

# ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: December 2023

PROVIDER(S):  
Pilgrim Place in Claremont

CCRC(S):  
Pilgrim Place in Claremont

PROVIDER CONTACT PERSON:  
Todd Barretta

TELEPHONE NUMBER:  
(909) 399-5505

E-MAIL ADDRESS:  
tbarretta@pilgrimplace.or

**A complete annual report must consist of 3 copies of all of the following:**

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ \$19,469 \_\_\_\_\_  
 If applicable, late fee in the amount of: \$ \_\_\_\_\_
- Certification by the provider’s **Chief Executive Officer** that:
  - The reports are correct to the best of his/her knowledge.
  - Each continuing care contract form in use or offered to new residents has been approved by the Department.
  - The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- Evidence of the provider’s fidelity bond, as required by H&SC section 1789.8.
- Provider’s audited financial statements, with an accompanying certified public accountant’s opinion thereon.
- Provider’s audited reserve reports (prepared on Department forms), with an accompanying certified public accountant’s opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- “Continuing Care Retirement Community Disclosure Statement” for **each** community.
- Form 7-1, “Report on CCRC Monthly Service Fees” for **each** community.
- Form 9-1, “Calculation of Refund Reserve Amount”, if applicable.
- Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider’s annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

PILGRIM PLACE



625 Mayflower Road  
Claremont, CA 91711  
(909) 399-5500  
[www.pilgrimplace.org](http://www.pilgrimplace.org)

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May 22, 2024

Continuing Care Branch  
California Department of Social Services  
774 P. Street, M.S. 9-14-91  
Sacramento, CA 95814

**RE: Chief Executive Officer Certifications**

To Whom It May Concern,

This letter shall serve as certification of the following:

- The enclosed reports are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the Department.
- We are maintaining the required liquid reserve as reflected on the enclosed reports.

Warm regards,

A handwritten signature in blue ink, appearing to read "R. Bolding", is written over a light blue circular background.

**Ronald Bolding**

Chief Executive Officer

Enclosures

*Fostering a vibrant and inclusive senior community committed to justice, peace and care of the Earth.*

COA # 226 | DSS # 197607628 | DHS # 950000084

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**PILGRIM PLACE IN CLAREMONT**

**Financial Statements for the  
Years Ended December 31, 2023 and 2022  
and  
Independent Auditors' Report**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](http://CLAconnect.com)

**PILGRIM PLACE IN CLAREMONT**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pilgrim Place in Claremont

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Pilgrim Place in Claremont (Pilgrim Place), a California nonprofit corporation, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of operations, changes in net assets, 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 Pilgrim Place as of December 31, 2023 and 2022, and the results of its operations, 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pilgrim Place and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, in 2023 Pilgrim Place adopted new accounting guidance for the measurement of credit losses on financial instruments. Our opinion is not modified with respect to this matter.

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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



**CliftonLarsonAllen LLP**

Glendora, California  
April 17, 2024

**PILGRIM PLACE IN CLAREMONT**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2023 and 2022**

<b>Assets</b>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash and money market funds	\$ 4,895,123	\$ 5,000,753
Cash with trustee - bond principal and interest funds	850,059	994,464
Accounts receivable	1,924,015	1,219,874
Allowance for credit losses	(195,977)	-
Inventories	24,847	18,408
Prepaid expenses	388,530	486,410
<b>Total Current Assets</b>	<u>7,886,597</u>	<u>7,719,909</u>
<b>Non-Current Assets:</b>		
Cash with trustee - bond debt service reserve fund and project fund	1,119,241	1,117,575
Charitable remainder trusts (Note 3)	40,768	40,768
Investments (Note 4)	6,948,195	5,068,424
Restricted investments (Note 4)	12,166,426	10,697,064
Property, plant and equipment, net (Note 5)	48,632,464	50,665,383
<b>Total Non-Current Assets</b>	<u>68,907,094</u>	<u>67,589,214</u>
<b>Total Assets</b>	<u>\$ 76,793,691</u>	<u>\$ 75,309,123</u>
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued interest	\$ 645,504	\$ 914,189
Salaries and benefits payable	1,014,684	1,049,040
Current portion Insured Senior Living Revenue Bonds (Note 8)	880,000	845,000
Deposits and deferred revenue	851,544	544,576
<b>Total Current Liabilities</b>	<u>3,391,732</u>	<u>3,352,805</u>
<b>Non-Current Liabilities</b>		
Insured Senior Living Revenue Bonds (Note 8)	29,629,445	30,482,740
Annuities payable	330,592	351,916
Deferred revenue entrance fees	8,441,864	8,776,118
Deferred repayment entrance fees	3,616,515	3,616,515
Deferred revenue capital giving	1,249	2,863
<b>Total Non-Current Liabilities</b>	<u>42,019,665</u>	<u>43,230,152</u>
<b>Total Liabilities</b>	<u>45,411,397</u>	<u>46,582,957</u>
<b>Net Assets</b>		
Without donor restrictions	15,267,033	14,068,907
With donor restrictions (Note 9)	16,115,261	14,657,259
<b>Total Net Assets</b>	<u>31,382,294</u>	<u>28,726,166</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 76,793,691</u>	<u>\$ 75,309,123</u>

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



**PILGRIM PLACE IN CLAREMONT**

**STATEMENTS OF OPERATIONS**

**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Operating Revenues</b>		
Independent living	\$ 8,512,940	\$ 8,030,548
Assisted living	2,729,540	2,188,271
Memory Care	498,826	282,372
Skilled nursing, net (Note 11)	8,499,195	6,546,546
Entrance fees - program	3,804,624	3,769,569
Other income - program	138,290	111,575
Net assets released from restrictions -		
Resident health and support programs supplements	794,754	981,522
Memory care	-	-
Contributions - designated	11,550	207,607
Annual giving - designated	111,190	110,139
<b>Total Operating Revenues</b>	<b>25,100,909</b>	<b>22,228,149</b>
<b>Operating Expenses</b>		
Independent living	3,492,833	3,752,802
Assisted living and memory care	2,870,242	2,573,715
Memory care	963,611	713,966
Skilled nursing	8,541,447	8,247,138
General and administrative	2,251,384	2,043,550
Interest	1,522,014	1,453,911
Plant operations and maintenance	2,215,292	2,069,377
Advancement	671,054	530,484
<b>Total Operating Expenses Before Depreciation</b>	<b>22,527,877</b>	<b>21,384,943</b>
<b>Operating Income Before Depreciation and Other Revenue</b>	<b>2,573,032</b>	<b>843,206</b>
Depreciation expense	3,067,502	3,000,616
<b>Operating Loss</b>	<b>(494,470)</b>	<b>(2,157,410)</b>
<b>Other Revenues, Expenses, Gains and Losses</b>		
Annual giving - undesignated	59,488	157,696
Undesignated Bequests	724	250
Investment returns, net	227,177	93,521
Realized and unrealized investment gains	560,305	(1,138,690)
Amortization of deferred revenue from capital gifts	1,614	2,385
COVID-19 - Provider Relief Fund Grant	-	379,399
Gifts - other capital projects and housing agreements	180,721	190,226
Gain on sale of asset	662,567	-
<b>Total Other Revenues, Expenses, Gains and Losses</b>	<b>1,692,596</b>	<b>(315,213)</b>
<b>Excess of Revenue Over Expenses and Change in Net Assets Without Donor Restrictions</b>	<b>\$ 1,198,126</b>	<b>\$ (2,472,623)</b>

