion of unamortized premium of $186,743 and $0 at June 30, 2024 and 2023, respectively	(2,967)	(2,700)
Less: capitalized financing costs, net of accumulated amortization of $159,688 and $43,841 at June 30, 2024 and 2023, respectively	(2,503)	(996)
Plus: unamortized bond premium on Series 2024AB	4,410	-
Total	$ 190,625	$ 85,174

Aggregate maturities of long-term debt are as follows (in thousands):

	Series 2022A	Series 2022B	Series 2024AB	Total
Years Ending June 30,				
2025	$ 1,500	$ 1,280	$ -	$ 2,780
2026	1,550	1,315	-	2,865
2027	1,600	1,355	-	2,955
2028	1,645	1,395	30,000	33,040
2029	1,700	1,440	1,030	4,170
Thereafter	41,630	29,760	74,485	145,875
Total	$ 49,625	$ 36,545	$ 105,515	$ 191,685

The Series 2022 and Series 2024 Bonds contain certain covenants related to debt service coverage ratio and days cash on hand. Management believes the Organization was in compliance with its bond covenants as of June 30, 2024.

Note 10 – Net Assets

Net assets without donor restriction – Board designated – The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code. The Board of Directors has identified certain contingencies, listed below, to which the net assets of the Organization without donor restriction may be exposed, and therefore directed, that prudent reserves be established as a safeguard against such contingencies. Although not restricted in accordance with U.S. GAAP, the following net assets without donor restriction, excluding Board designations for entities with net deficits, represent the current intentions of the Board of Directors and are comprised of the following as of June 30, 2024 and 2023 (in thousands):

	2024	2023
The Canterbury Entrance Fee Reserve Fund	$ 33,286	$ 32,949
Mission Expansion Fund	16,814	15,674
Strategic Fund	15,066	15,334
ECS Contingency Reserve Fund	4,449	3,950
Program Expansion Fund	2,033	1,868
Benevolence Funds	1,992	1,838
Ziegler Link Age Fund	283	289
General Fund	70	11
Total	$ 73,993	$ 71,913

Maintaining such reserves meets the needs of the life plan communities by providing a source of funds to replace property, plant, and equipment; fund benevolence programs for qualified residents; fund growth of the Organization; pay entrance fees as they become due at the Canterbury; fund administrative and general expenses associated with fundraising activities; fund the care and services for the Scripps Kensington life plan residents; and fund other planned and unplanned liabilities of the Organization.

The following is a description of Board-designated net assets:

- *The Canterbury Entrance Fee Reserve Fund* – Represents funds available for entrance fee refunds for the Canterbury facility.
- *Strategic Fund* – Represents funds available to support the Organization's growth initiatives and support of the Organization's affiliates.
- *Mission Expansion Fund* – Represents funds available to be utilized for the costs associated with the development of new communities, redevelopment of existing communities, and expansion of programs.
- *ECS Contingency Reserve Fund* – Represents funds available for expenditures not typically planned for in the normal course of operation and/or in connection with strategic opportunities.
- *Program Expansion Fund* – Represents funds available for the purpose of supporting the Organization's charitable mission.
- *Benevolence Funds* – Funds to be used for operating and capital needs associated with facilities and to assist qualifying residents with medical care expenses.
- *Ziegler Link Age Fund* – Represents investments in venture stage companies developing technology innovations to enhance senior living.
- *General Fund* – Represents funds available for purposes designated by the Board of Directors, including funds available for the purpose of funding the administrative and general expense associated with ECSF's fundraising activities.

Net assets with donor restriction – Net assets restricted by donors are available for the following time periods or purpose as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Subject to the passage of time	$ 6	$ 6
Subject to expenditure for a specified purpose		
Program & Services	260	709
Benevolence	116	304
Staff Assistance for Emergencies	146	153
Creative Living Plus	208	128
By Your Side	-	64
Employee Education	16	43
Living & Learning	23	27
Music & Memory	-	17
Core Value	8	7
Schumacher Concert Series	1	2
Capital Projects	2	2
Total expenditure	780	1,456
Subject to spending policy and appropriation		
Investment in perpetuity (all amounts above original gift amount were appropriated during the year to support)		
David and Margaret Schumacher Concert Series Endowment Fund	447	419
Endowed Employee Education Fund Scholarships	275	259
John Henry Dilkes Memorial Fund	249	233
Total investment	971	911
Total net assets with donor restrictions	$ 1,757	$ 2,373

Net assets released from restriction through the satisfaction of donor restrictions were approximately $952,000 and $404,000 for the years ended June 30, 2024 and 2023, respectively, and are included in other operating revenue in the accompanying consolidated statements of operations.

The following is a description of the net assets with donor restriction:

- *Benevolence Funds* – Represents funds used to care for residents who, through no fault of their own, are unable to pay the entire amount of fees associated with the provision of accommodations and services.

- *Program & Services Funds* – Represents funds used to support programs and services that enhance the lives of residents.

- *Creative Living Plus Funds* – Represents funds used to support training and services that help residents maintain their independence as they age in place.

- *Staff Assistance Fund for Emergencies (S.A.F.E.)* – Represents funds to provide monetary assistance to employees in times of immediate need.

- *Employee Education Funds* – Represents financial assistance to staff members who pursue education outside of the workplace.

- *Living & Learning Funds* – Represents funds that support the life enrichment of former Scripps Kensington residents through cultural, environmental, and recreational programs.

- *By Your Side Funds* – Represents funds used to provide end-of-life training, support, and placement, to equip volunteer and professional caregivers to serve as a compassionate presence for residents and the wider community.

- *Music & Memory Funds* – Represents funds that support the Music & Memory program, which helps memory care residents find renewed meaning and connection in their lives through the gift of personalized music.

- *Core Value Funds* – Represents funds that support annual awards to employees recognizing their superior performance in demonstrating ECS's core values.

- *Capital Project Funds* – Represents funds to support capital projects that enhance the lives of residents.

- *The David and Margaret Schumacher Concert Series Endowment Fund* – Represents an endowment fund created to provide and support musical performances at the Covington in perpetuity.

- *Endowed Employee Education and Scholarship Funds* – Represents endowed scholarship funds that are intended for annual employee education scholarships to be awarded in perpetuity.

- *The John Henry Dilkes Memorial Fund* – Represents an endowment fund created to provide and support activities programs at the Covington in perpetuity. These programs may include, but are not limited to, educational opportunities in fine arts.

Note 11 – Endowment

The Organization's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. The Organization has interpreted relevant state law as requiring preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds, unless explicit donor stipulations to the contrary. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

According to the Organization's investment guidelines, the Organization's endowment assets are currently invested in the Organization's investment portfolio supervised by an independent registered investment advisor. The primary long-term investment objective is to preserve and enhance the real (inflation adjusted) purchasing power of the portfolio, net of annual withdrawals. If the fair value of the endowment assets falls below the level required by the donor or laws, the reduction is made to net assets with donor restrictions.

The goals of the funds are as follows: (a) maintain purchasing power; (b) maintain the level of programs and services currently provided; (c) maximize return within reasonable and prudent levels of risk; and (d) maintain an appropriate asset allocation based on a total return policy that is compatible with spending policy, while still having the potential to produce positive real returns.

