

**THE CALIFORNIA HOME FOR THE AGED, INC.**

**D/B/A**

**THE VINEYARDS**

**AND**

**CALIFORNIA ARMENIAN HOME**

**INDEPENDENT AUDITOR'S REPORT**

**AND**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED MAY 31, 2025 AND 2024**

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HANSEN HUNTER & CO. P.C.

*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
The California Home for the Aged, Inc.  
d/b/a The Vineyards and California Armenian Home  
Fresno, California

### **Opinion**

We have audited the accompanying financial statements of The California Home for the Aged, Inc. d/b/a The Vineyards and California Armenian Home (a California nonprofit corporation), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The California Home for the Aged, Inc. d/b/a The Vineyards and California Armenian Home as of May 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The California Home for the Aged, Inc. d/b/a The Vineyards and California Armenian Home and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The California Home for the Aged, Inc. d/b/a The Vineyards and California Armenian Home's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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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.

*Hansen Hunter + Co. P.C.*

September 17, 2025

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	May 31,	
	2025	2024
<b>Current assets</b>		
Cash and cash equivalents	\$ 1,255,121	\$ 1,117,188
Short-term investments	940,006	1,338,742
Certificate of deposit	3,174,258	3,168,551
Accounts receivable	2,268,041	2,130,575
Allowance for doubtful accounts	(64,208)	(81,859)
Contributions receivable, current	100,000	-
Other receivable	381,667	82,000
Prepaid expenses	154,126	176,945
Supplies inventory	199,744	153,628
Assets limited as to use, current	77,270	128,525
	<u>8,486,025</u>	<u>8,214,295</u>
<b>Property and equipment</b>		
Land	44,701	44,701
Land improvements	7,752,513	7,082,680
Furniture and equipment	4,824,437	4,444,329
Buildings and improvements	67,144,130	60,549,399
	<u>79,765,781</u>	<u>72,121,109</u>
Total property and equipment	79,765,781	72,121,109
Less: Accumulated depreciation	(25,744,983)	(22,993,665)
	<u>54,020,798</u>	<u>49,127,444</u>
Construction in progress	565,990	3,469,503
	<u>54,586,788</u>	<u>52,596,947</u>
Property and equipment, net	54,586,788	52,596,947
<b>Non-current assets</b>		
Contributions receivable, non-current	600,000	-
Investments	11,664	19,228
Assets limited as to use	863,385	863,341
	<u>1,475,049</u>	<u>882,569</u>
Total other noncurrent assets	1,475,049	882,569
<b>Total assets</b>	<u>\$ 64,547,862</u>	<u>\$ 61,693,811</u>

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF FINANCIAL POSITION  
(Continued)**

**LIABILITIES AND NET ASSETS**

	May 31,	
	2025	2024
<b>Current liabilities</b>		
Accounts payable	\$ 914,760	\$ 1,260,536
Accrued payroll and related liabilities	1,610,449	1,360,882
Other accrued liabilities	80,568	75,972
Contract liability - advanced rent	87,441	101,774
Other current liabilities	432,903	529,483
Current portion of bonds payable	680,000	650,000
Current portion of note payable	-	14,714
Lines of credit	-	290,000
	<u>3,806,121</u>	<u>4,283,361</u>
<b>Long-term liabilities</b>		
Bonds payable, including bond premium, net of current portion and unamortized debt issuance costs	21,164,465	21,851,453
Lines of credit, net of current portion	3,170,000	-
Note payable, net of unamortized debt issuance costs	975,000	-
	<u>25,309,465</u>	<u>21,851,453</u>
<b>Total liabilities</b>	<u>29,115,586</u>	<u>26,134,814</u>
<b>Net assets</b>		
Without donor restrictions	34,688,225	33,566,716
With donor restrictions	744,051	1,992,281
	<u>35,432,276</u>	<u>35,558,997</u>
<b>Total liabilities and net assets</b>	<u>\$ 64,547,862</u>	<u>\$ 61,693,811</u>

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF ACTIVITIES**

	Year Ended May 31,		
	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Healthcare revenue, net</b>			
Skilled nursing care revenue, net of contractual adjustments	\$ 16,309,468	\$ -	\$ 16,309,468
Residential care revenue	13,922,081	-	13,922,081
Other healthcare revenue	434,791	-	434,791
	<u>30,666,340</u>	<u>-</u>	<u>30,666,340</u>
<b>Net assets released from restrictions</b>	<u>1,948,230</u>	<u>(1,948,230)</u>	<u>-</u>
	<u>32,614,570</u>	<u>(1,948,230)</u>	<u>30,666,340</u>
<b>Operating expenses</b>			
Program services	27,384,610	-	27,384,610
Management and general	4,961,981	-	4,961,981
Fundraising	39,171	-	39,171
	<u>32,385,762</u>	<u>-</u>	<u>32,385,762</u>
	<u>228,808</u>	<u>(1,948,230)</u>	<u>(1,719,422)</u>
<b>Other income (expenses)</b>			
Contributions	825,725	700,000	1,525,725
Net investment return	49,261	-	49,261
Other income (expenses)	17,715	-	17,715
	<u>892,701</u>	<u>700,000</u>	<u>1,592,701</u>
	<u>1,121,509</u>	<u>(1,248,230)</u>	<u>(126,721)</u>
<b>Net assets, beginning of year</b>	<u>33,566,716</u>	<u>1,992,281</u>	<u>35,558,997</u>
<b>Net assets, end of year</b>	<u>\$ 34,688,225</u>	<u>\$ 744,051</u>	<u>\$ 35,432,276</u>

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
**D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF ACTIVITIES**

(Continued)

	Year Ended May 31,		
	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Healthcare revenue, net</b>			
Skilled nursing care revenue, net of contractual adjustments	\$ 13,565,851	\$ -	\$ 13,565,851
Residential care revenue	13,707,859	-	13,707,859
Other healthcare revenue	339,283	-	339,283
Total healthcare revenue, net of contractual adjustments	<u>27,612,993</u>	<u>-</u>	<u>27,612,993</u>
<b>Net assets released from restrictions</b>	<u>1,453,223</u>	<u>(1,453,223)</u>	<u>-</u>
Total revenue without donor restrictions	<u>29,066,216</u>	<u>(1,453,223)</u>	<u>27,612,993</u>
<b>Operating expenses</b>			
Program services	25,465,956	-	25,465,956
Management and general	4,652,919	-	4,652,919
Fundraising	72,909	-	72,909
Total operating expenses	<u>30,191,784</u>	<u>-</u>	<u>30,191,784</u>
Change in net assets from operations	<u>(1,125,568)</u>	<u>(1,453,223)</u>	<u>(2,578,791)</u>
<b>Other income</b>			
Contributions	406,892	315,331	722,223
Net investment return	124,927	562,665	687,592
Other income	173,796	-	173,796
Total other income	<u>705,615</u>	<u>877,996</u>	<u>1,583,611</u>
Change in net assets	<u>(419,953)</u>	<u>(575,227)</u>	<u>(995,180)</u>
<b>Net assets, beginning of year</b>	<u>33,986,669</u>	<u>2,567,508</u>	<u>36,554,177</u>
<b>Net assets, end of year</b>	<u>\$ 33,566,716</u>	<u>\$ 1,992,281</u>	<u>\$ 35,558,997</u>