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

**PILGRIM PLACE IN CLAREMONT**

**STATEMENTS OF CHANGES IN NET ASSETS**

**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Net Assets Without Donor Restrictions</b>		
Operating losses	\$ (494,470)	\$ (2,157,410)
Other revenues, gains	1,692,596	(315,213)
<b>Change in Net Assets Without Donor Restrictions</b>	<b>1,198,126</b>	<b>(2,472,623)</b>
<b>Net Assets With Donor Restrictions</b>		
Annual residents' festival - net revenue	203,001	143,603
Contributions	553,661	543,359
Investment returns, net	41,899	81,885
Realized and unrealized investment gains	1,427,573	(2,664,111)
Present value adjustment of gift annuities payable	25,104	(102,228)
Matured gift annuities	1,518	3,802
Net assets released from restrictions -		
Resident health and support programs supplements	(794,754)	(561,875)
Resident health and support programs supplements - board allocation	-	(419,647)
<b>Change in Net Assets With Donor Restrictions</b>	<b>1,458,002</b>	<b>(2,975,212)</b>
<b>Change in Net Assets</b>	<b>2,656,128</b>	<b>(5,447,835)</b>
<b>Net Assets, Beginning of Year</b>	<b>28,726,166</b>	<b>34,174,001</b>
<b>Net Assets, End of Year</b>	<b>\$ 31,382,294</b>	<b>\$ 28,726,166</b>

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

**PILGRIM PLACE IN CLAREMONT**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2023**

	Program Services					Supporting Services					Total Expenses 2023
	Independent Living	Assisted Living	Memory Care	Skilled Nursing	Total Program Services	General Administration	Operations & Maintenance	Advancement	Total Supporting Services		
Salaries and wages	\$ 1,875,569	\$ 1,182,287	\$ 718,911	\$ 3,511,927	\$ 7,288,694	\$ 1,331,280	\$ 1,080,023	\$ 345,821	\$ 2,757,125	\$ 10,045,818	
Pension	28,441	20,862	3,345	93,489	144,147	43,105	29,585	8,353	81,053	225,200	
Employee benefits	287,158	178,712	41,774	450,302	957,946	125,160	195,688	21,650	342,478	1,300,423	
Payroll taxes	166,623	92,044	51,260	273,819	583,746	91,488	83,062	25,778	200,328	784,073	
Accounting fees	-	-	-	-	-	76,878	-	-	76,878	76,878	
Conferences and meetings	-	3,554	-	1,716	5,270	22,434	-	2,084	24,519	29,788	
Contract services and food	(3,486)	997,383	112,380	902,059	2,008,326	-	-	-	-	2,008,326	
COVID-19 direct expenses	41,207	-	-	41,207	41,207	-	-	-	-	41,207	
Dues, licenses and taxes	1,581	11,693	-	123,942	137,215	85,657	2,433	11,534	99,624	236,839	
Employment advertising	-	-	-	-	-	15,047	-	-	15,047	15,047	
Equipment rental	8,203	10,327	-	24,095	42,625	20,998	10,412	-	31,410	74,035	
Insurance	283,016	47,556	-	86,983	417,565	46,396	46,396	-	46,396	463,961	
Legal fees	-	-	-	2,556	2,556	1,872	-	-	1,872	4,428	
Medical supplies and equipment	-	21,203	-	180,414	211,617	-	-	-	-	211,617	
Postage	-	-	-	-	-	9,049	-	880	9,730	9,730	
Printing	842	477	-	837	2,155	(178)	781	11,382	11,984	14,130	
Professional services	-	-	455	1,871,040	1,871,495	27,158	-	-	27,158	1,898,653	
Public relations	-	7,134	445	15,578	23,157	45,553	-	-	45,553	68,710	
Purchased services	325,078	83,563	1,364	244,887	654,892	282,355	570,139	102,206	954,699	1,609,591	
Repairs and maintenance	103,339	24,139	4,986	68,492	201,966	6,545	51,161	-	57,706	259,672	
Resident activities	36,201	-	-	36,201	36,201	-	-	-	-	36,201	
Staff development	-	3,175	3,170	3,768	10,113	2,109	1,850	-	3,959	14,072	
Supplies and equipment	105,275	52,577	19,772	112,114	289,737	12,572	52,898	2,887	68,358	358,094	
Telephone	15,100	9,380	-	33,149	57,629	23,185	15,230	-	38,414	96,043	
Travel	350	-	-	350	350	1,725	6,347	-	8,072	8,422	
Utilities	213,290	122,542	5,526	322,342	663,700	23,343	68,780	-	92,122	755,822	
Miscellaneous expenses	7,059	1,635	214	10,940	19,849	4,050	520	90,095	94,665	195,977	
Total expense before interest and depreciation	3,492,833	2,870,242	963,611	8,541,447	15,868,132	2,251,384	2,215,292	671,054	5,137,730	21,005,862	
Interest External	-	-	-	-	-	1,445,457	-	-	1,445,457	1,445,457	
Interest Internal	-	-	-	76,558	76,558	-	-	-	-	76,558	
Total Interest	-	-	-	76,558	76,558	-	-	-	-	76,558	
Depreciation	1,900,200	532,997	79,175	392,378	2,904,750	-	162,752	-	162,752	3,067,502	
Total Expenses	\$ 5,393,033	\$ 3,403,239	\$ 1,042,786	\$ 9,010,383	\$ 18,849,440	\$ 3,696,841	\$ 2,378,044	\$ 671,054	\$ 6,745,939	\$ 25,595,379	

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

**PILGRIM PLACE IN CLAREMONT**  
**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2022

	Program Services					Supporting Services				Total Expenses 2022
	Independent Living	Assisted Living	Memory Care	Skilled Nursing	Program Services	General Administration	Operations & Maintenance	Advancement	Supporting Services	
Salaries and wages	\$ 1,769,184	\$ 1,209,405	\$ 503,487	\$ 4,051,966	\$ 7,536,042	\$ 1,248,520	\$ 776,340	\$ 241,313	\$ 2,266,173	\$ 9,802,215
COVID-19 overtime	8,157	3,054	2,643	40,345	54,199	2,770	11,541	416	416	416
COVID-19 salaries and wages	27,391	20,083	1,769	104,145	153,388	36,374	31,341	7,225	74,940	228,328
Pension	370,485	263,659	81,153	725,794	1,441,091	1,441,271	286,287	24,588	455,145	1,696,237
Payroll taxes	143,203	90,733	38,360	313,462	585,758	84,426	88,363	32,311	205,100	790,858
Accounting fees	-	-	-	-	-	70,565	-	-	70,565	70,565
Conferences and meetings	-	1,492	-	1,697	3,189	(9,913)	-	-	(8,913)	(5,724)
Contract services and food	334,673	581,156	49,257	938,808	1,903,894	-	-	-	-	1,903,894
COVID-19 direct expenses	95,902	-	-	-	95,902	-	-	-	-	95,902
Dues, licenses and taxes	1,615	11,577	-	115,465	128,657	81,036	2,975	6,235	90,245	218,903
Employment advertising	7,578	9,292	-	21,681	38,551	32,354	-	32,500	64,854	107,144
Equipment rental	259,586	43,619	-	79,791	382,996	15,702	9,292	-	24,994	425,551
Insurance	-	-	-	2,451	2,451	-	-	-	-	2,451
Legal fees	-	16,404	-	171,178	187,582	-	-	-	-	187,582
Medical supplies and equipment	-	-	-	-	-	11,487	-	409	11,896	11,896
Postage	1,480	-	-	564	2,044	(452)	-	15,849	15,387	17,431
Printing	-	-	-	-	-	18,270	-	-	18,270	18,270
Professional services	-	-	4,676	937,764	942,440	57,321	-	-	74,912	1,017,352
Public relations	-	9,813	998	21,421	32,232	176,274	-	17,591	796,229	1,017,352
Purchased services	240,928	100,746	4,552	258,541	604,767	556,981	-	62,974	1,119,249	1,724,016
Repairs and maintenance	140,862	50,560	5,806	39,289	236,517	1,545	112,704	-	1,114,249	1,350,766
Resident activities	20,455	-	-	-	20,455	-	-	-	-	20,455
Staff development	-	1,382	2,310	3,380	7,072	1,685	-	380	2,065	9,137
Supplies and equipment	120,109	50,259	13,511	101,858	285,737	16,065	62,513	3,308	81,886	367,623
Telephone	15,977	10,269	-	37,603	63,849	24,889	15,771	-	40,660	104,509
Travel	992	123	-	185	1,300	839	9,650	-	10,489	11,789
Utilities	190,440	99,249	2,669	263,344	555,902	20,720	63,064	-	83,784	639,686
Miscellaneous expenses	3,785	840	575	16,406	21,606	7,812	-	85,385	93,197	114,803
Total expense before interest and depreciation	3,752,802	2,573,715	713,966	8,247,138	15,287,621	2,043,550	2,069,377	530,484	4,643,411	19,931,032
Interest External	-	-	-	-	-	1,412,950	-	-	1,412,950	1,412,950
Interest Internal	-	-	-	40,961	40,961	-	-	-	-	40,961
Total Interest	-	-	-	40,961	40,961	-	-	-	-	40,961
Depreciation	2,541,338	-	-	419,266	2,960,604	-	40,012	-	-	3,000,616
Total Expenses	\$ 6,294,140	\$ 2,573,715	\$ 713,966	\$ 8,707,365	\$ 18,289,186	\$ 3,456,500	\$ 2,109,389	\$ 530,484	\$ 6,096,373	\$ 24,385,550

