

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, 2026 AND 2025



HANSEN HUNTER & CO. P.C.

Certified Public Accountants

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

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, 2026 and 2025, 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, 2026 and 2025, 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.



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

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.



HANSEN HUNTER & CO. P.C.

Certified Public Accountants

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 18, 2026

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

STATEMENTS OF FINANCIAL POSITION

ASSETS

	May 31,	
	2026	2025
Current assets		
Cash and cash equivalents	\$ 1,773,349	\$ 1,255,121
Short-term investments	1,448,033	940,006
Certificate of deposit	-	3,174,258
Accounts receivable	1,816,775	2,268,041
Allowance for doubtful accounts	(127,461)	(64,208)
Contributions receivable, current	300,000	100,000
Other receivable	187,912	381,667
Prepaid expenses	173,931	154,126
Supplies inventory	140,787	199,744
Assets limited as to use, current	84,022	77,270
	<u>5,797,348</u>	<u>8,486,025</u>
Property and equipment		
Land	44,701	44,701
Land improvements	8,492,703	7,752,513
Furniture and equipment	5,271,496	4,824,437
Buildings and improvements	67,197,000	67,144,130
	<u>81,005,900</u>	<u>79,765,781</u>
Less: Accumulated depreciation	(28,666,144)	(25,744,983)
	52,339,756	54,020,798
Construction in progress	707,597	565,990
	<u>53,047,353</u>	<u>54,586,788</u>
Non-current assets		
Contributions receivable, non-current	1,660,400	600,000
Investments	-	11,664
Assets limited as to use	863,337	863,385
	<u>2,523,737</u>	<u>1,475,049</u>
Total assets	<u>\$ 61,368,438</u>	<u>\$ 64,547,862</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,	
	2026	2025
Current liabilities		
Accounts payable	\$ 807,306	\$ 914,760
Accrued payroll and related liabilities	1,534,494	1,610,449
Other accrued liabilities	89,612	80,568
Contract liability - advanced rent	68,806	87,441
Other current liabilities	308,465	432,903
Current portion of bonds payable	715,000	680,000
	<u>3,523,683</u>	<u>3,806,121</u>
Total current liabilities		
	<u>3,523,683</u>	<u>3,806,121</u>
Long-term liabilities		
Bonds payable, including bond premium, net of current portion and unamortized debt issuance costs	20,442,477	21,164,465
Lines of credit, net of current portion	-	3,170,000
Note payable, net of unamortized debt issuance costs	-	975,000
	<u>20,442,477</u>	<u>25,309,465</u>
Total long-term liabilities		
	<u>20,442,477</u>	<u>25,309,465</u>
Total liabilities	<u>23,966,160</u>	<u>29,115,586</u>
Net assets		
Without donor restrictions	36,469,436	34,688,225
With donor restrictions	932,842	744,051
	<u>37,402,278</u>	<u>35,432,276</u>
Total net assets		
	<u>37,402,278</u>	<u>35,432,276</u>
Total liabilities and net assets	<u>\$ 61,368,438</u>	<u>\$ 64,547,862</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,		
	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Healthcare revenue, net			
Skilled nursing care revenue, net of contractual adjustments	\$ 16,767,383	\$ -	\$ 16,767,383
Residential care revenue	15,999,527	-	15,999,527
Other healthcare revenue	160,157	-	160,157
Total healthcare revenue, net of contractual adjustments	32,927,067	-	32,927,067
Net assets released from restrictions	211,209	(211,209)	-
Total revenue without donor restrictions	33,138,276	(211,209)	32,927,067
Operating expenses			
Program services	29,419,963	-	29,419,963
Management and general	5,300,418	-	5,300,418
Fundraising	16,677	-	16,677
Total operating expenses	34,737,058	-	34,737,058
Change in net assets from operations	(1,598,782)	(211,209)	(1,809,991)
Other income (expenses)			
Contributions	3,527,277	400,000	3,927,277
Net investment return	33,382	-	33,382
Other income (expenses)	(180,666)	-	(180,666)
Total other income (expenses)	3,379,993	400,000	3,779,993
Excess of revenues over expenses	1,781,211	-	
Change in net assets	1,781,211	188,791	1,970,002
Net assets, beginning of year	34,688,225	744,051	35,432,276
Net assets, end of year	<u>\$ 36,469,436</u>	<u>\$ 932,842</u>	<u>\$ 37,402,278</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,		
	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Healthcare revenue, net			
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
Total healthcare revenue, net of contractual adjustments	30,666,340	-	30,666,340
Net assets released from restrictions	1,948,230	(1,948,230)	-
Total revenue without donor restrictions	32,614,570	(1,948,230)	30,666,340
Operating expenses			
Program services	27,384,610	-	27,384,610
Management and general	4,961,981	-	4,961,981
Fundraising	39,171	-	39,171
Total operating expenses	32,385,762	-	32,385,762
Change in net assets from operations	228,808	(1,948,230)	(1,719,422)
Other income			
Contributions	825,725	700,000	1,525,725
Net investment return	49,261	-	49,261
Other income	17,715	-	17,715
Total other income	892,701	700,000	1,592,701
Excess of revenues over expenses	1,121,509	-	
Change in net assets	1,121,509	(1,248,230)	(126,721)
Net assets, beginning of year	33,566,716	1,992,281	35,558,997
Net assets, end of year	\$ 34,688,225	\$ 744,051	\$ 35,432,276