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF FUNCTIONAL EXPENSES**

	For the Year Ended May 31, 2025			
	Program Services	Management and General	Fundraising	Total
Advertising and promotion	\$ -	\$ 45,635	\$ -	\$ 45,635
Depreciation	2,641,264	110,053	-	2,751,317
Dietary	1,437,759	-	-	1,437,759
Dues and subscriptions	970	54,246	-	55,216
Employee benefits	2,473,543	652,711	-	3,126,254
Equipment	259,529	109,191	-	368,720
Fundraising	-	-	39,171	39,171
Health care ancillary expenses	1,777,518	-	-	1,777,518
Information technology	-	295,713	-	295,713
Insurance	39,899	617,867	-	657,766
Interest	1,039,644	68,094	-	1,107,738
Licenses and fees	137,139	53,973	-	191,112
Miscellaneous expenses	77,661	123,768	-	201,429
Occupancy	1,318,536	54,939	-	1,373,475
Office expenses	-	184,253	-	184,253
Other employee expenses	22,881	55,382	-	78,263
Other health care expenses	111,244	-	-	111,244
Payroll taxes	1,097,438	170,999	-	1,268,437
Professional and consultant fees	812,750	654,226	-	1,466,976
Provision for bad debt	-	38,800	-	38,800
Repairs and maintenance	56,440	3,170	-	59,610
Salaries and wages	13,395,097	1,580,823	-	14,975,920
Supplies	682,620	58,706	-	741,326
Travel	2,678	29,432	-	32,110
	<u>\$ 27,384,610</u>	<u>\$ 4,961,981</u>	<u>\$ 39,171</u>	<u>\$ 32,385,762</u>

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF FUNCTIONAL EXPENSES  
(Continued)**

	For the Year Ended May 31, 2024			
	Program Services	General and Administrative	Fundraising	Total
Advertising and promotion	\$ -	\$ 35,824	\$ -	\$ 35,824
Depreciation	2,585,216	107,718	-	2,692,934
Dietary	1,493,902	-	-	1,493,902
Dues and subscriptions	418	56,549	-	56,967
Employee benefits	2,074,904	557,287	-	2,632,191
Equipment	281,448	86,663	-	368,111
Fundraising	-	-	72,909	72,909
Health care ancillary expenses	1,539,470	-	-	1,539,470
Information technology	-	282,447	-	282,447
Insurance	54,581	583,153	-	637,734
Interest	1,055,004	59,031	-	1,114,035
Licenses and fees	136,871	77,777	-	214,648
Miscellaneous expenses	81,913	157,375	-	239,288
Occupancy	1,205,878	50,245	-	1,256,123
Office expenses	-	158,046	-	158,046
Other employee expenses	28,872	51,016	-	79,888
Other health care expenses	102,885	-	-	102,885
Payroll taxes	1,029,643	176,440	-	1,206,083
Professional and consultant fees	726,544	543,638	-	1,270,182
Provision for bad debt	-	93,407	-	93,407
Repairs and maintenance	70,805	838	-	71,643
Salaries and wages	12,352,071	1,480,055	-	13,832,126
Supplies	634,325	58,998	-	693,323
Travel	11,206	36,412	-	47,618
	\$ 25,465,956	\$ 4,652,919	\$ 72,909	\$ 30,191,784

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF CASH FLOWS**

	Years Ended May 31,	
	2025	2024
<b>Cash flows from operating activities</b>		
Cash received from residents	\$ 30,472,424	\$ 27,668,528
Cash received from other sources	4,391	1,109,215
Cash paid to suppliers and employees	(29,157,602)	(26,641,323)
Contributions received	825,725	722,223
Interest received	-	176,357
Interest paid	(1,104,726)	(1,121,023)
	<b>1,040,212</b>	<b>1,913,977</b>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(4,414,470)	(53,285)
Additions to construction in progress	(112,335)	(3,222,922)
(Purchases) sales of investments	-	2,100,602
Purchase of certificate of deposit	(5,707)	(3,168,551)
	<b>(4,532,512)</b>	<b>(4,344,156)</b>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Payments on bonds payable	(650,000)	(620,000)
Borrowings on line of credit	7,929,000	6,716,000
Payments on line of credit	(5,049,000)	(6,446,000)
Proceeds on new note payable	1,000,000	-
Loan fees incurred on new note payable	(30,000)	-
Payments on note payable	(19,714)	(22,069)
	<b>3,180,286</b>	<b>(372,069)</b>
<b>Net cash provided by (used in) financing activities</b>		

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF CASH FLOWS**

(Continued)

	Years Ended May 31,	
	2025	2024
<b>Net change in cash, cash equivalents and restricted cash</b>	\$ (312,014)	\$ (2,802,248)
<b>Cash, cash equivalents and restricted cash, beginning of year</b>	3,447,796	6,250,044
<b>Cash, cash equivalents and restricted cash, end of year</b>	\$ 3,135,782	\$ 3,447,796

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

	May 31,	
	2025	2024
Cash and cash equivalents	\$ 1,255,121	\$ 1,117,188
Short-term investments	940,006	1,338,742
Assets limited as to use	940,655	991,866
<b>Total cash, cash equivalents and restricted cash</b>	\$ 3,135,782	\$ 3,447,796

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**STATEMENTS OF CASH FLOWS**

(Continued)

	Years Ended May 31,	
	2025	2024
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (126,721)	\$ (995,180)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,751,317	2,692,934
Provision for bad debt	38,799	93,407
Change in allowance for doubtful accounts	(17,651)	26,859
Loss on disposal of fixed assets	-	12,220
Amortization of debt issuance costs	102,725	92,725
Amortization of bond premium	(99,713)	(99,713)
Unrealized (gain) loss on investments	7,564	423,907
 (Increase) decrease in operating assets:		
Accounts receivable	(176,265)	28,676
Contribution receivable	(700,000)	
Other receivable	(299,667)	(82,000)
Prepaid expenses	22,819	(21,877)
Supplies inventory	(46,116)	(22,955)
 Increase (decrease) in operating liabilities:		
Accounts payable	(560,129)	(434,297)
Accrued payroll and related liabilities	249,567	337,614
Other accrued liabilities	4,596	(117,828)
Contract liability - advanced rent	(14,333)	(154,618)
Other current liabilities	(96,580)	134,103
 <b>Net cash provided by (used in) operating activities</b>	<b>\$ 1,040,212</b>	<b>\$ 1,913,977</b>
 <b>Supplementary disclosure of cash flow information</b>		
<b>Noncash investing and financing activities</b>		
Construction in progress financed by accounts payable	\$ 197,319	\$ 411,672

*The accompanying notes are an integral part of these financial statements.*

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS  
May 31, 2025 and 2024**

**NOTE 1 – Nature of Business:**

The California Home for the Aged, Inc. d/b/a The Vineyards and California Armenian Home (the "Home") began providing quality compassionate nursing care in 1952. Located in Fresno, California, the Home is a fully licensed continuing care retirement community for residential and skilled nursing care and is certified by Medi-Cal and rated as a five-star facility by Medicare. The Home is organized as a not-for-profit corporation. The activities of the Home are supported by the volunteers and fundraising efforts of the Ani Guild and the Home Guild.