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

**PILGRIM PLACE IN CLAREMONT**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Cash Flows From Operating Activities</b>		
Cash received from resident fees	\$ 17,926,758	\$ 12,977,885
Cash received from community fees	2,404,356	4,142,190
Cash received from entrance fees	3,607,158	4,478,680
Cash received from other operating activities	138,290	143,603
Contributions	616,823	638,834
Investment income received	-	93,521
Interest payments	(1,551,088)	(1,439,442)
Cash paid to suppliers and employees	<u>(21,023,444)</u>	<u>(21,001,555)</u>
Net cash provided by operating activities	<u>2,118,853</u>	<u>33,716</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(1,265,230)	(305,405)
Reinvested interest earnings	(250,950)	(257,851)
Proceeds from sale of investments	225,102	651,416
Acquisition of property and equipment	(1,497,336)	(3,214,730)
Sale of land	<u>1,125,941</u>	<u>-</u>
Net cash used by investing activities	<u>(1,662,473)</u>	<u>(3,126,570)</u>
<b>Cash Flows From Capital and Other Financing Activities</b>		
Payment on insured senior living revenue bonds	(845,000)	(810,000)
Payments on annuity obligations	(67,019)	(67,283)
Cash refund from entrance fees	(122,213)	-
Proceeds (payments) from contributions restricted for:		
Investment in plant - housing agreements	180,722	209,460
Contributions for endowment	<u>148,761</u>	<u>285,135</u>
Net cash used by capital and related financing activities	<u>(704,749)</u>	<u>(382,688)</u>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	(248,369)	(3,475,542)
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of Year</b>	<u>7,112,792</u>	<u>10,588,334</u>
<b>Cash, Cash Equivalents, and Restricted Cash - End of Year</b>	<u>\$ 6,864,423</u>	<u>\$ 7,112,792</u>

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

**PILGRIM PLACE IN CLAREMONT**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Cash Provided by Operating Activities</b>		
Change in net assets	\$ 2,656,128	\$ (5,447,835)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Credit loss	195,977	-
Actuarial adjustment of annuity obligation	(25,104)	102,228
Amortization of capitalized fees	87,073	87,073
Amortization of bond premium	(60,367)	(60,367)
Amortization of deferred revenue from capital gifts	(1,614)	(2,385)
Amortization of entrance fees	(3,819,200)	(3,769,569)
Contributions restricted for long term purposes	(329,483)	(475,360)
Depreciation expense	3,067,502	3,000,616
Realized and unrealized (gain) loss on investments	(1,987,878)	3,802,801
Gain on sale of asset	(662,567)	
Changes in operating assets and liabilities:		
Accounts receivable	(704,141)	(231,107)
Inventory	(6,439)	(3,876)
Prepaid expense	97,881	(53,778)
Accounts payable and accrued interest	(268,685)	229,539
Salaries and benefits payable	(34,356)	55,919
Deposits and deferred revenue	3,914,126	3,179,216
COVID deferred Revenue	-	(379,399)
Net cash provided by operating activities	\$ 2,118,853	\$ 33,716
Cash and money market funds		
Cash and money market funds	\$ 4,715,953	\$ 4,882,494
Restricted cash and money market funds	179,170	118,259
Total cash and money market funds	4,895,123	5,000,753
Cash with trustee - bond principal and interest funds	850,059	994,464
Cash with trustee - bond debt service reserve fund and project fund		
Cash with trustee - bond debt service reserve fund	1,119,241	1,117,575
Cash with trustee - bond project fund	-	-
Total cash with trustee - bond debt service reserve fund and project fund	1,119,241	1,117,575
Total cash, cash equivalents, and restricted cash	\$ 6,864,423	\$ 7,112,792

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

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General** – Pilgrim Place in Claremont (Pilgrim Place) was incorporated in 1915 as a nonprofit corporation described in Section 501(c)(3) of the Internal Revenue Code (IRC), for the purpose of maintaining a home for persons who have served in careers in charitable nonprofit organizations. Pilgrim Place is exempt from federal income taxes under IRC Section 501(a) and contributions to Pilgrim Place qualify as deductible charitable contributions for income tax purposes under IRC Section 170(a)(viii). Pilgrim Place is exempt from state franchise taxes under similar provisions from the State of California. Pilgrim Place operates a residential retirement facility located in Claremont, California which provides housing and related services to approximately 366 residents under Care and Residence Agreements.

**Net Assets** – Net assets, revenues, gains, and losses are classified based on the existence or absence of donor 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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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

**Board Designated Amounts** – The Board of Directors has designated certain net assets without donor restricted amounts which are recorded in the Undesignated Endowment Fund. These amounts are included in cash, money market funds and investments and totaled \$4,600,775 and \$3,983,358 as of December 31, 2023 and 2022, respectively. In as much as these amounts have no donor restrictions, the Board may undesignate these amounts at any time.

**Split-Interest Agreements** – Pilgrim Place has gift annuities and charitable remainder trusts. The terms and discount rates for these agreements are based upon the life expectancy of the donor(s) and present value tables provided by the Internal Revenue Service for determining the amount of the charitable contribution. Gift annuity contracts are a general liability of Pilgrim Place and are not limited to the assets in the separate fund. The actuarially determined liability is calculated annually and is adjusted accordingly. As a qualifying nonprofit corporation, Pilgrim Place is authorized by the State of California to issue gift annuity contracts and is accordingly subject to applicable State laws and regulations. Under these laws, Pilgrim Place has met the legal reserve requirement. The charitable remainder trusts are administered by a third-party. Assets associated with the split-interest agreements are recognized at fair market value.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Excess of Revenues Over Expenses** – The statement of operations includes excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include transfers of assets to and from affiliates for other than goods and services, unrealized gains and loss on debt securities other than trading debt securities, and contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets).