Endowment net asset composition by type of fund as of June 30, 2024, is as follows (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ (10)	$ 971	$ 961
Board-designated endowment funds	21,073	-	21,073
Total endowment funds	$ 21,063	$ 971	$ 22,034

Changes in endowment net assets for the fiscal year ended June 30, 2024, are as follows (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 19,533	$ 911	$ 20,444
Investment return, net	2,085	105	2,190
Appropriation of endowment assets for expenditure	(555)	(45)	(600)
Endowment net assets, end of year	$ 21,063	$ 971	$ 22,034

Endowment net asset composition by type of fund as of June 30, 2023, is as follows (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ (10)	$ 911	$ 901
Board-designated endowment funds	19,543	-	19,543
Total endowment funds	$ 19,533	$ 911	$ 20,444

Changes in endowment net assets for the fiscal year ended June 30, 2023, are as follows (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 17,529	$ 837	$ 18,366
Investment loss, net	2,088	87	2,175
Appropriation of endowment assets for expenditure	(84)	(13)	(97)
Endowment net assets, end of year	$ 19,533	$ 911	$ 20,444

Note 12 – Functional Expenses

The consolidated financial statements report certain expense categories that are attributable to more than one residential, health care, or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest, and other occupancy costs, are allocated to a function based on a square footage or units of services basis.

Expenses related to providing these services for the fiscal year ended June 30, 2024, are as follows (in thousands):

		Support Services		
	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	$ 19,204	$ 6,350	$ 183	$ 25,737
Employee benefits	8,260	2,132	60	$ 10,452
Professional services	34	850	-	$ 884
Supplies and other	21,895	3,222	17	$ 25,134
Interest	2,646	56	-	$ 2,702
Depreciation and amortization	14,333	394	-	$ 14,727
Total services	$ 66,372	$ 13,004	$ 260	$ 79,636

Expenses related to providing these services for the fiscal year ended June 30, 2023, are as follows (in thousands):

	Program Services	Support Services: General and Administrative	Support Services: Fundraising	Total
Salaries and wages	$ 19,305	$ 5,787	$ 157	$ 25,249
Employee benefits	7,486	1,953	48	9,487
Professional services	-	581	-	581
Supplies and other	22,689	3,625	19	26,333
Interest	3,005	61	-	3,066
Depreciation and amortization	13,483	464	-	13,947
Total services	$ 65,968	$ 12,471	$ 224	$ 78,663

Note 13 – Retirement Plans

The Organization maintains a safe harbor 401(k) retirement plan for all eligible employees of the Organization. The plan allows for employer non-elective contributions, including a mandatory 3% employer contribution. The plan also allows for discretionary match contributions, approved on an annual basis. Total pension plan contributions in connection with the 401(k) retirement plan for the fiscal years ended June 30, 2024 and 2023, were approximately $1,120,000 and $1,160,000, respectively.

In addition, the Organization contributed approximately $11,000 and $6,000 to the church pension fund for the Episcopal chaplains for the fiscal years ended June 30, 2024 and 2023, respectively.

The Organization also maintains a 457(b) plan established for executives who have completed six months of continuous service. The 457(b) plan allows for salary reduction contributions and employer discretionary contributions. Total contributions in connection with the 457(b) plan for the fiscal years ended June 30, 2024 and 2023, were approximately $234,000 and $227,000, respectively.

Effective July 1, 2013, the Organization created a 457(f) plan for a select group of executives. The plan allows for discretionary employer contributions. There were no contributions made to the plan during the fiscal years ended June 30, 2024 and 2023.

Note 14 – Significant Concentrations

The Organization maintains its cash in bank deposit accounts that may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of June 30, 2024, cash balances held at one bank exceeded federally insured limits by approximately $8,818,000.

Note 15 – Contingencies

The Organization is subject to legal proceedings, which arise in the ordinary course of its business. In the opinion of management and legal counsel, the outcome of such matters will not have a material effect on the financial position of the Organization.

The Organization is also subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation. Government activity, with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding, and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient revenues. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the Organization's future financial position or results of operations.

Note 16 – Leases

The Organization leases its administrative office in Monrovia, California, which expires on September 30, 2027. Quantitative disclosures related to the Organization's operating leases are as follows as of June 30, 2024 and 2023 (in thousands):

	2024	2023
Operating lease right-of-use assets		
Operating lease assets	$ 2,270	$ 2,270
Accumulated amortization	(1,448)	(1,215)
Total	$ 822	$ 1,055
Other information		
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows from operating leases	$ 304	$ 295
Right-of-use assets obtained in exchange for operating lease liabilities	$ 1,001	$ 1,271
Weighted-average remaining lease term (in years)	3.25	4.25
Weighted-average discount rate	3.00%	3.00%

On February 16, 2022, the Organization entered into a sublease agreement to lease out their administrative office in Monrovia, California, to a sublessee, which commenced on March 15, 2022, and expires on November 20, 2024. The sublease qualifies as an operating lease and the sublease income of $21,957 per month is recognized as other income in the consolidated statements of operations when earned. Sublease income recognized during the year ended June 30, 2024, was $258,258 and is included in other revenue on the accompanying consolidated statements of operations.

The following consists of the minimum lease liabilities in future fiscal years (in thousands):

Fiscal Years		
2025	$	313
2026		323
2027		333
2028		84
Total		1,053
Less: amount representing interest		52
Total operating lease liabilities		1,001
Current portion of operating lease liabilities		287
Operating lease liabilities, net of current portion	$	714

Note 17 – Sale of Scripps Kensington and Liability for Losses During Phase-Out Period of Discontinued Operations

Scripps Kensington was sold on October 15, 2010, for a total price of $21,500,000. The net gain on sale of $11,087,000 is restricted by the Office of the Attorney General of California to provide care and services to the existing Scripps Kensington residents and for the development of the MonteCedro facility if determined feasible by the Organization (see Note 10 regarding the Scripps Kensington Proceeds Funds).

As part of the disposal, management has calculated an estimated provision and liability for losses expected to be incurred during the phase-out period of discontinued operations. The liability is calculated using present value techniques with a 5% discount rate for 2024 and 2023.

A summary of the activities for June 30, 2024 and 2023, is as follows (in thousands):

	2024	2023
Total costs expected to be incurred as a result of the discontinued facility	$ 13,335	$ 13,164
Costs incurred during the period	$ 258	$ 427
Cumulative costs incurred	$ 13,106	$ 12,848
Changes in the liability for losses during phase-out period of discontinued operations are as follows:		
Liability for losses during phase-out period of discontinued operations, beginning of year	$ 315	$ 430
Net costs paid during the period	(258)	(427)
Accretion	171	312
Liability for losses during phase-out period of discontinued operations, end of year	$ 228	$ 315

The estimated future payments on the phase-out of discontinued operations are as follows (in thousands):

Years Ending June 30,	
2025	$ 66
2026	51
2027	40
2028	31
2029	23
Thereafter	17
Total future payments	228
Less: discount	-
	$ 228

Note 18 – Liquidity and Availability

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Organization invests cash in excess of its operating, capital expenditure, and debt service requirements in various investments according to its Investment Policy.

The Organization's financial assets available to meet general expenditures within one year of the consolidated statement of financial position date are as follows (in thousands):

Cash and cash equivalents	$	9,069
Investments, short-term		8,098
Accounts receivable, net		1,054
Total liquidity	$	18,221

Additionally, the Organization has assets limited as to use for deposits held in trust, refundable entrance fees, donor restriction, and various required reserves. These assets limited as to use, which are more fully described in Notes 3 and 4, are not available for general expenditure within the next year.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before the consolidated financial statements are issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements.