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, 2026			
	Program Services	Management and General	Fundraising	Total
Advertising and promotion	\$ -	\$ 102,335	\$ -	\$ 102,335
Depreciation	2,804,315	116,846	-	2,921,161
Dietary	1,513,284	-	-	1,513,284
Dues and subscriptions	2,519	39,003	-	41,522
Employee benefits	2,806,017	787,664	-	3,593,681
Equipment	262,113	85,771	-	347,884
Fundraising	-	-	16,677	16,677
Health care ancillary expenses	1,974,764	-	-	1,974,764
Information technology	-	311,080	-	311,080
Insurance	21,020	688,316	-	709,336
Interest	1,043,644	62,182	-	1,105,826
Licenses and fees	137,178	52,789	-	189,967
Miscellaneous expenses	82,820	131,483	-	214,303
Occupancy	1,325,754	55,240	-	1,380,994
Office expenses	-	179,020	-	179,020
Other employee expenses	29,318	47,980	-	77,298
Other health care expenses	107,167	-	-	107,167
Payroll taxes	1,217,677	191,233	-	1,408,910
Professional and consultant fees	762,687	588,599	-	1,351,286
Provision for bad debt	-	81,688	-	81,688
Repairs and maintenance	76,554	30	-	76,584
Salaries and wages	14,517,755	1,713,237	-	16,230,992
Supplies	734,317	45,683	-	780,000
Travel	1,060	20,239	-	21,299
	<u>\$ 29,419,963</u>	<u>\$ 5,300,418</u>	<u>\$ 16,677</u>	<u>\$ 34,737,058</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, 2025			
	Program Services	General and Administrative	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 CASH FLOWS

	Years Ended May 31,	
	2026	2025
Cash flows from operating activities		
Cash received from residents	\$ 33,359,898	\$ 30,472,424
Cash received from other sources	374,783	(136)
Cash paid to suppliers and employees	(31,385,929)	(29,157,602)
Contributions received	2,666,877	825,725
Interest paid	(1,087,814)	(1,104,726)
	<u>3,927,815</u>	<u>1,035,685</u>
Net cash provided by (used in) operating activities		
	<u>3,927,815</u>	<u>1,035,685</u>
Cash flows from investing activities		
Purchases of property and equipment	(14,577)	(4,414,470)
Additions to construction in progress	(1,213,825)	(112,335)
(Purchases) sales of investments	(1,090,303)	504,527
(Purchases) sales of certificate of deposit	3,174,258	(5,707)
	<u>855,553</u>	<u>(4,027,985)</u>
Net cash provided by (used in) investing activities		
	<u>855,553</u>	<u>(4,027,985)</u>
Cash flows from financing activities		
Payments on bonds payable	(680,000)	(650,000)
Borrowings on line of credit	6,210,000	7,929,000
Payments on line of credit	(9,380,000)	(5,049,000)
Proceeds on new note payable	-	1,000,000
Loan fees incurred on new note payable	-	(30,000)
Payments on note payable	(1,000,000)	(19,714)
	<u>(4,850,000)</u>	<u>3,180,286</u>
Net cash provided by (used in) financing activities		
	<u>(4,850,000)</u>	<u>3,180,286</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 CASH FLOWS
(Continued)