**Operating Reserve Ratio** – Operating Reserve Ratio (Days Cash on Hand) is used to measure organizational security and liquidity. It is indicative of how long an entity can continue its operations without any revenue coming in to fund the operations. For the years ended December 31, 2023 and 2022, Days Cash on Hand was 194 days and 173 days, respectively.

**Cash and Cash Equivalents** – Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

**Restricted Cash and Cash Equivalents** – Includes cash and cash equivalents from funds received with donor restrictions and cash held for funds raised for a specific purpose from the annual Festival event.

**Cash with Trustee - Bonds** – Cash with Trustee – Bonds consists of a reserve fund, debt service reserve fund and amounts held in trust for bond proceeds designated for acquisition or construction of noncurrent assets. A reserve fund was established to make any principal and interest payments if a shortage occurs in the required payments. The debt service reserve fund is pledged to the payment of the loan repayments and to secure the payments of the principal or the interest on the bonds and parity debt.

**Inventory** – Inventory consists of office supplies and is valued at cost on the first in/first out basis.

**Accounts Receivable and Allowance for Credit Losses** – Accounts receivable represent amounts due from residents and third-party payors such as Medi-Cal and Medicare for services provided. Accounts receivable are reported net of an allowance for credit losses to represent management's estimate of expected losses at the balance sheet date. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance as necessary. Management believes the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly.



**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

However, management believes Pilgrim Place is likely to experience higher credit losses than historically experienced for receivables aged . As such, management increased the credit loss in the health service center category equal to balances aged over 180 days. At December 31, 2023 the allowance for estimate of expected credit losses was \$195,977. At December 31, 2022 management had determined the balances to be fully collectable.

Changes in the allowance for credit losses for the year ended December 31, 2023 was as follows:

	2023
Allowance for Credit Losses	
Balance, Beginning of year	\$ -
Provision for Losses	195,977
Amounts Written Off	-
Recoveries	-
Balance, End of Year	\$ 195,977

**Investments** – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position (see Note 4).

Realized gains and losses on dispositions are based on the net proceeds and the adjusted carrying value of the securities sold. Unrealized gains and losses represent the net change in fair value of the securities and are recorded as an increase or decrease to net assets.

**Concentration of Credit Risk**

**Financial Instruments and Credit Risk** – Pilgrim Place manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, Pilgrim Place has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and pledges receivable is considered to be limited due to high historical collection rates and donors supportive of Pilgrim Place’s mission. Investments are made by diversified investment managers whose performance is monitored by the Pilgrim Place. Although the fair values of investments are subject to fluctuation on a year-to-year basis, Pilgrim Place believes that the investment policies and guidelines are prudent for the long-term welfare of Pilgrim Place.

**Deposits** – Custodial credit risk is the risk that in the event of a bank failure, Pilgrim Place’s deposits may not be returned to them. Pilgrim Place has a need to maintain cash balances in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023 and 2022, Pilgrim Place had cash balances in various financial institutions that exceed the FDIC limit by \$3,814,538 and \$3,944,900, respectively.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Investments** – Investments with brokers are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 of which \$250,000 may be cash. Insurance protects assets in the case of broker-dealer insolvency and not against declines in market valuation. As of December 31, 2023, Pilgrim Place had investments in excess of the SIPC insurance amount. Pilgrim Place followed established policies in directing and monitoring the investment management of Pilgrim Place's investments during the year.

**Property and Equipment** – Property and equipment are stated at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. For equipment, Pilgrim Place's capitalization policy includes all items with a unit cost of \$1,000 or more and an estimated useful life of greater than five years. Renovation projects with small individual job costs with a cumulative total exceeding \$1,000 are also capitalized if they benefit future periods. Buildings as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Depreciation is computed on the straight-line method based on the useful lives herein.

Land Improvements	20-50 years
Buildings and improvements	10-50 years
Furniture and equipment	5-20 years

**Museum Collection** – The Museum collection includes paintings and fine and decorative art objects. All items in the collection are deemed inexhaustible assets and therefore are not depreciated. According to Museum policy, any proceeds from the sale of the collection items will be reinvested in other collection items.

**Deferred Revenue and Repayment from Entrance Fees** – Entrance fees paid by a resident upon entering into a Classic Care and Residence Agreement are recorded as deferred revenue and amortized. Under this type of resident agreement, the full amount of the entrance fee is refundable if a resident leaves Pilgrim Place within the first 90 days after entering; otherwise the remaining unamortized entrance fee is refunded if a resident leaves. Unamortized entrance fees for this residence agreement type are \$8,441,864 and \$8,776,119 as of December 31, 2023 and 2022, respectively and \$7,856,157 as of December 31, 2021.

Entrance fees paid by a resident upon entering into a 90% Deferred Repayment Care and Residence Agreement are recorded as deferred revenue with 10% of the fee amortized. Under this type of resident agreement the full amount of the entrance fee is refundable if a resident leaves Pilgrim Place within the first 90 days after entering; otherwise 90% of the entrance fee is refunded if the resident leaves. This refundable portion is recorded as deferred repayment entrance fees and totaled \$3,616,515 as of December 31, 2023 and 2022. Unamortized entrance fees on the 10% portion totaled \$0 as of December 31, 2023 and 2022. Effective December 1, 2016 the 90% term was replaced with a 50% term. The guidelines are the same, except at 50%. Unamortized entrance fees on the 50% portion totaled \$0 and \$0 and as of December 31, 2023 and 2022, respectively.

## PILGRIM PLACE IN CLAREMONT

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023 and 2022

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Pilgrim Place does not guarantee care for life and the agreements described above are not considered life care contracts. Entrance fees received are substantially used for deferred maintenance and capital expenditures within the first one to four years of residency; therefore, entrance fees for Classic Care and Residence Agreements are amortized to income over 50 months.

Based on historical experience, management has estimated the likelihood of a refunded amount to current residents from the terms of these agreements to be unlikely for either years ended December 31, 2023 or 2022. Therefore a provision for the liability has not been reported.

**Charity Care** – At any given time, approximately 10% to 15% of residents lack the resources to provide for their daily needs. Historically, lifetime service to religious or charitable nonprofit organizations has meant financial sacrifice for many residents. Together they built churches, ministered to the needy, visited the sick and supported their communities. Their need for care is a direct result of their lifetime of service to others and the world.

Services were provided to residents with a demonstrated inability to pay through the Resident Health and Support Program. Funds released from net assets from gifts to subsidize this program were \$794,754 and \$981,522 for the years ended December 31, 2023 and 2022, respectively. The subsidy reported for this program does not meet the accounting standards definition of charity care; therefore, costs associated with this program have not been estimated.

**Deferred Revenue from Capital Gifts** – Prior to 2003, Pilgrim Place issued rental credits to those residents who had paid for authorized improvements of more than \$5,000 or who completely paid for the construction of a new unit. The present value of estimated future rental credits was calculated and recorded as deferred revenue. Amounts received from residents exceeding this amount were recorded as donated property. Deferred revenue resulting from these gifts is amortized over the remaining life expectancy of the residents, beginning at the date of completion. Effective in 2003, rental credits are no longer issued on the builder/donor projects and amounts received from residents for authorized improvements and construction of new units are recorded as capital gifts in the year received.

**Deferred Revenue – Other** – Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by Pilgrim Place were \$1,425,528. The PRF's were subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2022, Pilgrim Place fully recognized the remaining grant funds of \$371,999 as other revenue in the statement of operations.