On August 14, 2024, management notified TOSL residents, their families, and team members that TOSL would cease operations effective February 28, 2025, as the redevelopment plan for the community is implemented. TOF will provide relocation support to residents and retention and separation benefits to team members. Related expenses will be recognized as incurred.

Management evaluated subsequent events through October 25, 2024, which is the date the consolidated financial statements were issued.

Supplementary Information – 2024

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2024

ASSETS

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT ASSETS															
Cash and cash equivalents	$ 193	$ 1,449	$ 1,086	$ 937	$ 3,665	$ 2,769	$ 6,434	$ 1,000	$ 3	$ 492	$ 1,092	$ 48	$ -	$ -	$ 9,069
Investments, short-term	-	3,995	-	-	3,995	-	3,995	-	-	-	4,033	70	-	-	8,098
Accounts receivable, net	3	455	242	317	1,017	-	1,017	-	-	37	-	-	-	-	1,054
Other receivables	-	7	46	-	53	-	53	-	-	-	-	-	-	-	53
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3
Inventories	-	64	44	109	217	-	217	-	-	-	-	8	-	-	225
Prepaid expenses and other current assets	39	200	283	236	758	10	768	162	-	8	-	23	-	-	961
Current portion of notes receivable	-	621	1,549	-	2,170	163	2,333	-	-	-	-	-	-	-	2,333
Assets limited as to use, required for					-										
current liabilities	-	2,929	3,540	12,286	18,755	-	18,755	-	-	-	-	-	-	-	18,755
Due from related-parties	-	-	-	-	-	535	535	-	-	-	-	-	-	(535)	-
Total current assets	235	9,720	6,790	13,885	30,630	3,477	34,107	1,162	3	537	5,128	149	-	(535)	40,551
PROPERTY AND EQUIPMENT, net	-	25,349	59,218	139,347	223,914	32	223,946	2,831	-	74	-	7,454	-	-	234,305
OTHER ASSETS															
Investments, long-term	22	33,740	46,344	54,101	134,207	-	134,207	15,349	-	-	17,600	-	-	-	167,156
Notes receivable, net of current portion	-	232	355	-	587	1,234	1,821	4,798	-	-	-	-	-	(6,070)	549
Assets limited as to use, net of current portion	166	8,518	2,449	58,303	69,436	-	69,436	-	-	-	-	-	-	-	69,436
Operating lease right-of-use assets	-	-	-	-	-	-	-	822	-	-	-	-	-	-	822
Other assets	34	36	41	935	1,046	4	1,050	24	-	-	4	-	-	-	1,078
Interest in related-parties' net assets	426	1,732	723	140	3,021	18,967	21,988	326	(120)	213	-	4	-	(22,411)	-
Total other assets	648	44,258	49,912	113,479	208,297	20,205	228,502	21,319	(120)	213	17,604	4	-	(28,481)	239,041
Total assets	$ 883	$ 79,327	$ 115,920	$ 266,711	$ 462,841	$ 23,714	$ 486,555	$ 25,312	$ (117)	$ 824	$ 22,732	$ 7,607	$ -	$ (29,016)	$ 513,897

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries

Consolidating Statement of Financial Position (Dollars in Thousands)

June 30, 2024

LIABILITIES AND NET ASSETS (DEFICIT)

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT LIABILITIES															
Accounts payable and accrued expenses	$ 8	$ 448	$ 1,435	$ 4,185	$ 6,076	$ 524	$ 6,600	$ 134	$ -	$ 6	$ -	$ 18	$ -	$ -	$ 6,758
Accrued compensation, payroll taxes, and benefits	3	1,190	786	2,196	4,175	326	4,501	600	-	-	-	255	-	-	5,356
Interest payable	-	125	269	579	973	-	973	-	-	-	-	-	-	-	973
Entrance fee refunds upon re-occupancy payable	-	-	950	5,349	6,299	-	6,299	-	-	-	-	-	-	-	6,299
Other current liabilities	48	14	552	548	1,162	-	1,162	6	-	-	-	-	-	-	1,168
Due to related-parties	-	130	150	136	416	-	416	31	-	42	5	41	-	(535)	-
Deferred revenue	-	-	-	164	164	-	164	85	-	-	-	3	-	-	252
Current portion of liability for losses during					-										
phase-out period of discontinued operations	66	-	-	-	66	-	66	-	-	-	-	-	-	-	66
Operating lease liability, current portion	-	-	-	-	-	-	-	287	-	-	-	-	-	-	287
Current portion of long-term debt	-	152	1,427	1,388	2,967	-	2,967	-	-	-	-	-	-	-	2,967
Total current liabilities	125	2,059	5,569	14,545	22,298	850	23,148	1,143	-	48	5	317	-	(535)	24,126
OTHER LIABILITIES															
Note payable to related-parties	-	-	-	-	-	-	-	-	-	686	-	4,524	860	(6,070)	-
Deposits from residents	4	146	109	2,073	2,332	-	2,332	-	-	-	-	-	-	-	2,332
Liability for refundable and repayable					-										
entrance fees	-	27,775	83,534	119,335	230,644	-	230,644	-	-	-	-	-	-	-	230,644
Deferred revenue from entrance fees	-	3,789	17,180	11,869	32,838	-	32,838	-	-	-	-	-	-	-	32,838
Liability for losses during phase-out period					-										
of discontinued operations, net of															
current portion	162	-	-	-	162	-	162	-	-	-	-	-	-	-	162
Operating lease liability	-	-	-	-	-	-	-	714	-	-	-	-	-	-	714
Long-term debt, net of current maturities	-	21,351	58,943	110,331	190,625	-	190,625	-	-	-	-	-	-	-	190,625
Total other liabilities	166	53,061	159,766	243,608	456,601	-	456,601	714	-	686	-	4,524	860	(6,070)	457,315
Total liabilities	291	55,120	165,335	258,153	478,899	850	479,749	1,857	-	734	5	4,841	860	(6,605)	481,441
NET ASSETS (DEFICIT)															
Without donor restriction	483	24,225	(50,540)	8,463	(17,369)	22,154	4,785	23,456	(104)	(68)	21,072	2,762	(860)	(20,344)	30,699
With donor restriction	109	(18)	1,125	95	1,311	710	2,021	(1)	(13)	158	1,655	4	-	(2,067)	1,757
Total net assets (deficit)	592	24,207	(49,415)	8,558	(16,058)	22,864	6,806	23,455	(117)	90	22,727	2,766	(860)	(22,411)	32,456
Total liabilities and net assets (deficit)	$ 883	$ 79,327	$ 115,920	$ 266,711	$ 462,841	$ 23,714	$ 486,555	$ 25,312	$ (117)	$ 824	$ 22,732	$ 7,607	$ -	$ (29,016)	$ 513,897

Episcopal Communities & Services for Seniors and Subsidiaries

Consolidating Statement of Operations (Dollars in Thousands)