	Years Ended May 31,	
	2026	2025
Net change in cash, cash equivalents and restricted cash	\$ (66,632)	\$ 187,986
Cash, cash equivalents and restricted cash, beginning of year	3,135,782	2,947,796
Cash, cash equivalents and restricted cash, end of year	\$ 3,069,150	\$ 3,135,782

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,	
	2026	2025
Cash and cash equivalents	\$ 1,773,349	\$ 1,255,121
Short-term investments, cash and money market funds	348,442	940,006
Assets limited as to use, cash and cash equivalents	947,359	940,655
Total cash, cash equivalents and restricted cash	\$ 3,069,150	\$ 3,135,782

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,	
	2026	2025
Cash flows from operating activities		
Change in net assets	\$ 1,970,002	\$ (126,721)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,921,161	2,751,317
Provision for bad debt	81,688	38,799
Change in allowance for doubtful accounts	63,253	(17,651)
Amortization of debt issuance costs	117,725	102,725
Amortization of bond premium	(99,713)	(99,713)
Unrealized (gain) loss on investments	2,376	3,037
 (Increase) decrease in operating assets:		
Accounts receivable	369,578	(176,265)
Contribution receivable	(1,260,400)	(700,000)
Other receivable	193,755	(299,667)
Prepaid expenses	(19,805)	22,819
Supplies inventory	58,957	(46,116)
 Increase (decrease) in operating liabilities:		
Accounts payable	(260,778)	(560,129)
Accrued payroll and related liabilities	(75,955)	249,567
Other accrued liabilities	9,044	4,596
Contract liability - advanced rent	(18,635)	(14,333)
Other current liabilities	(124,438)	(96,580)
 Net cash provided by (used in) operating activities	\$ 3,927,815	\$ 1,035,685
 Supplementary disclosure of cash flow information		
Noncash investing and financing activities		
Construction in progress financed by accounts payable	\$ 43,995	\$ 197,319

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, 2026 and 2025

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, 2026, 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.

Performance Indicator – The Home's statements of activities included a performance indicator, labeled "excess of revenues over expenses," which management uses to measure the results of operations for the period. The performance indicator is generally analogous to income from continuing operations for a for-profit health care entity and is presented in a statement that also reports total changes in net assets without donor restrictions.

The performance indicator includes resident service revenue and other operating revenues, operating expenses, and investment return without donor or legal restrictions (interest, dividends, and realized gains and losses, and, where applicable, unrealized gains and losses on trading securities). Amounts excluded from the performance indicator and reported as other changes in net assets include contributions with donor restrictions, contributions of long-lived assets and related net assets released from restriction, equity transfers with entities under common control, certain pension and other postretirement benefit items, and unrealized gains and losses on debt securities not classified as trading.

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.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

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

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

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.

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 57% and 66% of the Home’s gross accounts receivable as of May 31, 2026 and 2025, 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 CALIFORNIA HOME FOR THE AGED, INC.
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

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

Accounts Receivable (continued) – 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 provision for bad debt was \$81,688 and \$38,800 for the years ended May 31, 2026 and 2025, respectively.

Net accounts receivable consisted of the following as of:

	May 31,		
	<u>2026</u>	<u>2025</u>	<u>2024</u>
Amounts due from patients, residents and third party payors	\$ 1,816,775	\$ 2,268,041	\$ 2,130,575
Allowance for doubtful accounts	<u>(127,461)</u>	<u>(64,208)</u>	<u>(81,859)</u>
Accounts receivable, net	\$ <u>1,689,314</u>	\$ <u>2,203,833</u>	\$ <u>2,048,716</u>

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.

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

NOTES TO FINANCIAL STATEMENTS
May 31, 2026 and 2025
(Continued)

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

Assets Limited as to Use (continued) –

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. In April 2025, the Home and trustees unanimously consented and agreed to use the funds for the mutually agreeable cognitive care expansion project.

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, 2026 and 2025.

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, 2026, 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.