**Obligation to Provide Future Services** – Pilgrim Place obtains a valuation every three years to calculate the obligation to provide future services. The valuation calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the future cash inflows from monthly fees and the balance of deferred revenue from advance fees. If the estimated present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability will be recorded.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The estimated amount of the obligation is based on actuarial assumptions such as life expectancy, projected future monthly resident fees, projected future operating costs and estimated future inflation rates. The inflation rate used for the valuation performed for the year ended December 31, 2022, was 3.5%. The interest rate used was 5.0%, based on the expected long-term rate of return on governmental obligations.

In subsequent years, Pilgrim Place evaluates any significant changes in operations that may result in a different outcome to determine if a future service liability should be recorded.

The valuation as of December 31, 2022, resulted in no future service liability. Based on management's evaluation of current operations and economic conditions, no future service liability was recorded as of December 31, 2023.

**Net Patient Service Revenue** – Pilgrim Place has agreements with third-party payors that provide for payments to Pilgrim Place at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Contributions and Donor-Restricted Gifts** – Contributions, including unconditional promises to give, are recognized as revenues in the period the contribution or unconditional promise is received. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift.

The gifts are reported as net assets with donor restriction 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 restriction and reported in the statement of activities as net assets released from restrictions. When a donor's restriction is met within the same year as the donation, the donation is reported as net assets without donor restriction.

**Functional Allocations of Expenses** – The costs of providing the various programs and support services have been summarized on a functional basis in the statement of operations. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes** – Pilgrim Place has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to Pilgrim Place's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not of being sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Pilgrim Place files informational returns in the U.S. federal jurisdiction and the state of California. With few exceptions, Pilgrim Place is no longer subject to U.S. federal and state examinations by tax authorities generally after three and four years, respectively.

**Litigation** – Pilgrim Place is, from time to time, subject to litigation and claims arising in the normal course of business. In the opinion of management, the ultimate resolution of legal proceedings will not have a material adverse effect on Pilgrim Place’ financial statements.

**Subsequent Events** – Subsequent events were evaluated through April 17, 2024, which is the date the financial statements were available to be issued.

**New Accounting Pronouncement Adopted in the Current Accounting Period** - In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, Credit Losses (Topic 326). This new standard modifies the measurement of expected credit losses. Pilgrim Place adopted this new guidance beginning January 1, 2023 and utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on Pilgrim Place’s financial statements but did change how the allowance for credit losses is determined. The comparative information has not been restated and continues to be reported under the accounting standards in effect in that reporting period.

**NOTE 2: LIQUIDITY AND AVAILABILITY**

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

	2023	2022
Cash and money market funds	\$ 4,895,123	\$ 5,000,753
Minus restricted cash and money market funds	(179,170)	(118,259)
Cash with trustee - bond principal and interest funds	850,059	994,464
Accounts receivable, net of allowance for credit losses	1,728,038	1,219,874
Inventories	24,847	18,408
Total liquid assets available for operations	<u>\$ 7,318,897</u>	<u>\$ 7,115,240</u>

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$4,600,775 and \$3,983,358 as of December 31, 2023 and 2022, respectively, is subject to an annual spending rate of 5% as described in Note 10. Although Pilgrim Place does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board’s annual budget approval and appropriation), these amounts could be made available, if necessary.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 2: LIQUIDITY AND AVAILABILITY**

As part of the Pilgrim Place liquidity management plan, cash is invested in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating reserve, which was \$2,370,179 and \$2,592,290, as of December 31, 2023 and 2022, respectively.

**NOTE 3: SPLIT INTEREST AGREEMENTS**

**Gift Annuities** – Pilgrim Place sponsors a charitable gift annuity program as part of its fund raising activities. All amounts received in exchange for these annuity contracts are segregated for investment in a separate fund. At December 31, 2023 and 2022, respectively, Pilgrim Place managed a total of \$482,474 and \$478,781 in assets under this program. Management has interpreted the agreements to require investment of the entire contract amount until the annuitant dies. All required payments to annuitants are made from this separate fund. At the time of death of the annuitant, the residuum is distributed from this fund to the designated net asset class as specified by the annuitant at the time the agreement was issued. If no designation was made, the residuum is distributed to the net assets without donor restricted.

**Charitable Remainder Trust** – Pilgrim Place is the beneficiary of two charitable remainder trust agreements (the Trusts). The Trusts are irrevocable and the beneficiary designation may not be changed. The Trusts are reported at fair value determined based on the present value of the net proceeds that are expected to be available to Pilgrim Place at the Trusts' maturity dates, discounted using Pilgrim Place's 10-year U.S. Treasury Bill rate over the periods until the estimated maturity dates. The contribution revenue is recorded in the statements of changes in net assets. The irrevocable portion of these Trusts at December 31, 2023 and 2022 amounted to \$40,768 for both years. The contribution will be collected after the contributor's death. Pilgrim Place classifies all receivables related to charitable remainder trusts as net assets with donor restrictions.

**NOTE 4: INVESTMENTS**

The following is a schedule of aggregate cost and fair values for Pilgrim Place's marketable securities. Investments are segregated into two portfolios. One portfolio is for gift annuity investments. The other portfolio is for Board designated, endowment and specific purpose resources.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 4: INVESTMENTS**

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
<b>General Fund:</b>				
Equity funds (Level 1)	\$ 87,932	\$ 126,806	\$ 85,729	\$ 111,528
Land	-	45,000	45,000	45,000
	<u>87,932</u>	<u>171,806</u>	<u>130,729</u>	<u>156,528</u>
<b>Gift Annuity Fund:</b>				
Cash and cash equivalents	11,938	11,850	19,665	19,665
Equity funds (Level 1)	137,839	328,595	136,137	272,662
Fixed Income (Level 1)	142,308	142,029	189,888	186,454
	<u>292,085</u>	<u>482,474</u>	<u>345,690</u>	<u>478,781</u>
<b>Endowment Fund:</b>				
Cash and cash equivalents	465,712	465,712	484,175	484,175
Equity funds (Level 1)	9,338,943	8,603,487	6,169,780	6,967,754
Fixed Income (Level 1)	84,987	78,045	339,101	304,554
Fixed Income (Level 2)	5,111,433	8,308,633	6,526,145	6,381,671
Limited Partnership (Net Asset Value)	601,000	713,595	571,000	753,405
Other Assets (Level 1)	297,869	290,869	247,514	238,620
	<u>15,899,944</u>	<u>18,460,341</u>	<u>14,337,715</u>	<u>15,130,179</u>
Total investments	\$ 16,279,961	\$ 19,114,621	\$ 14,814,134	\$ 15,765,488

Levels 1 through 3 have been assigned to the fair value measurement of investments. The fair value level of measurement is determined as follows:

**Level 1** - quoted prices in an active market for identical assets.

**Level 2** - quoted prices for similar assets and market-corroborated inputs.

**Level 3** - Pilgrim Place's own assumptions about market participation, including assumptions about risk, developed based on the best information available in the circumstances.

**Land** – The fair value of land is the 2004 appraised value at the time received; therefore, no level has been assigned. Pilgrim Place intends to hold the land as a long-term investment and has not obtained a more recent appraisal.