Year Ended June 30, 2024

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Operating revenue and other support															
Resident care fees, net	$ -	$ 13,666	$ 15,087	$ 17,384	$ 46,137	$ -	$ 46,137	$ -	$ -	$ -	$ -	$ 1,541	$ -	$ -	$ 47,678
Ancillary services	-	554	1,255	1,132	2,941	-	2,941	-	-	-	-	564	-	-	3,505
Amortization of entrance fees	-	1,202	2,762	2,199	6,163	-	6,163	-	-	-	-	-	-	-	6,163
Service revenue	-	2,750	2,696	2,244	7,690	-	7,690	-	-	-	-	-	-	-	7,690
Management fee revenue	-	-	-	-	-	-	-	4,916	-	-	-	-	-	(4,916)	-
Contributions	-	-	146	-	146	-	146	-	-	321	-	-	-	-	467
Miscellaneous income	-	120	81	68	269	-	269	298	-	-	-	-	-	-	567
Total operating revenue and other support	-	18,292	22,027	23,027	63,346	-	63,346	5,214	-	321	-	2,105	-	(4,916)	66,070
Investment returns available for current operations															
Dividends and interest	-	1,217	1,437	1,570	4,224	-	4,224	483	-	24	640	-	-	-	5,371
Net realized gains	-	176	228	289	693	-	693	(153)	-	-	29	-	-	-	569
Unrealized losses	-	2,208	2,062	2,749	7,019	-	7,019	1,218	-	-	1,443	-	-	-	9,680
Investment expenses	-	(45)	(49)	(56)	(150)	-	(150)	(21)	-	-	(27)	-	-	-	(198)
Total investment returns available for current operations	-	3,556	3,678	4,552	11,786	-	11,786	1,527	-	24	2,085	-	-	-	15,422
Total operating revenue, other support and investment returns	-	21,848	25,705	27,579	75,132	-	75,132	6,741	-	345	2,085	2,105	-	(4,916)	81,492
OPERATING EXPENSES															
Departmental expenses															
General and administrative	-	4,216	5,058	4,824	14,098	-	14,098	5,349	-	264	-	583	-	(4,916)	15,378
Dining service	-	3,208	4,308	3,697	11,213	-	11,213	-	-	-	-	458	-	-	11,671
Nursing service, routine	-	6,515	6,413	5,278	18,206	-	18,206	-	-	-	-	798	-	-	19,004
Residential services	-	902	1,368	1,281	3,551	-	3,551	-	-	-	-	160	-	-	3,711
Environmental services	-	2,573	3,995	3,292	9,860	-	9,860	-	-	-	-	350	-	-	10,210
Other expenses	-	334	679	790	1,803	-	1,803	-	-	41	-	18	-	-	1,862
Total departmental expenses	-	17,748	21,821	19,162	58,731	-	58,731	5,349	-	305	-	2,367	-	(4,916)	61,836
DEPRECIATION	-	2,722	5,786	5,549	14,057	-	14,057	170	-	-	-	384	-	-	14,611
OTHER EXPENSES															
Interest expense	-	115	1,484	1,103	2,702	-	2,702	-	-	-	-	-	-	-	2,702
Amortization expense	-	21	51	44	116	-	116	-	-	-	-	-	-	-	116
Income tax expense	-	-	-	-	-	-	-	12	-	-	-	-	-	-	12
Loss on disposal of property and equipment	-	148	201	10	359	-	359	-	-	-	-	-	-	-	359
Total other expenses (income), net	-	284	1,736	1,157	3,177	-	3,177	12	-	-	-	-	-	-	3,189
Total operating expenses	-	20,754	29,343	25,868	75,965	-	75,965	5,531	-	305	-	2,751	-	(4,916)	79,636
Deficiency of revenue over expenses	$ -	$ 1,094	$ (3,638)	$ 1,711	$ (833)	$ -	$ (833)	$ 1,210	$ -	$ 40	$ 2,085	$ (646)	$ -	$ -	$ 1,856

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Changes in Net Assets (Dollars in Thousands)
Year Ended June 30, 2024

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Excess (deficiency) of revenue over expenses	$ -	$ 1,094	$ (3,638)	$ 1,711	$ (833)	$ -	$ (833)	$ 1,210	$ -	$ 40	$ 2,085	$ (646)	$ -	$ -	$ 1,856
Accretion of losses during phase-out period of discontinued operations	(171)	-	-	-	(171)	-	(171)	-	-	-	-	-	-	-	(171)
Net assets released from restrictions, used for					-										
capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	952	952
Change in interest in related-parties' net assets	-	222	12	6	240	1,895	2,135	237	-	-	-	-	-	(2,372)	-
Total change in net assets without donor restriction	(171)	1,316	(3,626)	1,717	(764)	1,895	1,131	1,447	-	40	2,085	(646)	-	(1,420)	2,637
CHANGE IN NET ASSETS WITH DONOR RESTRICTION															
Contributions	-	2	3	9	14	149	163	-	-	-	-	3	-	6	172
Dividends and interest	-	-	-	-	-	-	-	-	-	-	67	-	-	-	67
Investment loss, net	-	-	-	-	-	-	-	-	-	-	97	-	-	-	97
Net assets released from restrictions used for					-										-
capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	(952)	(952)
Change in interest in related-parties' net assets	38	18	89	11	156	5	161	-	-	6	-	-	-	(167)	-
Total change in net assets with donor restriction	38	20	92	20	170	154	324	-	-	6	164	3	-	(1,113)	(616)
CHANGE IN NET ASSETS	(133)	1,336	(3,534)	1,737	(594)	2,049	1,455	1,447	-	46	2,249	(643)	-	(2,533)	2,021
TRANSFER OF NET ASSETS, net															
Without donor restriction	489	137	84	105	815	3,651	4,466	178	-	-	(555)	453	-	(4,542)	-
With donor restriction	(489)	(111)	(103)	(84)	(787)	(250)	(1,037)	-	-	-	(881)	(10)	-	1,928	-
Total transfers of net assets (net)	-	26	(19)	21	28	3,401	3,429	178	-	-	(1,436)	443	-	(2,614)	-
Total change in net assets	(133)	1,362	(3,553)	1,758	(566)	5,450	4,884	1,625	-	46	813	(200)	-	(5,147)	2,021
NET ASSETS, beginning of year	725	22,845	(45,862)	6,800	(15,492)	17,414	1,922	21,830	(117)	44	21,914	2,966	(860)	(17,264)	30,435
NET ASSETS, end of year	$ 592	$ 24,207	$ (49,415)	$ 8,558	$ (16,058)	$ 22,864	$ 6,806	$ 23,455	$ (117)	$ 90	$ 22,727	$ 2,766	$ (860)	$ (22,411)	$ 32,456

Episcopal Communities & Services for Seniors and Subsidiaries

Consolidating Statement of Cash Flows (Dollars in Thousands)