During 2018, the Home completed a major expansion known as the Vineyards, located on the same campus as the original Home. During 2024, the Home started construction on an expansion project to add an additional 18 cognitive care units. During the year ended May 31, 2025, the construction on the cognitive care expansion project was completed. As of May 31, 2025, there are 102 independent living apartments and villas, 76 assisted living apartments and studios, and 54 cognitive care units.

**NOTE 2 – Summary of Significant Accounting Policies:**

***Basis of Presentation*** – The financial statements of the Home have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

***Operating Activities*** – In the accompanying statements of activities, operations are defined as all direct mission type revenue and expenses. The other revenue and expenses for contributions, investments, unrealized gains and losses, and other such items are not included in operating activities.

***Use of Estimates*** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

***Cash and Cash Equivalents*** – Cash and cash equivalents consisted of checking accounts, interest-bearing savings accounts, money market accounts, and liquid investments with original maturity of three months or less from the date of purchase.

***Investments and Certificate of Deposit*** – Investments consisted of certificates of deposit, money market funds, and equity and debt securities with readily determinable fair values. Changes in fair value are recognized in the statements of activities.

Certificates of deposit and money market funds are valued at cost plus accrued interest which approximates fair value.

Equity securities consisted of common stock and mutual funds and are carried at fair values based on the daily quoted market prices. Mutual funds held by the Home are open-end mutual funds that are registered with the Securities and Exchange Commission. The mutual funds held by the Home are deemed to be actively traded.

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
**D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

***Investments and Certificate of Deposit*** (continued) – Debt securities consisted of corporate notes and are carried at fair value based on the daily quoted market prices.

Net investment return includes interest and dividend earnings, changes in fair value, and gains or losses realized upon liquidation, maturity, or sale of investments, net of related investment expenses. Net investment return is reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized.

***Accounts Receivable*** – Accounts receivable represents the estimated net realizable value of amounts due from patients, residents, and third-party payors for health care services. The two largest payor classes (Medicare and Medi-Cal) represent approximately 66% and 64% of the Home’s gross accounts receivable as of May 31, 2025 and 2024, respectively. The receivables are recorded at amounts that reflect the consideration to which the Home expects to be entitled in exchange for providing health care services.

In evaluating the collectability of accounts receivable, the Home regularly analyzes its past history and identifies and reviews trends for each of its major payor sources of revenue to estimate appropriate and sufficient implicit and explicit price concessions reflected in accounts receivable.

The allowance estimate is derived from a review of the Home’s historical losses based on the aging of receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Home. The Home believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Home’s experience with residents have remained constant since inception.

The Home writes off receivables when there is information that indicates the patient or resident is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in revenue. The total amount of bad debt expense was \$38,799 and \$93,407 for the years ended May 31, 2025 and 2024.

Net accounts receivable consisted of the following as of:

	May 31,		
	2025	2024	2023
Amounts due from patients, residents and third party payors	\$ 2,268,041	\$ 2,130,575	\$ 2,252,658
Allowance for doubtful accounts	<u>(64,208)</u>	<u>(81,859)</u>	<u>(55,000)</u>
Accounts receivable, net	<u>\$ 2,203,833</u>	<u>\$ 2,048,716</u>	<u>\$ 2,197,658</u>

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
**D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2025 and 2024**  
(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

***Prepaid Expenses*** – Payments made to vendors that will benefit periods beyond the reporting year are recorded as prepaid expenses. Prepaid expenses consisted primarily of a deposit to the Home's pooled workers' compensation insurance policy and license fees.

***Supplies Inventory*** – Supplies inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

***Assets Limited as to Use*** – Assets limited as to use include cash and cash equivalents deposited with a trustee under the terms of the bond indenture, cash in the resident trust and education fund, as well as assets designated by the Ani Guild and Home Guild for future capital improvement, over which the committee retains control, and may, at its discretion, subsequently use for other purposes.

**Ani Guild Funds** – These are funds raised by the Ani Guild. The Ani Guild decides the use of these funds.

**Home Guild Funds** – These are funds raised by the Home Guild. The Home Guild decides the use of these funds.

**Bond Cash Reserves** – This account is for cash reserves required under the terms of the bond indenture agreement.

**Bond Interest Account** – This account is for the monthly deposit for the payment of the interest on the Home's bond debt.

**Resident Trust** – This account holds security deposits paid by resident as well as funds on behalf of certain residents, which are maintained for the personal use of those residents.

**Education Fund** – These donor restricted funds are to be used for educational assistance.

***Donor-Advised Fund*** – The Home maintained a donor-advised fund in which the donor had advisory privileges with respect to the investment and use of the assets. The funds were to be used primarily for capital improvement projects. The Home accounted for the funds as assets with donor restrictions. As capital projects were identified, the Home obtained the donor's approval to use the funds prior to distribution. For the year ended May 31, 2024, the distributions from the fund totaled \$80,000. In addition, during the year ended May 31, 2024, the Home liquidated the investments and transferred the proceeds to a certificate of deposit. In April 2025, the Home and trustees unanimously consented and agreed to use the funds for the mutually agreeable cognitive care expansion project.

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2025 and 2024**  
(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

***Property, Equipment, and Depreciation*** – Property and equipment are recorded at cost. The Home’s policy is to capitalize items with a cost of \$3,000 or greater. Donated furniture and equipment are recorded at fair value at the date of donation. Depreciation expense is provided on the straight-line basis over the estimated useful lives of the assets which are as follows:

Land improvements	5 to 40 years
Furniture and equipment	3 to 35 years
Buildings and improvements	5 to 50 years

Construction in progress includes work on the cognitive care expansion, victory park, and other renovation projects.

***Long-Lived Assets*** – The Home evaluates the recoverability of its long-lived assets, which consisted primarily of property and equipment with finite useful lives, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. This evaluation is performed by comparing the carrying value of the long-lived assets to the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Home would recognize an impairment loss at the time. No impairment loss was recognized as of May 31, 2025 and 2024.