**Limited Partnership** – Investments that are measured at fair value using the net asset value per share (or its equivalent practical expedient have not been classified in the fair -value hierarchy. This class includes a fund invested in clean energy, information technology, sustainable products and services, and healthcare. The fair values of the investments in this class have been estimated using the net asset value of Pilgrim Place's ownership interest in the partners' capital. These investments cannot be redeemed, however distributions from the fund will be made 90 days after the close of each fiscal year for mandatory tax distributions and quarterly for nontax distributions for profits received from idle funds under certain conditions. The partnership will continue until August 11, 2030, unless terminated sooner or extended in accordance with the limited partnership agreement. Pilgrim Place had an unfunded commitment at December 31, 2023 and 2022 of \$399,000 and \$670,500, respectively.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 4: INVESTMENTS**

**Investment Return** – Investment return and a schedule of net realized and unrealized gains for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Investment return, net of expenses of \$136,663 and \$197,780, respectively	\$ 269,076	\$ 175,406
Net realized and unrealized gain (loss):		
Opportunity fund	22,043	(16,361)
Gift Annuity fund	72,319	(55,385)
Endowment and Specific Purpose Funds	1,965,835	(3,786,440)

**NOTE 5: PROPERTY, PLANT AND EQUIPMENT**

No capitalized interest was included in construction in progress for December 31, 2023 and 2022. Depreciation expense for the years ended December 31, 2023 and 2022 was \$3,067,502 and \$3,000,616, respectively.

A summary of property and equipment at December 31, 2023 and 2022 follows:

	2023	2022
Capital assets not being depreciated:		
Land *	\$ 1,065,960	\$ 1,529,334
Museum collection	490,988	490,988
Construction in progress	1,479,240	659,400
Total capital assets not being depreciated	3,036,188	2,679,722
Capital assets being depreciated:		
Permanent grounds improvement	1,112,635	1,112,635
Housing and central plant	86,005,314	85,490,133
Equipment	8,877,016	8,714,083
Total capital assets being depreciated	95,994,965	95,316,851
Less accumulated depreciation	(50,398,689)	(47,331,190)
Depreciable assets, net	45,596,276	47,985,661
Property, plant and equipment, net	\$ 48,632,464	\$ 50,665,383

\* 2022 land includes \$463,374 in idle real property held for sale. Refer to Note 15.

**NOTE 6: INTER-FUND BORROWING**

**Health Service Center Project** – The General Fund borrowed \$1,750,000 during 2004 and \$1,550,000 during 2006 from the Endowment Fund to fund the Health Service Center Project. The note was originally payable over a 10-year term and bears interest at a variable rate starting at a rate of 4.0% based upon a 5-year treasury note yield. Interest is due quarterly beginning March 2008 upon the completion of the project. Due to cash flow priorities, principal payments



**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 6: INTER-FUND BORROWING**

were deferred until 2021. Payments of \$1,039,301 and \$43,297, were made in 2023 and 2022, respectively. The Board of Directors has determined that future capital contributions to the private equity investment will be used to pay down this note. In addition, other excess revenue may be designated for future repayment. The outstanding balance at December 31, 2023 and 2022 was \$1,697,167 and \$2,736,468.

The accrued interest payable to the Endowment Fund for the years ended December 31, 2023 or 2022 was \$76,558 and \$0, respectively.

Inter-fund Borrowing Elimination – Inter-fund borrowing transactions are not reflected in the financial statements as accounting principles generally accepted in the United States of America require inter-fund activity to be eliminated. For 2023 and 2022, outstanding balances on inter-fund borrowing totaling \$1,697,167 and \$2,736,468, respectively, were eliminated. However, reported in the statements of operations and statements of changes in net assets are the transactions that occur between in net assets with and without donor restrictions. The allocation of interest expense on restricted endowment borrowing is recognized in expense for the assisted living and skilled nursing program services reported in the schedule of functional expenses, while investment income is recognized in net assets with donor restrictions activities.

**NOTE 7: RETIREMENT PLAN**

Pilgrim Place sponsors a Section 403(b) Retirement Savings Plan (the Plan), a defined-contribution plan, for its employees. Full-time employees who are at least 18 years of age are eligible to participate. Employees may contribute up to a maximum of \$18,000 of their gross pay as a salary deferral based on age restrictions. Pilgrim Place matches 62.5% of the employee's contribution, not to exceed 3.75% of the employee's compensation. Amounts incurred by Pilgrim Place for matching contributions totaled \$225,200 and \$228,328 for the years ended December 31, 2023 and 2022, respectively. The present value of the related vested benefits is not reflected in these financial statements as Pilgrim Place is not obligated for the administration or payment of benefits of the plan.

The Plan is administered by The Standard. In accordance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, a limited scope audit is performed annually. Separate financial statements for the Plan can be obtained through Pilgrim Place.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 8: INSURED SENIOR LIVING REVENUE BONDS**

**Series 2016A and 2016B** – In November 2016, the California Municipal Finance Authority (the Authority) issued Insured Senior Living Revenue Bonds Series 2016B for \$10,925,000 of current interest bonds. The bond was issued together with the Series 2016A Bonds for \$25,130,000 to refund the Insured Senior Living Revenue Bonds Series 2009A. Interest rates range from 4.0% to 5.0% depending on the maturity date of the bond, and interest is payable semiannually on May 15 and November 15.

The proceeds associated with the refunding were placed into an irrevocable escrow account for future repayment. The deceased debt was fully redeemed as of May 15, 2019. As of December 31, 2019, the debt was paid in full by the escrow agent.

Subject to the terms of the loan agreement and the regulatory agreement, the gross revenues of Pilgrim Place are pledged to the payment of the loan repayments and to secure the payments of the principal or the interest on the bonds and parity debt. A debt services reserve fund was established to make any principal and interest payments if a shortage occurs in the required payments. The amount in the debt service reserve fund was \$1,119,241 and \$1,117,575 for December 31, 2023 and 2022, respectively. Pilgrim Place has complied with the various covenants, conditions and restrictions required by the regulatory agreement.

Terms of the loan agreement require Pilgrim Place to make annual payments into a sinking fund (principal and interest funds) for annual debt service payments. The bonds are payable beginning May 15, 2017, with annual payments scheduled through May 15, 2046. Interest rates range from 4.0% to 5.0%. As of December 31, 2023, the balance in the capitalized interest fund was \$850,059 and the outstanding debt was \$31,140,000. At December 31, 2022, the balance in the capitalized interest fund was \$994,465 and the outstanding debt was \$31,985,000. As of December 31, 2023 and 2022, \$-0- and \$-0-, respectively, was in cash held by a trustee available for construction.

The bonds included issuance costs of \$2,145,244. This amount is amortized using the straight-line method. Amortization recognized during the years ended December 31, 2023 and 2022 was \$87,073 each year. At December 31, 2023 and 2022, the unamortized issuance costs was \$1,528,477 and \$1,615,550, respectively.

The maturity amount includes the premium on bonds which is amortized over the life of the liability. The bonds included a premium of \$897,922. Amortization recognized during the years ended December 31, 2023 and 2022 was \$60,367 each year. At December 31, 2023 and 2022, the unamortized bond premium was \$897,922 and \$958,290, respectively.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 8: INSURED SENIOR LIVING REVENUE BONDS**

Required payments are as follows:

Year Ending December 31.	Principal	Interest
2024	\$ 880,000	\$ 1,365,381
2025	915,000	1,330,881
2026	960,000	1,290,406
2027	1,005,000	1,243,531
2028	1,055,000	1,194,406
Thereafter	26,325,000	11,557,935
Total	31,140,000	\$ 17,982,540
Issuance costs	(1,528,477)	
Premium on bonds	897,922	
Total bonds payable	<u>\$ 30,509,445</u>	

**NOTE 9: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
<b>Subject to expenditure for specific purpose:</b>		
Memory care unit	\$ 386,968	\$ 353,523
Diversity Initiative	500,922	500,823
Resident committee funds	249,000	243,723
<b>Subject to appropriation and expenditure when a specific event occurs:</b>		
Split interest agreements - annuities	155,771	126,865
Split interest agreements - charitable remainder trusts	40,768	40,768
<b>Subject to spending policy and appropriation:</b>		
Investment in perpetuity (including amounts above original gift amount of \$7,771,149 and \$7,622,388 respectively), the income from which is expendable to support:		
Resident supplements	9,942,058	8,543,427
Napier endowment	873,957	784,155
Undesignated endowment	2,793,683	2,891,841
Health Services Center support	774,751	774,751
Independent rental supplements	291,975	291,975
General operations	73,623	73,623
Petterson Museum of Intercultural Art	31,785	31,785
	<u>\$ 16,115,261</u>	<u>\$ 14,657,259</u>

**NOTE 10: ENDOWMENT**

Pilgrim Place's endowment consists of approximately 10 individual endowments established for its charitable purpose. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 10: ENDOWMENT**

**Interpretation of Relevant Law** – The Board of Directors of Pilgrim Place has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Pilgrim Place retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Pilgrim Place in a manner consistent with the standard of prudence prescribed by UPMIFA. As such, the Board has adopted a policy which treats realized and unrealized gains and losses as income on all Endowment Funds.