Year Ended June 30, 2024

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	CHS LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
OPERATING ACTIVITIES															
Cash received															
Resident care fees	$ 61	$ 14,069	$ 15,631	$ 20,725	$ 50,486	$ -	$ 50,486	$ -	$ -	$ -	$ -	$ 2,114	$ -	$ -	$ 52,600
Entrance fees	-	2,918	22,759	14,091	39,768	-	39,768	-	-	-	-	-	-	-	39,768
Contributions	-	3	138	9	150	150	300	-	-	321	-	3	-	-	624
Investment income	-	1,217	1,437	1,570	4,224	3	4,227	507	-	23	707	-	-	-	5,464
Transfers (to) from related-parties	(1)	(17)	(3)	(34)	(55)	(38)	(93)	44	-	42	(16)	23	-	-	-
Management fee revenue	-	-	-	-	-	-	-	4,916	-	-	-	-	-	(4,916)	-
Service revenue	-	3,303	3,075	2,351	8,729	-	8,729	-	-	-	-	-	-	-	8,729
Other	14	122	13	13	162	-	162	282	-	-	-	-	-	-	444
Cash disbursed		-			-										
Cash paid to employees and suppliers	(365)	(18,812)	(20,924)	(18,095)	(58,196)	124	(58,072)	(5,243)	-	(256)	(17)	(2,331)	-	4,916	(61,003)
Interest	-	(389)	(1,672)	(2,126)	(4,187)	-	(4,187)	-	-	-	-	-	-	-	(4,187)
Net cash provided by (used in) operating activities	(291)	2,414	20,454	18,504	41,081	239	41,320	506	-	130	674	(191)	-	-	42,439
INVESTING ACTIVITIES															
Investment income reinvested	-	(1,208)	(1,424)	(1,425)	(4,057)	-	(4,057)	(465)	-	-	(711)	-	-	-	(5,233)
Purchase of investments	-	(25,370)	(10,003)	(13,236)	(48,609)	-	(48,609)	-	-	-	-	-	-	-	(48,609)
Proceeds from sale of investments	-	30,972	2,600	1,668	35,240	-	35,240	1,816	-	-	1,601	-	-	-	38,657
Purchase of property and equipment	-	(7,648)	(7,972)	(9,087)	(24,707)	-	(24,707)	(2,203)	-	(74)	-	(235)	-	-	(27,219)
Proceeds from sale of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of notes receivable	-	(292)	(7,396)	-	(7,688)	-	(7,688)	-	-	-	-	-	-	-	(7,688)
Collection of notes receivable	-	1,832	5,845	1,139	8,816	721	9,537	-	-	-	76	-	-	(75)	9,538
Payment of notes receivable	-	-	(75)	-	(75)	-	(75)	-	-	-	-	-	-	75	-
Net cash provided by (used in) investing activities	-	(1,714)	(18,425)	(20,941)	(41,080)	721	(40,359)	(852)	-	(74)	966	(235)	-	-	(40,554)
FINANCING ACTIVITIES															
Payment of long-term debt	-	(71)	(1,349)	(1,280)	(2,700)	-	(2,700)	-	-	-	-	-	-	-	(2,700)
Proceeds from issuance of long-term debt	-	17,285	14,590	78,107	109,982	-	109,982	-	-	-	-	-	-	-	109,982
Repayment of financing fees	-	-	-	(1,622)	(1,622)		(1,622)								(1,622)
Refund of entrance fees	-	(5,452)	(13,364)	(8,936)	(27,752)	-	(27,752)	-	-	-	-	-	-	-	(27,752)
Transfer of net assets	482	141	156	95	874	(106)	768	219	-	-	(1,436)	449	-	-	-
Net cash provided by (used in) financing activities	482	11,903	33	66,364	78,782	(106)	78,676	219	-	-	(1,436)	449	-	-	77,908
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	191	12,603	2,062	63,927	78,783	854	79,637	(127)	-	56	204	23	-	-	79,793
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	168	293	5,013	7,599	13,073	1,915	14,988	1,127	3	436	888	25	-	-	17,467
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 359	$ 12,896	$ 7,075	$ 71,526	$ 91,856	$ 2,769	$ 94,625	$ 1,000	$ 3	$ 492	$ 1,092	$ 48	$ -	$ -	$ 97,260

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2024

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES															
Change in net assets	$ (133)	$ 1,362	$ (3,553)	$ 1,758	$ (566)	$ 5,450	4,884	$ 1,625	$ -	$ 46	$ 813	$ (200)	$ -	$ (5,147)	$ 2,021
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities															
Amortization of entrance fees	-	(1,202)	(2,762)	(2,199)	(6,163)	-	(6,163)	-	-	-	-	-	-	-	(6,163)
Amortization of premium	-	-	-	(58)	(58)	-	(58)	-	-	-	-	-	-	-	(58)
Amortization of financing costs	-	21	51	44	116	-	116	-	-	-	-	-	-	-	116
Depreciation	-	2,722	5,786	5,549	14,057	-	14,057	170	-	-	-	384	-	-	14,611
Accretion of liability for losses from phase-out period					-										
of discontinued operations	171	-	-	-	171	-	171	-	-	-	-	-	-	-	171
Realized and unrealized gains (losses) on investments, net	-	(2,384)	(2,290)	(3,038)	(7,712)	-	(7,712)	(1,079)	-	-	(1,562)	-	-	-	(10,353)
Loss on disposal of property and equipment, net	-	148	201	10	359	-	359	-	-	-	-	-	-	-	359
Interest in related-parties' net assets	(31)	(273)	(82)	(38)	(424)	(5,301)	(5,725)	(415)	-	(6)	1,436	(443)	-	5,147	(6)
(Increase) decrease in					-										
Accounts receivable	(1)	(69)	208	270	408	-	408	-	-	43	-	6	-	-	457
Other receivables	-	4	9	-	13	-	13	-	-	-	-	-	-	-	13
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-
Inventories	-	6	(4)	4	6	-	6	-	-	-	-	-	-	-	6
Prepaid expenses and other current assets	1	2	55	(25)	33	8	41	(44)	-	(1)	-	(24)	-	-	(28)
Other assets	1	(20)	(24)	(853)	(896)	1	(895)	-	-	-	2	-	-	-	(893)
Operating lease right-of-use assets	-	-	-	-	-	-	-	233	-	-	-	-	-	-	233
Increase (decrease) in					-									-	
Accounts payable and accrued expenses	8	(1,275)	564	3,569	2,866	13	2,879	116	-	6	-	(43)	-	-	2,958
Accrued compensation, payroll taxes, and benefits	(3)	182	(30)	1,601	1,750	105	1,855	104	-	-	-	104	-	-	2,063
Interest payable	-	102	91	444	637	-	637	-	-	-	-	-	-	-	637
Due to/from related-parties	(2)	(17)	(3)	(34)	(56)	(37)	(93)	44	-	42	(17)	24	-	-	-
Other current liabilities	(44)	(9)	120	(3,690)	(3,623)	-	(3,623)	-	-	-	-	-	-	-	(3,623)
Deferred revenue	-	-	(948)	(31)	(979)	-	(979)	22	-	-	-	3	-	-	(954)
Operating lease liabilities	-	-	-	-	-	-	-	(270)	-	-	-	-	-	-	(270)
Deposits from residents	-	(81)	(41)	1,917	1,795	-	1,795	-	-	-	-	-	-	-	1,795
Deferred revenue from entrance fees and liability for														-	
refundable and repayable entrance fees	-	3,195	23,106	13,304	39,605	-	39,605	-	-	-	-	-	-	-	39,605
Liability for losses during phase-out period	(258)	-	-	-	(258)	-	(258)	-	-	-	-	-	-	-	(258)
Net cash provided by (used in) operating activities	$ (291)	$ 2,414	$ 20,454	$ 18,504	$ 41,081	$ 239	$ 41,320	$ 506	$ -	$ 130	$ 674	$ (191)	$ -	$ -	$ 42,439