***Debt Issuance Costs*** – The Home recognizes financing costs incurred in connection with the issuance of bonds payable and note payable as direct reductions of the related debt and original bond issue premium as a direct addition to the related debt. Debt issuance costs and original bond issue premium have been amortized over the term of the related debt and the amortization is included in interest expense on the accompanying statements of activities.

Costs related to the issuance of a note payable incurred during May 31, 2025, are being amortized to interest expense over the term of the related debt. Accumulated amortization of these costs are included as reductions of the note payable in the accompanying statements of financial position.

***Contributed Services*** – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Home. Volunteers also provided other services throughout the years that are not recognized as contributions in the financial statements since the recognition criteria were not met. In-kind contributions are recorded at the fair market value at the time of the donation.

A substantial number of Ani Guild and Home Guild volunteers have made significant contributions of their time to the Home. The value of this contributed time is not reflected in these financial statements, since it does not meet the criteria for recognition as contributed services.

***Advertising*** – Advertising costs are charged to operations when incurred. Advertising and promotion expense was \$45,635 and \$35,824 for the years ended May 31, 2025 and 2024, respectively.

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2025 and 2024**  
(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

*Net Assets* – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Home may engage in discussions with donors regarding the use of unrestricted contributions for specific programs or activities based on the governing board approved statement of needs; however, such designations are not considered donor imposed or board designated and the Home retains the discretion to redirect the use of these funds as deemed necessary to fulfill the Home’s mission.

The Home’s governing board may designate assets without restrictions for specific operational purposes from time to time. The Home does not have any board designated net assets as of May 31, 2025 and 2024.

**Net assets with donor restrictions** – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restriction expires within the same reporting period in which the contribution is received. All other donor restricted contributions are reported as increases in net assets with donor restrictions. Restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Home does not have any net assets with donor restrictions that are perpetual in nature as of May 31, 2025 and 2024.

**Functional Allocation of Expenses** – The Home operates one program, which is providing care for the aged. Through this program, the Home owns and operates a nursing home and provides skilled nursing, assisted living, independent living, and cognitive care services.

The costs of providing program and supporting services (management and general and fundraising) have been summarized on a functional basis. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The financial statements report certain categories of expenses that are attributed to more than one category or function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

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**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2025 and 2024**  
(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

The expenses that are allocated include:

Salaries and wages, employee benefits, other employee expenses, payroll taxes, dues and subscriptions, equipment, healthcare ancillary expenses, insurance, licenses and fees, miscellaneous expenses, professional and consultant fees, supplies, and travel are allocated based upon the benefit received or provided.

Occupancy, interest, repairs and maintenance, and depreciation are allocated on a square footage basis.

***Income Taxes*** – The Home is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code and by the California Franchise Tax Board pursuant to Section 23701(d) of the Revenue and Taxation Code.

The Home follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, Income Taxes — Overall. Under that guidance, the Home may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Home and positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Home has assessed its federal and state tax positions and determined that there were no UBTI and no uncertainties or possible related effects that need to be recorded as of or for the years ended May 31, 2025 and 2024.

***Healthcare Revenue*** – Healthcare revenue is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing resident services. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Home bills the residents and third-party payors several days after the services are performed or the resident no longer needs care. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the resident services provided. Revenue from performance obligations satisfied over time is recognized based on actual charges incurred in relation to total (or actual) charges or a predetermined rate formula under a contractual arrangement with a third-party payor or the uninsured resident. Generally, performance obligations satisfied over time relate to residents in the Home's facilities receiving post-acute care services, residents receiving services in their homes (independent living or assisted living), or residents receiving cognitive care services. The Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Home measures the performance obligation from the effective date on the resident agreement contract to the point when it is no longer required to provide services to that resident, which is generally at the time the resident elects to move from the facility or passes away.

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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

*Healthcare Revenue (continued)* – The resident agreement includes a substantial substitution right related to the unit throughout the period of use.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the Home's residents in a retail setting (for example, personal care services and additional meals not covered in the resident agreement), and the Home does not believe it is required to provide additional goods or services related to that sale.

The Home determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. The Home determines its estimates of contractual adjustments and discounts based on contractual agreements and historical experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

**Medicare** – Payments for skilled nursing facility services rendered to Medicare program beneficiaries are based on prospectively determined daily rates, which vary according to a patient diagnostic classification system. The Home is paid for certain reimbursable services at the approved rate with final settlement determined after submission of the annual cost report and audit thereof by the Medicare fiscal intermediary. Annual cost reports are submitted to the designated intermediary; however, they will not contain a cost settlement. Revenue from the Medicare program amounted to approximately 22% and 25% of the Home's net healthcare revenue for the years ended May 31, 2025, and 2024, respectively.

**Medi-Cal** – Payments for skilled nursing facility services rendered to Medi-Cal program beneficiaries are based on an annually established daily reimbursement rate for eligible stays. The rate is adjusted annually on August 1. The final settlement is determined after submission of an annual cost report and audits thereof by Medi-Cal. Revenue from the Medi-Cal program amounted to approximately 16% and 15% of the Home's net healthcare revenue for the years ended May 31, 2025 and 2024, respectively.

**Other** – Payments for services rendered to private pay and other patients are based on established rates or on agreements with certain commercial insurance companies, health maintenance organizations, and preferred provider organizations, which provide for various discounts from the established rates.

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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Home's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant for the years ended May 31, 2025 and 2024.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Home estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. An addition to revenue totaling \$1,273,096 and \$80,795 for the years ended May 31, 2025 and 2024, respectively, was recognized due to changes in the Home's estimated implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the residents' ability to pay are recorded as bad debt expense.

The Home does not charge an entrance fee upon executing a continuing care resident agreement with a new resident.

The Home has applied the practical expedient provided by FASB ASC 340-40-25-4, and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Home otherwise would have recognized is one year or less in duration.

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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 2 – Summary of Significant Accounting Policies (continued):**

*Contributions and Unconditional Promises to Give* – Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Home are reported at fair value at the date the promise is received. Unconditional promise to give are included in the accompanying financial statements as contributions receivable. 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 either temporarily restricted for a stipulated amount of time or purpose, or restricted in perpetuity, if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as increases in net assets without donor restrictions.

The Home was a beneficiary of a trust from which assets had not yet been disbursed. During the years ended May 31, 2025 and 2024, the Home was in discussion with the trustees regarding a mutually agreeable project to be funded by the trust assets, after which the trust would be wound down and all expenses paid prior to distributing the remaining assets to the Home. In April 2025, the Home and trustees entered into a settlement agreement whereby the Home would receive a final distribution in the amount of \$1,000,000 to be used consistent with the terms of the trust and the beneficiary for any remaining assets would be changed.