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

May 31, 2026 and 2025

(Continued)

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

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 \$102,335 and \$45,635 for the years ended May 31, 2026 and 2025, respectively.

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, 2026 and 2025.

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, 2026 and 2025.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

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

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. 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, 2026 and 2025.

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.

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

May 31, 2026 and 2025

(Continued)

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

Healthcare Revenue (continued) – 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. 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% of the Home's net healthcare revenue for the years ended May 31, 2026, and 2025.

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% of the Home's net healthcare revenue for the years ended May 31, 2026 and 2025.

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.

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

May 31, 2026 and 2025

(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, 2026 and 2025.

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 \$964,061 and \$1,273,096 for the years ended May 31, 2026 and 2025, 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.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(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. During the year ended May 31, 2025, 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. In August 6, 2025, the Court approved the settlement agreement with the trustees related to the Home's status as a beneficiary of a trust and the Home received the final disbursements in the amount of \$1,000,000 from the trust. On August 31, 2025, the funds were used to repay the outstanding note payable to Mid Valley Services, Inc. (see Note 11).

NOTE 3 – Revenue Composition and Disaggregation:

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

	2026			2025				
Medi-Cal	\$	5,337,099	16.2%	%	\$	4,775,674	15.6	%
Medicare		7,098,556	21.6%			6,703,714	21.9	
Private – Independent living		5,264,968	16.0%			5,106,206	16.6	
Private – Assisted living		5,218,259	15.8%			5,430,953	17.7	
Private – Skilled nursing care		1,593,586	4.8%			1,491,630	4.9	
Private – Cognitive care		4,525,846	13.8%			3,297,020	10.7	
Managed care		3,140,112	9.5%			2,300,751	7.5	
Hospice		588,484	1.8%			1,125,601	3.7	
Other		160,157	0.5%			434,791	1.4	
Total healthcare revenue, net	\$	32,927,067	100.0	%	\$	30,666,340	100.0	%

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

May 31, 2026 and 2025

(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, 2026

<u>Payor Type</u>	<u>Independent Living</u>	<u>Assisted Living</u>	<u>Skilled Nursing</u>	<u>Cognitive Care</u>	<u>Total</u>
Medi-Cal	\$ -	\$ -	\$ 5,337,099	\$ -	\$ 5,337,099
Medicare	-	-	7,098,556	-	7,098,556
Private	5,264,968	5,218,259	1,593,586	4,525,846	16,602,659
Managed Care	-	-	3,140,112	-	3,140,112
Hospice	-	-	588,484	-	588,484
Other	-	-	160,157	-	160,157
Totals	\$ <u>5,264,968</u>	\$ <u>5,218,259</u>	\$ <u>17,917,994</u>	\$ <u>4,525,846</u>	\$ <u>32,927,067</u>

<u>Timing of Revenue and Recognition</u>	<u>Total</u>
Resident and other services transferred over time	\$ 32,766,910
Various other revenue earned at point-in-time	<u>160,157</u>
Totals	\$ <u>32,927,067</u>

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

**NOTES TO FINANCIAL STATEMENTS
May 31, 2026 and 2025
(Continued)**

NOTE 3 – Revenue Composition and Disaggregation (continued):

May 31, 2025

Payor Type	Independent Living	Assisted Living	Skilled Nursing	Cognitive Care	Total
Medi-Cal	\$ -	\$ -	\$ 4,775,674	\$ -	\$ 4,775,674
Medicare	-	-	6,703,714	-	6,703,714
Private	5,106,206	5,430,953	1,491,630	3,297,020	15,325,809
Managed Care	-	-	2,300,751	-	2,300,751
Hospice	-	-	1,125,601	-	1,125,601
Other	-	-	434,791	-	434,791
Totals	\$ <u>5,106,206</u>	\$ <u>5,430,953</u>	\$ <u>16,832,161</u>	\$ <u>3,297,020</u>	\$ <u>30,666,340</u>

Timing of Revenue and Recognition	Total
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.
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME**

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(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:

	2026	2025
Cash and cash equivalents	\$ 1,773,349	\$ 1,255,121
Short-term investments	1,448,033	940,006
Accounts receivable, net	1,689,314	2,203,833
Other receivable	187,912	381,667
Investments	-	11,664
Certificates of deposit	-	3,174,258
Total financial assets	5,098,608	7,966,549
Less: Certificates of deposit held as collateral	-	(3,174,258)
Financial assets available to meet general expenditures over the next 12 months	\$ 5,098,608	\$ 4,792,291