Supplementary Information – 2023

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2023

ASSETS

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro Inc.	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT ASSETS															
Cash and cash equivalents	$ 3	$ 22	$ 4,613	3,540	$ 8,178	$ 1,915	$ 10,093	$ 1,127	$ 3	$ 436	$ 888	$ 25	$ -	$ -	$ 12,572
Investments, short-term	-	7,590	14,451	3,091	25,132	-	25,132	-	-	-	2,876	70	-	-	28,078
Accounts receivable, net	2	386	450	587	1,425	-	1,425	-	-	80	-	6	-	-	1,511
Other receivables	-	11	55	-	66	-	66	-	-	-	-	-	-	-	66
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-	3	-	-	-	3
Inventories	-	69	40	113	222	-	222	-	-	-	-	9	-	-	231
Prepaid expenses and other current assets	40	202	338	211	791	18	809	118	-	7	-	(1)	-	-	933
Current portion of notes receivable	-	2,160	-	1,139	3,299	126	3,425	-	-	-	-	-	-	-	3,425
Assets limited as to use, required for current liabilities	-	-	2	-	2	-	2	-	-	-	-	-	-	-	2
Due from related-parties	-	-	-	-	-	498	498	13	-	-	-	-	-	(511)	-
Total current assets	45	10,440	19,949	8,681	39,115	2,557	41,672	1,258	3	523	3,767	109	-	(511)	46,821
PROPERTY AND EQUIPMENT, net	-	23,976	56,381	133,271	213,628	32	213,660	797	-	-	-	7,599	-	-	222,056
OTHER ASSETS															
Investments, long-term	22	29,309	20,773	37,824	87,928	-	87,928	15,622	-	-	18,088	-	-	-	121,638
Notes receivable, net of current portion	-	232	355	-	587	1,992	2,579	4,798	-	-	75	-	-	(6,145)	1,307
Assets limited as to use, net of current portion	165	271	398	4,059	4,893	-	4,893	-	-	-	-	-	-	-	4,893
Operating lease right-of-use assets	-	-	-	-	-	-	-	1,055	-	-	-	-	-	-	1,055
Other assets	35	16	17	82	150	4	154	24	-	-	6	-	-	-	184
Interest in related-parties' net assets	876	1,601	800	198	3,475	13,561	17,036	130	(120)	207	-	11	-	(17,264)	-
Total other assets	1,098	31,429	22,343	42,163	97,033	15,557	112,590	21,629	(120)	207	18,169	11	-	(23,409)	129,077
Total assets	$ 1,143	$ 65,845	$ 98,673	$ 184,115	$ 349,776	$ 18,146	$ 367,922	$ 23,684	$ (117)	$ 730	$ 21,936	$ 7,719	$ -	$ (23,920)	$ 397,954

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Financial Position (Dollars in Thousands)
June 30, 2023

LIABILITIES AND NET ASSETS (DEFICIT)

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro Inc.	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CURRENT LIABILITIES															
Accounts payable and accrued expenses	$ -	$ 1,723	$ 871	$ 616	$ 3,210	$ 511	$ 3,721	$ 18	$ -	-	$ -	$ 61	$ -	$ -	$ 3,800
Accrued compensation, payroll taxes, and benefits	6	1,008	816	595	2,425	221	2,646	496	-	-	-	151	-	-	3,293
Interest payable	-	23	178	135	336	-	336	-	-	-	-	-	-	-	336
Entrance fee refunds upon re-occupancy payable	-	-	6,370	1,555	7,925	-	7,925	-	-	-	-	-	-	-	7,925
Other current liabilities	92	23	432	4,238	4,785	-	4,785	6	-		-	-	-	-	4,791
Due to related-parties	2	147	153	170	472	-	472	-	-	-	22	17	-	(511)	-
Deferred revenue	-	-	948	195	1,143	-	1,143	63	-	-	-	-	-	-	1,206
Current portion of liability for losses during phase-out period of discontinued operations	86	-	-	-	86	-	86	-	-	-	-	-	-	-	86
Operating lease liability, current portion	-	-	-	-	-	-	-	270	-	-	-	-	-	-	270
Current portion of long-term debt	-	106	1,349	1,245	2,700	-	2,700	-	-	-	-	-	-	-	2,700
Total current liabilities	186	3,030	11,117	8,749	23,082	732	23,814	853	-	-	22	229	-	(511)	24,407
OTHER LIABILITIES															
Note payable to related-parties	-	-	75	-	75	-	75	-	-	686	-	4,524	860	(6,145)	-
Deposits from residents	3	227	150	157	537	-	537	-	-	-	-	-	-	-	537
Liability for refundable and repayable entrance fees	-	31,990	75,826	121,468	229,284	-	229,284	-	-	-	-	-	-	-	229,284
Deferred revenue from entrance fees	-	4,200	12,183	10,504	26,887	-	26,887	-	-	-	-	-	-	-	26,887
Liability for losses during phase-out period of discontinued operations, net of current portion	229	-	-	-	229	-	229	-	-	-	-	-	-	-	229
Operating lease liability	-	-	-	-	-	-	-	1,001	-	-	-	-	-	-	1,001
Long-term debt, net of current maturities	-	3,553	45,184	36,437	85,174	-	85,174	-	-	-	-	-	-	-	85,174
Total other liabilities	232	39,970	133,418	168,566	342,186	-	342,186	1,001	-	686	-	4,524	860	(6,145)	343,112
Total liabilities	418	43,000	144,535	177,315	365,268	732	366,000	1,854	-	686	22	4,753	860	(6,656)	367,519
NET ASSETS (DEFICIT)															
Without donor restriction	165	22,772	(46,998)	6,641	(17,420)	16,608	(812)	21,831	(104)	(108)	19,542	2,955	(860)	(14,382)	28,062
With donor restriction	560	73	1,136	159	1,928	806	2,734	(1)	(13)	152	2,372	11	-	(2,882)	2,373
Total net assets (deficit)	725	22,845	(45,862)	6,800	(15,492)	17,414	1,922	21,830	(117)	44	21,914	2,966	(860)	(17,264)	30,435
Total liabilities and net assets (deficit)	$ 1,143	$ 65,845	$ 98,673	$ 184,115	$ 349,776	$ 18,146	$ 367,922	$ 23,684	$ (117)	$ 730	$ 21,936	$ 7,719	$ -	$ (23,920)	$ 397,954

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Operations (Dollars in Thousands)
Year Ended June 30, 2023