*Reclassifications* – Certain reclassifications have been made to the prior year financial statements in order for them to conform to the current year’s presentation.

**NOTE 3 – Revenue Composition and Disaggregation:**

The composition of healthcare revenue by primary payors for the years ended May 31:

	2025			2024		
Medi-Cal	\$	4,775,674	15.6 %	\$	4,201,824	15.2 %
Medicare		6,703,714	21.9		6,830,545	24.7
Private – Independent living		5,106,206	16.6		4,976,623	18.0
Private – Assisted living		5,430,953	17.7		5,528,134	20.0
Private – Skilled nursing care		1,491,630	4.9		1,489,569	5.4
Private – Cognitive care		3,297,020	10.7		3,203,102	11.6
Managed care		2,300,751	7.5		247,855	0.9
Hospice		1,125,601	3.7		796,058	2.9
Other		434,791	1.4		339,283	1.2
		\$ 30,666,340	100.0 %		\$ 27,612,993	100.0 %
Total healthcare revenue, net	\$	30,666,340	100.0 %	\$	27,612,993	100.0 %

**THE CALIFORNIA HOME FOR THE AGED, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 3 – Revenue Composition and Disaggregation (continued):**

The composition of total healthcare revenue based on the service lines the Home provides, its lines of business, and timing of revenue recognition as follows for the years ended:

May 31, 2025

<u>Services Area</u>	<u>Independent Living</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>	<u>Cognitive Care</u>	<u>Total</u>
The Home's Skilled Nursing Care	\$ -	\$ -	\$ 16,397,370	\$ -	\$ 16,397,370
The Vineyards' Independent Living Care	5,106,206	-	-	-	5,106,206
The Vineyards' Assisted Living Care	-	5,430,953	-	-	5,430,953
The Vineyards' Cognitive Care	-	-	-	3,297,020	3,297,020
Totals	\$ <u>5,106,206</u>	\$ <u>5,430,953</u>	\$ <u>16,397,370</u>	\$ <u>3,297,020</u>	\$ <u>30,231,549</u>

<u>Timing of Revenue and Recognition</u>	<u>Total</u>
Resident and other services transferred over time	\$ 30,231,549
Various other revenue earned at point-in-time	<u>434,791</u>
Totals	\$ <u>30,666,340</u>

**THE CALIFORNIA HOME FOR THE AGED, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 3 – Revenue Composition and Disaggregation (continued):**

May 31, 2024

<u>Services Area</u>	<u>Independent Living</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>	<u>Cognitive Care</u>	<u>Total</u>
The Home's Skilled Nursing Care	\$ -	\$ -	\$ 13,565,851	\$ -	\$ 13,565,851
The Vineyards' Independent Living Care	4,976,623	-	-	-	4,976,623
The Vineyards' Assisted Living Care	-	5,528,134	-	-	5,528,134
The Vineyards' Cognitive Care	-	-	-	3,203,102	3,203,102
Totals	\$ <u>4,976,623</u>	\$ <u>5,528,134</u>	\$ <u>13,565,851</u>	\$ <u>3,203,102</u>	\$ <u>27,273,710</u>

<u>Timing of Revenue and Recognition</u>	<u>Total</u>
Resident and other services transferred over time	\$ 27,273,710
Various other revenue earned at point-in-time	<u>339,283</u>
Totals	\$ <u>27,612,993</u>

**THE CALIFORNIA HOME FOR THE AGED, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 4 – Liquidity and Availability:**

Financial assets available for general expenditure, excluding Board-approved expenditures, within one year of the statements of financial position comprise the following as of May 31:

	2025	2024
Cash and cash equivalents	\$ 1,255,121	\$ 1,117,188
Short-term investments	940,006	1,338,742
Accounts receivable, net	2,203,833	2,048,716
Other receivable	381,667	82,000
Investments	11,664	19,228
Certificates of deposit	3,174,258	3,168,551
 Total financial assets	 7,966,549	 7,774,425
 Less: Certificates of deposit held as collateral	 (3,174,258)	 (3,168,551)
Less: Board -approved capital expenditures:		
SNF loggia OSHPD repair project	-	(67,000)
Financial assets available to meet general expenditures over the next 12 months	\$ 4,792,291	\$ 4,538,874

The Home tracks cash on monthly basis and it is reviewed by management on a regular basis. The Home's goal is to maintain financial assets to meet a minimum of 30 days of operating expenses and have sufficient funds available to meet required debt service payments under the terms of the debt agreements (see Note 11). The Home's operating revenue covers its ongoing operating expenditures and it is expected to be available to meet cash needs. As part of its liquidity plan, excess cash is invested in financial instruments (see Note 7).

**NOTE 5 – Contributions Receivable:**

The Home's contributions receivable consisted of unconditional pledges for use in funding the cognitive care community. Pledges due to be collected are as follows at May 31:

	2025	2024
Less than one year	\$ 100,000	\$ -
One to five years	500,000	-
More than five years	100,000	-
Allowance for uncollectible pledges	-	-
 Contributions receivable, net	 \$ 700,000	 \$ -

**THE CALIFORNIA HOME FOR THE AGED, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 6 – Investments and Certificate of Deposit:**

Investments consisted of the following as of May 31:

	2025	2024
Short-term investments	\$ 940,006	\$ 1,338,742
Certificate of deposit	3,174,258	3,168,551
Investments	<u>11,664</u>	<u>19,228</u>
Totals	<u>\$ 4,125,928</u>	<u>\$ 4,526,521</u>

Net investment return for net assets without donor restrictions, reported in the statements of activities, consisted of the following for the years ended May 31:

	2025	2024
Interest income and dividends	\$ 13,912	\$ 123,546
Realized and unrealized gains (losses), net	<u>(3,282)</u>	<u>1,381</u>
Totals	<u>\$ 10,630</u>	<u>\$ 124,927</u>

Net investment return for net assets with donor restrictions, reported in the statements of activities, consisted of the following for the years ended May 31:

	2025	2024
Interest income and dividends	\$ -	\$ 52,813
Realized and unrealized gains (losses), net	<u>-</u>	<u>509,852</u>
Totals	<u>\$ -</u>	<u>\$ 562,665</u>

Short-term investments consisted primarily of certificates of deposits and money market funds that are considered highly liquid and readily convertible into cash. Equity securities consisted primarily of common stocks with readily determinable fair values.

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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 7 – Fair Value Measurements:**

FASB ASC 820-10, Fair Value Measurements and Disclosure, establishes a framework for measuring fair value and establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The standard maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect management's assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This hierarchy consists of three broad levels:

**Level I** – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Home has the ability to access at the measurement date.

**Level II** – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; 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.