In making a determination to appropriate or accumulate donor-restricted endowment funds, the Board considers the long-term needs of Pilgrim Place in carrying out its charitable purpose, its present and anticipated financial requirements, its expected total return on investments, general economic conditions, as well as other factors.

**Return Objectives, Risk Parameters and Strategies** – Pilgrim Place has adopted an investment policy which maximizes return at an appropriate level of risk within the constraints of general economic conditions. The primary investment objective of the portfolio is to earn a total return over time, sufficient to meet the budgetary need for current income plus preserve the real (inflation adjusted) purchasing power of the endowment. The endowment portfolio is diversified both by asset class (equities and fixed-income securities) and within asset classes (within equities by economic sector, geographic area, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the portfolio's aggregate results.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** – Pilgrim Place has a policy of appropriating for distribution each year 5% from the General Endowment and up to 5% as needed from the Davis Health Endowment of the average portfolio market value for the preceding three years.

**Funds with Deficiencies** - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Pilgrim Place to retain as a fund of perpetual duration. There are no funds with deficiencies of this nature as of December 31, 2023 and 2022.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 10: ENDOWMENT**

**Endowment Net Asset Composition by Type of Fund as of December 31, 2023**

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 12,360,579	\$ 12,360,579
Board designated endowment funds-borrowed	1,697,167	-	1,697,167
Board and undesignated endowment	2,903,608	3,141,187	6,044,795
	<u>\$ 4,600,775</u>	<u>\$ 15,501,766</u>	<u>\$ 20,102,541</u>

**Changes in Endowment Net Assets for the Year Ended December 31, 2023**

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 3,983,359	\$ 13,905,575	\$ 17,888,934
Investment return:			
Internal loan investment return	-	-	-
Investment return, net of expenses	57,111	41,900	99,011
Net depreciation (realized and unrealized)	560,305	1,405,530	1,965,835
Total investment return	<u>617,416</u>	<u>1,447,430</u>	<u>2,064,846</u>
Other changes:			
Contributions	-	146,144	146,144
Matured gift annuities	-	2,617	2,617
Distributions	-	-	-
Repayment of internal borrowing from operations	1,039,301	-	1,039,301
Decrease in internal borrowing	(1,039,301)	-	(1,039,301)
Total other changes	<u>-</u>	<u>148,761</u>	<u>148,761</u>
Endowment net assets, end of year	<u>\$ 4,600,775</u>	<u>\$ 15,501,766</u>	<u>\$ 20,102,541</u>

**Endowment Net Asset Composition by Type of Fund as of December 31, 2022**

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 10,910,532	\$ 10,910,532
Board designated endowment funds-borrowed	2,736,469	-	2,736,469
Board and undesignated endowment	1,246,890	2,995,043	4,241,933
	<u>\$ 3,983,359</u>	<u>\$ 13,905,575</u>	<u>\$ 17,888,934</u>

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 10: ENDOWMENT**

**Changes in Endowment Net Assets for the Year Ended December 31, 2022**

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,085,064	\$ 16,605,952	\$ 21,691,016
Investment return:			
Internal loan investment return	23,991	-	23,991
Investment return, net of expenses	12,994	98,246	111,240
Net depreciation (realized and unrealized)	(1,138,690)	(2,664,111)	(3,802,801)
Total investment return	<u>(1,101,705)</u>	<u>(2,565,865)</u>	<u>(3,667,570)</u>
Other changes:			
Contributions	-	281,332	281,332
Matured gift annuities	-	3,803	3,803
Distributions	-	(419,647)	(419,647)
Repayment of internal borrowing from operations	43,296	-	43,296
Decease in internal borrowing	(43,296)	-	(43,296)
Total other changes	<u>-</u>	<u>(134,512)</u>	<u>(134,512)</u>
Endowment net assets, end of year	<u>\$ 3,983,359</u>	<u>\$ 13,905,575</u>	<u>\$ 17,888,934</u>

**NOTE 11: PATIENT SERVICE REVENUE**

Patient service revenue at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Skilled nursing	\$ 9,943,973	\$ 8,461,842
Less write offs	-	(86)
Less contractual provisions	(1,444,778)	(1,915,210)
Skilled nursing, net	<u>\$ 8,499,195</u>	<u>\$ 6,546,546</u>

**NOTE 12: REDEVELOPMENT PLAN OBLIGATION (AB 1169 DISCLOSURE)**

**Master Plan** – The bonded debt issuance of \$26.5 million, Series 2009A and 2009B, was primarily used to complete Pilgrim Place’s master plan projects. The master plan projects were designed to meet the needs of Pilgrim Place by providing additional housing and facilities for residents, which is consistent with Pilgrim Place’s tax exempt status. As part of the plan, Pilgrim Place applied for CCRC licensure for its existing campus and for a proposed campus expansion. The expansion project added independent living units, assisted living units, administrative offices and other campus improvements. Construction began in 2009 and was substantially completed by May 2011. Pilgrim Place used a combination of internal cash and tax-exempt and taxable debt to fund project costs.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 12: REDEVELOPMENT PLAN OBLIGATION (AB 1169 DISCLOSURE)**

As of December 31, 2012, approximately \$24.5 million had been expended to retire outstanding debt of \$2.8 million, to fund prior construction costs of \$15.6 million, to pay bond issuance costs of \$2.6 million and to make debt service payments of \$3.5 million; thereby leaving a balance of \$2.0 million for the final debt service payment. During 2016, outstanding debt refunded with the issuance of Bond Series 2016A and the \$2.0 million for the final debt service payment was included in the amount sent to the escrow agent.

**Capital Improvements** – The bonded debt issuance of \$10.9 million, Series 2016B, was primarily used to finance the cost of various improvements to and rehabilitation of certain facilities. These projects are designed to meet the needs of Pilgrim Place by providing solar energy, campus-wide secure high-speed internet, and an updated pendant emergency notification system for residents, which is consistent with the Pilgrim Place's tax exempt status. Construction began in 2017 and was substantially completed in 2020. As of December 31, 2023 capital project funds from this debt issuance were fully expended.

**NOTE 13: FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, which is allocated to the program pertaining to the capital expense, as well as professional services, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**NOTE 14: RESIDENT CARE SERVICE REVENUE**

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

Performance obligations are determined based on the nature of the services provided by Pilgrim Place. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Pilgrim Place believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in our facility receiving skilled nursing services or residents receiving services in our facility. Pilgrim Place measures the performance obligation from admission into the facility, or the commencement of an outpatient

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2023 and 2022**

**NOTE 14: RESIDENT CARE SERVICE REVENUE**

service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. Total revenues recognized over time were \$24,022,416 and \$20,808,156 for the years ended December 31, 2023 and 2022, respectively. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, guest room and guest meals) and Pilgrim Place does not believe it is required to provide additional goods or services related to that sale. Revenues recognized at a point in time were \$160,505 and \$120,874 for the years ended December 31, 2023 and 2022, respectively.