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro Inc.	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Operating revenue and other support															
Resident care fees, net	$ -	$ 12,476	$ 14,964	$ 16,912	$ 44,352	$ -	$ 44,352	$ -	$ -	$ -	$ -	$ 1,466	$ -	$ -	$ 45,818
Ancillary services	-	501	2,313	1,227	4,041	-	4,041	-	-	-	-	448	-	-	4,489
Amortization of entrance fees	-	1,051	2,211	1,843	5,105	-	5,105	-	-	-	-	-	-	-	5,105
Service revenue	-	2,277	2,918	1,889	7,084	-	7,084	-	-	-	-	-	-	-	7,084
Management fee revenue	-	-	-	-	-	-	-	5,285	-	-	-	-	-	(5,285)	-
Contributions	-	-	155	-	155	-	155	-	-	-	-	-	-	-	155
Miscellaneous income	-	79	74	74	227	-	227	256	-	-	-	1	-	-	484
Total operating revenue and other support	-	16,384	22,635	21,945	60,964	-	60,964	5,541	-	-	-	1,915	-	(5,285)	63,135
Investment returns available for current operations															
Dividends and interest	-	1,168	1,005	1,170	3,343	-	3,343	446	-	-	559	3	-	-	4,351
Net realized gains	-	624	474	442	1,540	-	1,540	146	-	-	179	-	-	-	1,865
Unrealized losses	-	2,082	2,516	2,796	7,394	-	7,394	1,125	-	-	1,380	(4)	-	-	9,895
Investment expenses	-	(53)	(54)	(56)	(163)	-	(163)	(21)	-	-	(30)	-	-	-	(214)
Total investment returns available for current operations	-	3,821	3,941	4,352	12,114	-	12,114	1,696	-	-	2,088	(1)	-	-	15,897
Total operating revenue, other support and investment returns	-	20,205	26,576	26,297	73,078	-	73,078	7,237	-	-	2,088	1,914	-	(5,285)	79,032
OPERATING EXPENSES															
Departmental expenses															
General and administrative	-	4,066	5,267	4,658	13,991	-	13,991	5,734	-	30	3	409	-	(5,285)	14,882
Dining service	-	2,917	4,191	3,242	10,350	-	10,350	-	-	-	-	439	-	-	10,789
Nursing service, routine	-	6,157	8,610	4,803	19,570	-	19,570	-	-	-	-	711	-	-	20,281
Residential services	-	722	1,145	1,189	3,056	-	3,056	-	-	-	-	115	-	-	3,171
Environmental services	-	2,599	3,925	3,144	9,668	-	9,668	-	-	-	-	332	-	-	10,000
Other expenses	-	467	890	595	1,952	-	1,952	-	-	51	-	73	-	-	2,076
Total departmental expenses	-	16,928	24,028	17,631	58,587	-	58,587	5,734	-	81	3	2,079	-	(5,285)	61,199
DEPRECIATION	-	2,545	5,273	5,430	13,248	-	13,248	174	-	-	-	375	-	-	13,797
OTHER EXPENSES (INCOME)															
Gain on bond refinancing	-	-	-	(557)	(557)	-	(557)	-	-	-	-	-	-	-	(557)
Interest expense	-	148	1,516	1,402	3,066	-	3,066	-	-	-	-	-	-	-	3,066
Amortization expense	-	3	34	33	70	80	150	-	-	-	-	-	-	-	150
Income tax expense	-	-	-	-	-	-	-	12	-	-	-	-	-	-	12
Loss on disposal of property and equipment	-	85	382	3	470	(26)	444	(5)	-	-	-	-	-	-	439
Total other expenses (income), net	-	236	1,932	881	3,049	54	3,103	7	-	-	-	-	-	-	3,110
Total operating expenses	-	19,709	31,233	23,942	74,884	54	74,938	5,915	-	81	3	2,454	-	(5,285)	78,106
Deficiency of revenue over expenses	$ -	$ 496	$ (4,657)	$ 2,355	$ (1,806)	$ (54)	$ (1,860)	$ 1,322	$ -	$ (81)	$ 2,085	$ (540)	$ -	$ -	$ 926

See report of independent auditors.

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Changes in Net Assets (Dollars in Thousands)
Year Ended June 30, 2023

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro Inc.	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION															
Excess (deficiency) of revenue over expenses	$ -	$ 496	$ (4,657)	$ 2,355	$ (1,806)	$ (54)	$ (1,860)	$ 1,322	$ -	$ (81)	$ 2,085	$ (540)	$ -	$ -	$ 926
Accretion of losses during phase-out period of discontinued operations	(312)	-	-	-	(312)	-	(312)	-	-	-	-	-	-	-	(312)
Net assets released from restrictions, used for capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	404	404
Change in interest in related-parties' net assets	-	170	13	7	190	4,736	4,926	254	-	-	-	-	-	(5,180)	-
Total change in net assets without donor restriction	(312)	666	(4,644)	2,362	(1,928)	4,682	2,754	1,576	-	(81)	2,085	(540)	-	(4,776)	1,018
CHANGE IN NET ASSETS WITH DONOR RESTRICTION															
Contributions	3	12	2	33	50	103	153	-	-	-	-	7	-	(3)	157
Dividends and interest	-	-	-	-	-	-	-	-	-	-	58	-	-	-	58
Investment loss, net	-	-	-	-	-	-	-	-	-	-	109	-	-	-	109
Net assets released from restrictions used for capital expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	(404)	(404)
Change in interest in related-parties' net assets	57	16	72	10	155	5	160	-	-	5	-	-	-	(165)	-
Total change in net assets with donor restriction	60	28	74	43	205	108	313	-	-	5	167	7	-	(572)	(80)
CHANGE IN NET ASSETS	(252)	694	(4,570)	2,405	(1,723)	4,790	3,067	1,576	-	(76)	2,252	(533)	-	(5,348)	938
TRANSFER OF NET ASSETS, net															
Without donor restriction	305	340	(330)	19	334	(524)	(190)	60	-	28	(141)	508	-	(265)	-
With donor restriction	(305)	(19)	3	(27)	(348)	(56)	(404)	-	-	-	(248)	-	-	652	-
Total transfers of net assets (net)	-	321	(327)	(8)	(14)	(580)	(594)	60	-	28	(389)	508	-	387	-
Total change in net assets	(252)	1,015	(4,897)	2,397	(1,737)	4,210	2,473	1,636	-	(48)	1,863	(25)	-	(4,961)	938
Net assets, beginning of year	977	21,830	(40,965)	4,403	(13,755)	13,204	(551)	20,194	(117)	92	20,051	2,991	(860)	(12,303)	29,497
Net assets, end of year	$ 725	$ 22,845	$ (45,862)	$ 6,800	$ (15,492)	$ 17,414	$ 1,922	$ 21,830	$ (117)	$ 44	$ 21,914	$ 2,966	$ (860)	$ (17,264)	$ 30,435