**Level III** – Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Home's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Home believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 7 – Fair Value Measurements (continued):**

Fair values of assets measured on a recurring basis are as follows as of:

May 31, 2025

	Level I	Level II	Level III	Total
Cash and money market funds	\$ 884,877	\$ 55,129	\$ -	\$ 940,006
Equity securities	11,664	-	-	11,664
Certificates of deposit	-	3,174,258	-	3,174,258
<b>Total</b>	<b>\$ 896,541</b>	<b>\$ 3,229,387</b>	<b>\$ -</b>	<b>\$ 4,125,928</b>

May 31, 2024

	Level I	Level II	Level III	Total
Cash and money market funds	\$ 838,742	\$ -	\$ -	\$ 838,742
Equity securities	19,228	-	-	19,228
Certificates of deposit	-	3,668,551	-	3,668,551
<b>Total</b>	<b>\$ 857,970</b>	<b>\$ 3,668,551</b>	<b>\$ -</b>	<b>\$ 4,526,521</b>

**NOTE 8 – Assets Limited As To Use:**

Assets limited as to use consisted of the following as of May 31:

	2025	2024
Ani Guild	\$ 34,078	\$ 90,510
Home Guild	22,275	19,929
Resident trust	4,958	6,468
Education fund	15,959	11,618
Bond cash reserves (long-term)	863,385	863,341
<b>Totals</b>	<b>\$ 940,655</b>	<b>\$ 991,866</b>

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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 9 – Donor-Advised Fund:**

During the year ended May 31, 2024, the Home liquidated the investments and transferred the proceeds to a certificate of deposit held with Central Valley Community Bank. The certificate of deposit has a 3-year term, maturing May 28, 2027.

**NOTE 10 – Lines of Credit:**

The Home had a \$300,000 line-of-credit agreement dated November 21, 2022 with Central Valley Community Bank that matured November 25, 2024. The greater of 2.5% of the outstanding balance or \$25 is payable monthly. Interest is payable monthly at the prime rate, plus 2.0% margin, less 0.5% preferred rate reduction, with a minimum rate of 5.5%. The effective interest rate as of May 31, 2024, was 10.0%. The line-of-credit is secured by all assets and personal property of the Home. As of May 31, 2024, the Home had \$290,000 of outstanding borrowings under this agreement. The line was paid in full and closed as of May 31, 2025.

During the year ended May 31, 2025, the Home entered into two line-of-credit agreements with Community West Bank:

*\$3,170,000 Line of Credit (originally \$3,000,000)*

On June 6, 2024, the Home entered into a line-of-credit agreement with Community West Bank, with an original borrowing capacity of \$3,000,000. The line matures on May 28, 2027, and bears interest at a fixed rate of 2.18%, payable monthly beginning July 10, 2024. The line of credit is secured by a certificate of deposit held with Community West Bank. On November 1, 2024, the Home executed a Change in Terms agreement with the bank, increasing the borrowing limit to \$3,170,000. Monthly payments of accrued, unpaid interest are required beginning December 10, 2024, and on the same day of each subsequent month. The full outstanding principal balance is due upon maturity on May 28, 2027. As of May 31, 2025, the Home had \$3,170,000 in outstanding borrowings under this agreement, with no remaining availability on the line. Subsequent to year-end, the borrowings under this line-of-credit was paid in full and closed.

*\$350,000 Line of Credit*

On November 1, 2024, the Home entered into a separate line-of-credit agreement with Community West Bank for up to \$350,000. This line matures on November 25, 2026, and bears interest at a variable rate equal to the prime rate plus 1.5%, with a minimum interest rate of 9.0%. The effective interest rates during the year ended May 31, 2025 ranged from 9% to 10%. The line is secured by all assets and personal property of the Home. As of May 31, 2025, there was no outstanding balance on this line of credit, and the full \$350,000 remained available for use.

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 11 – Long-Term Debt:**

Long-term bonds payable consisted of the following as of May 31:

	2025	2024
Bonds payable to U.S. Bank National Association dated November 1, 2018, secured by substantially all assets of the Home	\$ 21,705,000	\$ 22,355,000
Less: Current portion of bonds payable	(680,000)	(650,000)
Less: Unamortized debt issuance costs	(1,850,638)	(1,943,363)
Plus: Unamortized bond premium	1,990,103	2,089,816
Totals	\$ 21,164,465	\$ 21,851,453

In November 2018, the Home refinanced a previous loan and issued \$24,660,000 in Insured Revenue Bonds, Series 2018, through the California Municipal Finance Authority. The purpose of the bonds is to provide funds for improving the facilities known as The Vineyards. The bonds payable subjects the Home to certain financial covenants. Management believes the Home was in compliance with the debt service coverage ratio, current ratio, and days cash on hand covenants as of May 31, 2025 and 2024.

Interest rates range between 4% and 5% per annum, which are payable on May and November 15, commencing May 15, 2019.

The bonds were issued at a premium of \$2,646,546, which is being amortized over the life of the debt. Total amortization related to bond premium included in interest expense is \$99,713 for the years ended May 31, 2025 and 2024.

The Home follows FASB ASC 835-30, Imputation of Interest. Under that guidance, debt issuance costs related to a note are reported as a direct deduction from the face amount of the note. The Home incurred debt issuance costs of \$2,461,078 in connection with the bond offerings. The debt issuance costs are being amortized over the life of the debt. Total amortization related to debt issuance costs included in interest expense is \$92,725 for the years ended May 31, 2025 and 2024.

The bond payable is collateralized by the Home's assets. The Home is required to maintain a Bond Reserve Account, comprised of cash and cash equivalents, which totaled \$863,385 and \$863,341 at May 31, 2025 and 2024, respectively.

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 11 – Long-Term Debt (continued):**

Notes payable consisted of the following as of May 31:

	2025	2024
Note payable to Pacific Gas and Electric Co., due February 1, 2025, relating to installation of energy efficiency/demand response equipment and services agreement. The note required monthly payments of \$1,839. The note did not bear interest and was unsecured. The note payable was paid in full during the year ended May 31, 2025.		
	\$ -	\$ 14,714
Less: Current portion of note payable	-	(14,714)
Totals	\$ -	\$ -

Note payable to Mid Valley Services, Inc. dated December 6, 2024, to fund the cognitive care expansion project. The note bears interest at a fixed rate of 12%. Interest payments are due monthly. The full unpaid principal balance, together with any accrued and unpaid interest, is due at maturity on January 1, 2027. The note is secured by deed of trust on the Home's real property. Subsequent to year-end, the note payable was paid in full.