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:

	2026	2025
Less than one year	\$ 300,000	\$ 100,000
One to five years	1,500,000	500,000
More than five years	600,000	100,000
Discount on pledge receivables	(439,600)	-
Allowance for uncollectible pledges	-	-
Contributions receivable, net	\$ 1,960,400	\$ 700,000

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

May 31, 2026 and 2025

(Continued)

NOTE 6 – Investments and Certificate of Deposit:

Investments consisted of the following as of May 31:

	2026	2025
Short-term investments	\$ 1,448,033	\$ 940,006
Certificate of deposit	-	3,174,258
Investments	-	11,664
Totals	\$ 1,448,033	\$ 4,125,928

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:

	2026	2025
Interest income and dividends	\$ 33,134	\$ 52,543
Realized and unrealized gains (losses), net	248	(3,282)
Totals	\$ 33,382	\$ 49,261

There was no net investment return for net assets with donor restrictions reported in the statements of activities for the years ended May 31, 2026 and 2025.

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.

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

May 31, 2026 and 2025

(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.

**THE CALIFORNIA HOME FOR THE AGED, INC.
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**NOTES TO FINANCIAL STATEMENTS
May 31, 2026 and 2025
(Continued)**

NOTE 7 – Fair Value Measurements (continued):

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

May 31, 2026

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Cash and money market funds	\$ 103,091	\$ 245,351	\$ -	\$ 348,442
Fixed income securities	<u>-</u>	<u>1,099,591</u>	<u>-</u>	<u>1,099,591</u>
Total	\$ <u>103,091</u>	\$ <u>1,344,942</u>	\$ <u>-</u>	\$ <u>1,448,033</u>

May 31, 2025

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

NOTE 8 – Assets Limited As To Use:

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

	<u>2026</u>	<u>2025</u>
Ani Guild	\$ 38,111	\$ 34,078
Home Guild	28,088	22,275
Resident trust	1,864	4,958
Education fund	15,959	15,959
Bond cash reserves (long-term)	<u>863,337</u>	<u>863,385</u>
Totals	\$ <u>947,359</u>	\$ <u>940,655</u>

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

May 31, 2026 and 2025

(Continued)

NOTE 9 – Donor-Advised Fund:

During the year ended May 31, 2024, the Home liquidated the donor advised fund held in investments and transferred the proceeds to a certificate of deposit held with Central Valley Community Bank. The certificate of deposit had a 3-year term set to maturing May 28, 2027. During the year ended May 31, 2026, the Home liquidated the certificate of deposit held with Central Valley Community Bank and repaid in full the outstanding balance on the \$3,170,000 line of credit, including all accrued interest, for a total payment of \$3,174,258 (see Note 10).

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. The line was paid in full and closed as of May 31, 2026.

\$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, 2026 ranged from 9% to 10%. The line is secured by all assets and personal property of the Home. As of May 31, 2026 and 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.
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NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

NOTE 11 – Long-Term Debt:

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

	<u>2026</u>	<u>2025</u>
Bonds payable to U.S. Bank National Association dated November 1, 2018, secured by substantially all assets of the Home	\$ 21,025,000	\$ 21,705,000
Less: Current portion of bonds payable	(715,000)	(680,000)
Less: Unamortized debt issuance costs	(1,757,913)	(1,850,638)
Plus: Unamortized bond premium	<u>1,890,390</u>	<u>1,990,103</u>
Totals	\$ <u>20,442,477</u>	\$ <u>21,164,465</u>

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, 2026 and 2025.

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, 2026 and 2025.

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, 2026 and 2025.

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 \$863,337 and \$863,385 at May 31, 2026 and 2025, respectively.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

NOTE 11 – Long-Term Debt (continued):

Notes payable consisted of the following as of May 31:

	<u>2026</u>	<u>2025</u>
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. The note payable was paid in full during the year ended May 31, 2026.		
	\$ -	\$ 1,000,000
Less: Unamortized debt issuance costs	<u>-</u>	<u>(25,000)</u>
Totals	\$ <u>-</u>	\$ <u>975,000</u>

There was a 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.