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2023

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro Inc.	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	CHS LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
OPERATING ACTIVITIES															
Cash received															
Resident care fees	$ 113	$ 12,916	$ 18,523	$ 17,920	$ 49,472	$ -	$ 49,472	$ -	$ -	$ -	$ -	$ 1,909	$ -	$ -	$ 51,381
Entrance fees	-	4,900	21,457	10,394	36,751	-	36,751	-	-	-	-	-	-	-	36,751
Contributions	3	12	147	33	195	102	297	-	-	-	3	4	-	-	304
Investment income	-	1,168	1,005	1,170	3,343	-	3,343	446	-	-	559	3	-	-	4,351
Transfers (to) from related-parties	(4)	(87)	(217)	(546)	(854)	663	(191)	251	-	-	(3)	(57)	-	-	-
Management fee revenue	-	-	-	-	-	-	-	5,285	-	-	-	-	-	(5,285)	-
Service revenue	-	2,298	2,775	1,889	6,962	-	6,962	-	-	-	-	-	-	-	6,962
Other	12	98	(31)	11	90	-	90	234	-	-	15	1	-	-	340
Cash disbursed										-					
Cash paid to employees and suppliers	(526)	(15,588)	(23,772)	(13,727)	(53,613)	(741)	(54,354)	(6,114)	-	(154)	(4)	(2,016)	-	5,285	(57,357)
Interest	-	(116)	(1,475)	(1,579)	(3,170)	-	(3,170)	-	-	-	-	-	-	-	(3,170)
Net cash provided by (used in) operating activities	(402)	5,601	18,412	15,565	39,176	24	39,200	102	-	(154)	570	(156)	-	-	39,562
INVESTING ACTIVITIES															
Investment income reinvested	-	(1,160)	(824)	(1,159)	(3,143)	3	(3,140)	(442)	-	-	(600)	-	-	-	(4,182)
Purchase of investments	-	(239)	(224)	-	(463)	-	(463)	-	-	-	(728)	-	-	-	(1,191)
Proceeds from sale of investments	-	4,700	2,522	-	7,222	-	7,222	23	-	-	925	-	-	-	8,170
Purchase of property and equipment	-	(5,534)	(4,666)	(4,152)	(14,352)	-	(14,352)	(28)	-	-	-	(349)	-	-	(14,729)
Proceeds from sale of property and equipment	-	-	-	-	-	26	26	-	-	159	-	-	-	-	185
Issuance of notes receivable	-	(2,723)	(5,760)	(2,759)	(11,242)	-	(11,242)	-	-	-	-	-	-	-	(11,242)
Collection of notes receivable	-	1,664	5,760	3,422	10,846	1,376	12,222	-	-	-	211	-	-	(211)	12,222
Payment of notes receivable	-	-	(211)	-	(211)	-	(211)	-	-	-	-	-	-	211	-
Payment from affiliates	-	-	-	-	-	145	145	-	-	-	-	-	-	-	145
Release of (transfer to) restricted cash, cash equivalents, and investments	(6)	(33)	13	26	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	(6)	(3,325)	(3,390)	(4,622)	(11,343)	1,550	(9,793)	(447)	-	159	(192)	(349)	-	-	(10,622)
FINANCING ACTIVITIES															
Payment of long-term debt	-	(103)	(1,312)	(41,935)	(43,350)	-	(43,350)	-	-	-	-	-	-	-	(43,350)
Refund of entrance fees	-	-	-	37,790	37,790	-	37,790	-	-	-	-	-	-	-	37,790
Distributions from related-parties	-	(5,772)	(13,836)	(7,716)	(27,324)	-	(27,324)	-	-	-	-	-	-	-	(27,324)
Transfer of net assets	302	328	(121)	(15)	494	(806)	(312)	167	-	28	(384)	501	-	-	-
Net cash provided by (used in) financing activities	302	(5,547)	(15,269)	(11,876)	(32,390)	(806)	(33,196)	167	-	28	(384)	501	-	-	(32,884)
Net increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	(106)	(3,271)	(247)	(933)	(4,557)	768	(3,789)	(178)	-	33	(6)	(4)	-	-	(3,944)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning	274	3,564	5,260	8,532	17,630	1,147	18,777	1,305	3	403	894	29	-	-	21,411
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, ending	$ 168	$ 293	$ 5,013	$ 7,599	$ 13,073	$ 1,915	$ 14,988	$ 1,127	$ 3	$ 436	$ 888	$ 25	$ -	$ -	$ 17,467

Episcopal Communities & Services for Seniors and Subsidiaries
Consolidating Statement of Cash Flows (Dollars in Thousands)
Year Ended June 30, 2023

	Episcopal Communities & Services for Seniors (ECS)														
	Scripps Kensington	The Canterbury	The Covington	MonteCedro Inc.	ECS Obligated Group Total	Executive Administration	Combined ECS Totals	ECS Management LLC	Creative Housing & Services	Creative Housing & Services, LLC	ECS Supportive Funds Management	Twelve Oaks Foundation	Artful Home Care, LLC	Eliminating Entries	Consolidated Totals
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES															
Change in net assets	$ (252)	$ 1,015	$ (4,897)	$ 2,397	$ (1,737)	$ 4,210	$ 2,473	$ 1,636	$ -	$ (48)	$ 1,863	$ (25)	$ -	$ (4,961)	$ 938
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities															
Amortization of entrance fees	-	(1,051)	(2,211)	(1,843)	(5,105)	-	(5,105)	-	-	-	-	-	-	-	(5,105)
Amortization of premium	-	-	-	(58)	(58)	-	(58)	-	-	-	-	-	-	-	(58)
Amortization of financing costs	-	3	34	33	70	-	70	-	-	-	-	-	-	-	70
Amortization of intangible asset	-	-	-	-	-	80	80	-	-	-	-	-	-	-	80
Depreciation	-	2,545	5,273	5,430	13,248	-	13,248	174	-	-	-	375	-	-	13,797
Accretion of liability for losses from phase-out period of discontinued operations	312	-	-	-	312	-	312	-	-	-	-	-	-	-	312
Realized and unrealized gains (losses) on investments, net	-	(2,706)	(2,990)	(3,238)	(8,934)	-	(8,934)	(1,271)	-	-	(1,681)	4	-	-	(11,882)
Loss on disposal of property and equipment, net	-	85	382	3	470	(26)	444	(5)	-	-	-	-	-	-	439
(Gain) on bond refinancing	-	-	-	(557)	(557)	-	(557)	-	-	-	-	-	-	-	(557)
Interest in related-parties' net assets	(50)	(514)	242	(9)	(331)	(4,161)	(4,492)	(314)	-	(33)	389	(508)	-	4,958	-
(Increase) decrease in															
Accounts receivable	6	(140)	279	(269)	(124)	-	(124)	-	-	(80)	-	(4)	-	-	(208)
Other receivables	-	4	23	-	27	-	27	-	-	-	-	-	-	-	27
Unconditional promises to give	-	-	-	-	-	-	-	-	-	-	2	-			2
Inventories	-	34	4	-	38	-	38	-	-	-	-	(2)	-	-	36
Prepaid expenses and other current assets	10	74	181	200	465	(1)	464	(5)	-	6	-	26	-	-	491
Other assets	-	22	25	5	52	1	53	-	-	-	-	-	-	-	53
Operating lease right-of-use assets	-	-	-	-	-	-	-	227	-	-	-	-	-	-	227
Increase (decrease) in															
Accounts payable and accrued expenses	(7)	1,330	(149)	(186)	988	(603)	385	(269)	-	1	(1)	46	-	-	162
Accrued compensation, payroll taxes, and benefits	3	(1)	79	23	104	(140)	(36)	(48)	-	-	-	(8)	-	-	(92)
Interest payable	-	9	(21)	(118)	(130)	-	(130)	-	-	-	-	-	-	-	(130)
Due to/from related-parties	(4)	(87)	(218)	(547)	(856)	664	(192)	251	-	-	(2)	(60)	-	3	-
Other current liabilities	9	-	(32)	3,922	3,899	-	3,899	-	-	-	-	-	-	-	3,899
Deferred revenue	-	-	948	(30)	918	-	918	-	-	-	-	-	-	-	918
Deferred rent	-	-	-	-	-	-	-	(21)	-	-	-	-	-	-	(21)
Operating lease liabilities	-	-	-	-	-	-	-	(253)	-	-	-	-	-	-	(253)
Deposits from residents	(2)	79	3	13	93	-	93	-	-	-	-	-	-	-	93
Deferred revenue from entrance fees and liability for refundable and repayable entrance fees	-	4,900	21,457	10,394	36,751	-	36,751	-	-	-	-	-	-	-	36,751
Liability for losses during phase-out period	(427)	-	-	-	(427)	-	(427)	-	-	-	-	-	-	-	(427)
Net cash provided by (used in) operating activities	$ (402)	$ 5,601	$ 18,412	$ 15,565	$ 39,176	$ 24	$ 39,200	$ 102	$ -	$ (154)	$ 570	$ (156)	$ -	$ -	$ 39,562