	\$ 1,000,000	\$ -
Less: Unamortized debt issuance costs	(25,000)	-
Totals	\$ 975,000	\$ -

Maturities of long-term bonds payable and note payable over the next five years and thereafter in the aggregate are as follows:

Years ended May 31,	
2026	\$ 680,000
2027	1,715,000
2028	750,000
2029	790,000
2030	820,000
Thereafter	17,950,000
Total	\$ 22,705,000

**THE CALIFORNIA HOME FOR THE AGED, INC.  
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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 12 – Net Assets with Donor Restrictions:**

Net assets with donor restrictions are available for the following purposes as of May 31:

	2025	2024
Donor-advised fund-acquisition and improvement of property and equipment	\$ -	\$ 1,776,060
Cognitive care	700,000	-
Cognitive care memorial	25,000	25,000
Building improvements	3,092	124,272
Education funds	15,959	16,618
Van	-	50,331
	<u>744,051</u>	<u>1,992,281</u>
Totals	\$ <u>744,051</u>	\$ <u>1,992,281</u>

Net assets released from restrictions consisted of the following for the years ended May 31:

	2025	2024
Donor-advised fund-acquisition and improvement of property and equipment	\$ 1,776,060	\$ 1,392,495
Building improvements	121,180	50,728
Education funds	659	10,000
Van	50,331	-
	<u>1,948,230</u>	<u>1,453,223</u>
Totals	\$ <u>1,948,230</u>	\$ <u>1,453,223</u>

**NOTE 13 – Retirement Plan:**

Effective, January 1, 2023, the Home established a 401(k) defined contribution plan for employees who meet certain requirements. Employees elect to have a portion of their salary deferred and contributed to the plan. All employee contributions are vested immediately. The employer contribution for the years ended May 31, 2025 and 2024, totaled \$80,292 and \$58,851, respectively.

**NOTE 14 – Commitments and Contingencies:**

**Government Regulations – Medi-Cal** – The California Health and Human Services Agency, Department of Health Services, reserves the right to perform field audit examinations of the Home’s records. Any adjustments resulting from such examinations could retroactively adjust Medi-Cal revenue.

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
**D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS**  
**May 31, 2025 and 2024**  
(Continued)

**NOTE 14 – Commitments and Contingencies (continued):**

***Government Regulations – Medicare*** – The Medicare intermediary has the authority to audit the skilled nursing facility's records any time within a three-year period after the date the skilled nursing facility receives a final notice of program reimbursement for each cost reporting period. Any adjustments resulting from these audits could retroactively adjust Medicare revenue.

***Workers' Compensation*** – The Home has a workers' compensation plan. Significant claims experienced could impact the results of operations based on independent audits performed by the state. Workers' compensation insurance expense for the years ended May 31, 2025 and 2024, totaled \$467,515 and \$353,582, respectively, and is included in employee benefits in the accompanying statements of functional expenses.

***Litigation*** – The Home is subject to asserted and unasserted claims encountered in the normal course of business. The Home's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Home or unasserted claims that may result in such proceedings, the Home's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims, as well as the perceived merits of the amount of relief sought or expected to be sought therein.

The Home is named in various litigation related to employment-related and resident-related lawsuits and claims. The claims have been referred to the Home's insurance carrier and legal counsel. During the year ended May 31, 2025, the Home paid \$240,000 in claims related to a lawsuit settlement, which was accrued in other current liabilities in the accompanying statements of financial position as of May 31, 2024. The final outcome of other claims are unknown as of the date the financial statements were available to be issued. While there can be no assurance, based on the Home's evaluation of information currently available, management does not believe the result of the litigation would have material adverse effects on the results of operations, financial position or cash flows. However, the Home's assessment may evolve based upon further developments in the proceedings. The results of legal proceedings are inherently uncertain, and material adverse outcomes are possible.

***Affordable Care Act*** – The Patient Protection and Affordable Care Act and the Health Care and Education Tax Credits Reconciliation Act of 2010 are currently in force. Together, these two acts affect the health care system and impact payments received by health care providers. Under the previous Administration, action had been taken to start repealing the Affordable Care Act. The overall impact of these actions to the Home is not presently determinable.

**THE CALIFORNIA HOME FOR THE AGED, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 14 – Commitments and Contingencies (continued):**

*Other* – The healthcare industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for resident services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes it has mitigated these risks and that such matters will not have a material or adverse effect on the financial condition or results of operation of the Home.

*Construction* – In August 2023, the Home entered into a construction contract related to the Cognitive Care expansion project. The contract sum, including change orders, is \$4,569,439. As of May 31, 2024, the amount due on the contract was \$394,798, included in accounts payable in the accompanying statements of financial position. The remaining balance to finish, including retainage, as of May 31, 2024, was \$3,270,494. The expansion project was completed during the year ended May 31, 2025, and there was no outstanding due as of May 31, 2025.

**NOTE 15 – Risks and Uncertainties:**

The Home maintains cash and investment balances at various financial institutions. At various times throughout the years ended May 31, 2025 and 2024, the Home maintained balances in excess of the federally insured limits. The Home manages deposit concentration risk by placing amounts with financial institutions believed to be credit worthy. To date, the Home has not experienced losses in any of these accounts.

The Home invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Home's investment accounts and the amounts reported in the statements of financial position.

**NOTE 16 – Related-Party Transactions:**

The Home provided services to a Board member from whom it earned revenue of \$33,564 and \$34,767 for the years ended May 31, 2025 and 2024, respectively. As of May 31, 2025 and 2024, there was \$25,569 and \$18,805 due from the Board member for services provided, respectively. Other related party transactions with this Board member included reimbursements for amounts totaling \$13,758 and \$13,315 for the years ended May 31, 2025 and 2024, respectively.

The Home paid consulting services to an affiliated party totaling \$131,983 for the year ended May 31, 2024. There were no consulting services paid during the year ended May 31, 2025.

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

**NOTES TO FINANCIAL STATEMENTS**

**May 31, 2025 and 2024**

(Continued)

**NOTE 17 – Subsequent events:**

On July 2, 2025, the Home repaid in full the outstanding balance on the \$3,170,000 line of credit with Community West Bank, including all accrued interest, for a total payment of \$3,174,258 (see Note 10).

On August 6, 2025, the Court approved the settlement agreement with the trustees related to the Home's status as a beneficiary of a trust (see Note 2) and the Home received the final disbursements in the amount of \$1,000,000 from the trust. On August 21, 2025, the funds were used to repay the outstanding note payable to Mid Valley Services, Inc. (see Note 11).

The Home did not have any other subsequent events through September 17, 2025, which is the date the financial statements were issued, requiring recording or disclosure in the financial statements for the year ended May 31, 2025.