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,	
2027	\$ 715,000
2028	750,000
2029	790,000
2030	820,000
2031	855,000
Thereafter	<u>17,095,000</u>
Total	\$ <u>21,025,000</u>

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

NOTE 12 – Net Assets with Donor Restrictions:

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

	2026	2025
Cognitive care	\$ 913,791	\$ 700,000
Cognitive care memorial	-	25,000
Building improvements	3,092	3,092
Education funds	15,959	15,959
Totals	\$ 932,842	\$ 744,051

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

	2026	2025
Donor-advised fund-acquisition and improvement of property and equipment	\$ -	\$ 1,776,060
Cognitive care	186,209	-
Cognitive care memorial	25,000	-
Building improvements	-	121,180
Education funds	-	659
Van	-	50,331
Totals	\$ 211,209	\$ 1,948,230

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, 2026 and 2025, totaled \$94,864 and \$80,292, respectively and is included in employee benefits in the accompanying statements of functional expenses.

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, 2026 and 2025

(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, 2026 and 2025, totaled \$530,489 and \$467,515, 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.

During the year ended May 31, 2025, the Home paid \$240,000 in claims related to a lawsuit settlement. The Home is named in various other 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. The final outcome of the 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.
D/B/A THE VINEYARDS AND CALIFORNIA ARMENIAN HOME

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(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.

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, 2026 and 2025, 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 \$34,268 and \$33,564 for the years ended May 31, 2026 and 2025, respectively, included in residential care revenue in the accompanying statements of activities. As of May 31, 2026 and 2025, there was \$33,428 and \$25,569 due from the Board member for services provided, respectively, included in accounts receivable in the accompanying statements of financial position. Other related party transactions with this Board member included reimbursements for amounts totaling \$14,216 and \$13,758 for the years ended May 31, 2026 and 2025, respectively.

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

NOTES TO FINANCIAL STATEMENTS

May 31, 2026 and 2025

(Continued)

NOTE 17 – Subsequent events:

In July 2026, the Home entered into a construction contract related to a solar panel installation project. The contract sum, including change orders, is \$1,842,700. A contract deposit was required prior to the commencement of any construction drawings by the contractor in the amount of \$187,700.

The Home did not have any other subsequent events through September 18, 2026, which is the date the financial statements were issued, requiring recording or disclosure in the financial statements for the year ended May 31, 2026.

Supplementary Information



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

Independent Auditor's Report on Supplementary Information

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

We have audited the financial statements of The California Home for the Aged, Inc. d/b/a The Vineyards and California Armenian Home (a California nonprofit corporation) as of and for the years ended May 31, 2026 and 2025, and have issued our report thereon dated September 18, 2026, 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 Vineyards 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 18, 2026

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

SCHEDULES OF OPERATIONS - COMBINED

	Years Ended May 31,	
	2026	2025
Healthcare revenue, net		
Skilled nursing care revenue, net of contractual adjustments	\$ 16,767,383	\$ 16,309,468
Residential care revenue	15,999,527	13,922,081
Other healthcare revenue	160,157	434,791
Total healthcare revenue, net	32,927,067	30,666,340
Healthcare expenses		
Nursing and residential care services	10,817,222	10,070,287
Plant operations	2,663,891	2,650,103
Housekeeping	1,340,992	1,110,111
Laundry and linen	308,338	332,478
Dietary	4,961,610	4,683,961
Social services	211,256	238,523
Activities	1,046,759	900,092
Education	104,296	110,568
Administration	5,844,890	5,412,107
Provision for bad debt	81,688	38,799
Medical records	146,078	143,748
Ancillary	1,832,484	1,632,511
Transportation	256,883	232,166
Marketing and advertising	482,804	401,748
Security	521,195	448,906
Total healthcare expenses	30,620,386	28,406,108
Income (loss) from healthcare operations	2,306,681	2,260,232
Other operating expenses		
Interest expense	1,105,826	1,107,738
Depreciation	2,921,161	2,751,317
Total other operating expenses	4,026,987	3,859,055

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

SCHEDULES OF OPERATIONS - COMBINED

(Continued)