## **Supplementary Information**



HANSEN HUNTER & CO. P.C.  
*Certified Public Accountants*

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## **Independent Auditor's Report on Supplementary Information**

To the Board of Directors  
The California Home for the Aged, Inc.  
d/b/a The Vineyard and California Armenian Home  
Fresno, California

We have audited the financial statements of The California Home for the Aged, Inc. d/b/a The Vineyard and California Armenian Home (a California nonprofit corporation) as of and for the years ended May 31, 2025 and 2024, and have issued our report thereon dated September 17, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of The California Home for the Aged, Inc. d/b/a The Vineyard and California Armenian Home's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Hansen Hunter + Co. P.C.*

September 17, 2025

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARD AND CALIFORNIA ARMENIAN HOME**

**SCHEDULES OF OPERATIONS - COMBINED**

	Years Ended May 31,	
	2025	2024
<b>Healthcare revenue, net</b>		
Skilled nursing care revenue, net of contractual adjustments	\$ 16,309,468	\$ 13,565,851
Residential care revenue	13,922,081	13,707,859
Other healthcare revenue	434,791	339,283
	<u>30,666,340</u>	<u>27,612,993</u>
<b>Healthcare expenses</b>		
Nursing and residential care services	10,070,287	9,096,903
Plant operations	2,650,103	2,444,121
Housekeeping	1,110,111	1,016,490
Laundry and linen	332,478	378,340
Dietary	4,683,961	4,572,917
Social services	238,523	170,134
Activities	900,092	793,340
Education	110,568	121,923
Administration	5,412,107	5,008,454
Provision for bad debt	38,799	93,407
Medical records	143,748	129,521
Ancillary	1,632,511	1,413,741
Transportation	232,166	260,008
Marketing and advertising	401,748	347,874
Security	448,906	395,607
	<u>28,406,108</u>	<u>26,242,780</u>
Total healthcare expenses		
	<u>2,260,232</u>	<u>1,370,213</u>
<b>Income (loss) from healthcare operations</b>		
<b>Other operating expenses</b>		
Interest expense	1,107,738	1,114,035
Depreciation	2,751,317	2,692,934
	<u>3,859,055</u>	<u>3,806,969</u>
Total other operating expenses		

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARD AND CALIFORNIA ARMENIAN HOME**

**SCHEDULES OF OPERATIONS - COMBINED**

(Continued)

	Years Ended May 31,	
	2025	2024
<b>Other revenue (expenses)</b>		
Contributions without donor restrictions	\$ 825,725	\$ 406,892
Net investment return	49,261	124,927
Other income	(63,713)	104,670
Fundraising	(39,171)	(72,909)
	<u>772,102</u>	<u>563,580</u>
<b>Net income (loss)</b>	(826,721)	(1,873,176)
<b>Net assets released from restrictions</b>	<u>1,948,230</u>	<u>1,453,223</u>
<b>Increase (decrease) in net assets without donor restrictions</b>	<u>\$ 1,121,509</u>	<u>\$ (419,953)</u>

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARD AND CALIFORNIA ARMENIAN HOME**

**SCHEDULES OF OPERATIONS – THE VINEYARDS**

	Years Ended May 31,	
	2025	2024
<b>Healthcare revenue, net</b>		
Independent living revenue	\$ 5,106,206	\$ 4,976,623
Assisted living revenue	5,529,414	5,528,134
Memory care revenue	3,286,461	3,203,102
Other healthcare revenue	24	189,869
	<u>13,922,105</u>	<u>13,897,728</u>
<b>Healthcare expenses</b>		
Assisted living	3,011,464	2,725,622
Plant operations	1,820,646	1,492,363
Housekeeping	644,866	576,996
Laundry and linen	120,294	140,385
Dietary	3,386,637	3,256,497
Activities	541,987	464,083
Administration	2,905,594	2,630,455
Provision for bad debt	-	29,413
Transportation	176,889	165,367
Marketing	343,707	330,785
Security	352,001	253,195
	<u>13,304,085</u>	<u>12,065,161</u>
Total healthcare expenses		
	<u>618,020</u>	<u>1,832,567</u>
<b>Other operating expenses</b>		
Interest expense	851,575	703,034
Depreciation	1,956,103	1,898,312
	<u>2,807,678</u>	<u>2,601,346</u>
Total other operating expenses		

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARD AND CALIFORNIA ARMENIAN HOME**

**SCHEDULES OF OPERATIONS – THE VINEYARDS  
(Continued)**

	Years Ended May 31,	
	2025	2024
<b>Other revenue (expenses)</b>		
Net investment return, without donor restrictions	\$ 131	\$ 111
Other expenses	18,561	(42,623)
Fundraising expenses	(8,764)	(6,834)
Total other revenue (expenses)	9,928	(49,346)
<b>Net income (loss)</b>	(2,179,730)	(818,125)
<b>Increase (decrease) in net assets without donor restrictions</b>	\$ (2,179,730)	\$ (818,125)

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARD AND CALIFORNIA ARMENIAN HOME**

**SCHEDULES OF OPERATIONS – CALIFORNIA ARMENIAN HOME**

	Years Ended May 31,	
	2025	2024
<b>Healthcare revenue, net</b>		
Skilled nursing care revenue, net of contractual adjustments	\$ 16,309,468	\$ 13,565,851
Other healthcare revenue	434,767	149,414
Total healthcare revenue, net	16,744,235	13,715,265
<b>Healthcare expenses</b>		
Nursing and residential care services	7,058,823	6,371,281
Plant operations	829,457	951,758
Housekeeping	465,245	439,494
Laundry and linen	212,184	237,955
Dietary	1,297,324	1,316,420
Social services	238,523	170,134
Activities	358,105	329,257
Education	110,568	121,923
Administration	2,506,513	2,377,999
Provision for bad debt	38,799	63,994
Medical records	143,748	129,521
Ancillary	1,632,511	1,413,741
Transportation	55,277	94,641
Marketing and advertising	58,041	17,089
Security	96,905	142,412
Total healthcare expenses	15,102,023	14,177,619
Income (loss) from healthcare operations	1,642,212	(462,354)
<b>Other operating expenses</b>		
Interest expense	256,163	411,001
Depreciation	795,214	794,622
Total other operating expenses	1,051,377	1,205,623

**THE CALIFORNIA HOME FOR THE AGED, INC.  
D/B/A THE VINEYARD AND CALIFORNIA ARMENIAN HOME**

**SCHEDULES OF OPERATIONS – CALIFORNIA ARMENIAN HOME  
(Continued)**

	Years Ended May 31,	
	2025	2024
<b>Other revenue (expenses)</b>		
Contributions without donor restrictions	\$ 825,725	\$ 406,892
Net investment return	49,130	124,816
Other income	(82,274)	147,293
Fundraising	(30,407)	(66,075)
Total other revenue (expenses)	762,174	612,926
<b>Net income (loss)</b>	1,353,009	(1,055,051)
<b>Net assets released from restrictions</b>	1,948,230	1,453,223
<b>Increase (decrease) in net assets without donor restrictions</b>	\$ 3,301,239	\$ 398,172