	Years Ended May 31,	
	2026	2025
Other revenue (expenses)		
Contributions without donor restrictions	\$ 3,527,277	\$ 825,725
Net investment return	33,382	49,261
Other income	(253,674)	(63,713)
Fundraising	(16,677)	(39,171)
Total other revenue (expenses)	3,290,308	772,102
Net income (loss)	1,570,002	(826,721)
Net assets released from restrictions	211,209	1,948,230
Increase (decrease) in net assets without donor restrictions	\$ 1,781,211	\$ 1,121,509

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

SCHEDULES OF OPERATIONS – THE VINEYARDS

	Years Ended May 31,	
	2026	2025
Healthcare revenue, net		
Independent living revenue	\$ 5,266,968	\$ 5,106,206
Assisted living revenue	5,933,772	5,529,414
Memory care revenue	4,798,787	3,286,461
Other healthcare revenue	324	24
	<u>15,999,851</u>	<u>13,922,105</u>
Healthcare expenses		
Assisted living	3,423,571	3,011,464
Plant operations	1,564,589	1,820,646
Housekeeping	758,931	644,866
Laundry and linen	100,274	120,294
Dietary	3,549,531	3,386,637
Activities	664,347	541,987
Administration	2,702,343	2,905,594
Provision for bad debt	14,812	-
Transportation	128,494	176,889
Marketing	348,744	343,707
Security	260,597	352,001
	<u>13,516,233</u>	<u>13,304,085</u>
Income (loss) from healthcare operations	<u>2,483,618</u>	<u>618,020</u>
Other operating expenses		
Interest expense	565,079	851,575
Depreciation	2,128,393	1,956,103
	<u>2,693,472</u>	<u>2,807,678</u>

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

SCHEDULES OF OPERATIONS – THE VINEYARDS
(Continued)

	Years Ended May 31,	
	<u>2026</u>	<u>2025</u>
Other revenue (expenses)		
Net investment return, without donor restrictions	\$ 198	\$ 131
Other expenses	(89,071)	18,561
Fundraising expenses	<u>5,987</u>	<u>(8,764)</u>
Total other revenue (expenses)	<u>(82,886)</u>	<u>9,928</u>
Net income (loss)	<u>(292,740)</u>	<u>(2,179,730)</u>
Increase (decrease) in net assets without donor restrictions	<u>\$ (292,740)</u>	<u>\$ (2,179,730)</u>

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

SCHEDULES OF OPERATIONS – CALIFORNIA ARMENIAN HOME

	Years Ended May 31,	
	2026	2025
Healthcare revenue, net		
Skilled nursing care revenue, net of contractual adjustments	\$ 16,767,383	\$ 16,309,468
Other healthcare revenue	159,833	434,767
Total healthcare revenue, net	16,927,216	16,744,235
Healthcare expenses		
Nursing and residential care services	7,393,651	7,058,823
Plant operations	1,099,302	829,457
Housekeeping	582,061	465,245
Laundry and linen	208,064	212,184
Dietary	1,412,079	1,297,324
Social services	211,256	238,523
Activities	382,412	358,105
Education	104,296	110,568
Administration	3,142,547	2,506,513
Provision for bad debt	66,876	38,799
Medical records	146,078	143,748
Ancillary	1,832,484	1,632,511
Transportation	128,389	55,277
Marketing and advertising	134,060	58,041
Security	260,598	96,905
Total healthcare expenses	17,104,153	15,102,023
Income (loss) from healthcare operations	(176,937)	1,642,212
Other operating expenses		
Interest expense	540,747	256,163
Depreciation	792,768	795,214
Total other operating expenses	1,333,515	1,051,377

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

SCHEDULES OF OPERATIONS – CALIFORNIA ARMENIAN HOME
(Continued)

	Years Ended May 31,	
	2026	2025
Other revenue (expenses)		
Contributions without donor restrictions	\$ 3,527,277	\$ 825,725
Net investment return	33,184	49,130
Other income	(164,603)	(82,274)
Fundraising	(22,664)	(30,407)
Total other revenue (expenses)	3,373,194	762,174
Net income (loss)	1,862,742	1,353,009
Net assets released from restrictions	211,209	1,948,230
Increase (decrease) in net assets without donor restrictions	\$ 2,073,951	\$ 3,301,239