Pilgrim Place determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with Pilgrim Place's policy, and/or implicit price concessions provided to Residents. Pilgrim Place determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. Pilgrim Place determines its estimate of implicit price concessions based on its historical collection experience.

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

**Medi-Cal** – The licensed skilled nursing facility participate in the Medi-Cal program which is administered by the California Department of Health Care Services. Medi-Cal is California's Medicaid program. Medi-Cal, however, will pay for a nursing home only when it is "medically necessary." California defines medically necessary as "when it is reasonable and necessary to protect life, to prevent significant illness or significant disability, or to alleviate severe pain." For Medi-Cal to pay for a nursing home stay, a treating physician must prescribe a nursing home because a resident either needs the continual, round-the-clock availability of skilled nursing care or what's called "intermediate care." Skilled nursing care includes things like giving injections, inserting or replacing catheters, changing wound dressings, feeding through a gastric tube, and treating bedsores. Intermediate care means a protective and supportive environment with "observation on an ongoing intermittent basis to abate health deterioration." To determine whether residents need at least an intermediate "level of care" (LOC), Medi-Cal will do an LOC assessment that looks at their limitations in their activities of daily living (ADLs), cognitive function, and physical function and their need for help with medication and treatments. Medi-Cal reimbursements/payments are based on DHCS (Department of Health Care Services) using their cost-based methodology for Free-Standing Nursing Facilities mandated by California Assembly Bill with facility-specific rate. This calculation is performed every August first of the year and these rates also apply to all Medi-Cal Managed Care Health Plans (MCP).

**Medicare** – The licensed skilled nursing facility participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). Skilled nursing facilities are paid under the Medicare Prospective Payment System (PPS) for



**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 14: RESIDENT CARE SERVICE REVENUE**

residents who are Medicare Part A eligible and meet the coverage guidelines (presumption of skilled coverage) for skilled nursing facility services. PPS is a per diem price-based system based on CMS's Patient Driven Payment Mode (PDPM). Under PDPM, payment is based on the presumption of skilled coverage based on resident care classifications. PDPM also includes a "Variable Per Diem (VPD) adjustment" that adjusts the per diem rate over the course of the stay. Regulation specifies the PDPM categories that will qualify for the presumption of skilled coverage. This model focuses on residents' clinical characteristics rather than the number of therapy minutes. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. Skilled nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a skilled nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed skilled nursing facility.

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge Pilgrim Place'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 Pilgrim Place. In addition, the contracts Pilgrim Place has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and Pilgrim Place's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2023 or 2022.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2023 and 2022**

**NOTE 14: RESIDENT CARE SERVICE REVENUE**

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Pilgrim Place 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. Subsequent changes that are determined to be the result of an adverse change in the Resident's ability to pay are recorded as bad debt expense.

Amounts due from resident and health-care service agreements for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balance as of January 1,	\$ 1,193,903	\$ 973,180
Balance as of December 31,	1,719,822	1,193,903

Deferred Revenue from agreements with residents for the years ending December 31, 2023 and 2022 are as follows:

	2023	2022
Balance as of January 1,	\$ 12,392,633	\$ 11,683,522
Balance as of December 31,	12,058,379	12,392,633

**NOTE 15: PROPERTY SALE**

On July 19, 2021, Pilgrim Place entered into a real property purchase and sale agreement for the sale of real property on Harrison Avenue in the amount of \$1.2 million dollars. Pilgrim Place received a deposit from the buyer of \$60,000 to be held in escrow and nonrefundable to the buyer upon expiration of the first extended due diligence period of October 31, 2021. Two Financing Period Extension Notices were received, the first on November 18, 2022 and the second on March 28, 2023 with a \$20,000 deposit held in escrow for each. The sale transaction was completed on August 25, 2023.



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**PILGRIM PLACE IN CLAREMONT**  
**STATE OF CALIFORNIA**  
**CONTINUING CARE RESERVE REPORT**

**For the Fiscal Year Ended December 31, 2023**  
**and**  
**Independent Auditors' Report**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pilgrim Place in Claremont

### **Report on the Audit of the Continuing Care Reserve Report**

#### ***Opinion***

We have audited the accompanying continuing care reserve report of Pilgrim Place in Claremont (Pilgrim Place), a California Not-For-Profit Corporation, which comprise Forms 5-1 through 5-5 (the continuing care reserve schedules) for the year ended December 31, 2023 and the notes to the continuing care reserve report.

In our opinion, such continuing care reserve report Forms 5-1 through 5-5 present fairly, in all material respects, the liquid reserve requirements of Pilgrim Place at December 31, 2023, in conformity with the report preparation provisions of California Health and Safety Code Section 1792.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Continuing Care Reserve Report section of our report. We are required to be independent of Pilgrim Place 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.

#### **Basis of Accounting**

We draw attention to Note 1 of the continuing care reserve report, which describes the basis of accounting. The continuing care reserve report is prepared for the purpose of complying with the California Health and Safety Code Section 1792 and is not intended to be a complete presentation of Pilgrim Place's assets, liabilities, revenues and expenses and as such is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result the continuing care reserve report may not be suitable for another purpose. Our opinion is not modified with respect to that matter.

#### ***Responsibilities of Management for the Continuing Care Reserve Report***

Management is responsible for the preparation and fair presentation of the continuing care reserve report in accordance with the reporting provisions prescribed by California Health and Safety Code Section 1792 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the continuing care reserve report that is free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibilities for the Audit of the Continuing Care Reserve Report***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial schedule, 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 continuing care reserve report.
- 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 Pilgrim Place'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 schedule.

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

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on Forms 5-1 through 5-5. The Annual Report Checklist, the Certificate of Liability Insurance and Fidelity Coverage, Form 1-1, the Disclosure Statement, Form 7-1, and the Key Indicators Report and Form 9-1, which is the responsibility of management, is presented for the purposes of additional analysis. Such information has not been subjected to the auditing procedures applied in the audit of Forms 5-1 through 5-5, and accordingly, we do not express an opinion or provide any assurance on them.

**Restriction of Use**

This report is intended solely for the information and use of the board of directors and management of Pilgrim Place and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Glendora, California

May 22, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The audited financial statements as of and for the year ended December 31, 2023 and 2022, with a report date of April 17, 2024, accompany this report as part of supplementary information. Refer to footnote Note 8 - Insured Senior Living Revenue Bonds for related disclosures on long-term debt that is reflected in Forms 5-1 through 5-5.

***Basis of Presentation*** –California Health and Safety Code Section 1792 requires continuing care contract providers to establish and maintain statutory and refund reserves to ensure financial resources will be available to fulfill contractual obligations to residents. The continuing care reserve report schedules (the “Schedules”), which calculate reserve requirements, are prepared in accordance with the Annual Reserve Report Instructions provided by the State of California Department of Social Services. The Schedules are required to be submitted annually to the California Department of Social Services within four months of year-end.



**FORM 1-1**  
**RESIDENT POPULATION**

<u>LINE</u>	<u>CONTINUING CARE RESIDENTS</u>	<u>TOTAL</u>
1	NUMBER AT BEGINNING OF FISCAL YEAR	331
2	NUMBER AT END OF FISCAL YEAR	330
3	TOTAL LINES 1 AND 2	661
4	MULTIPLY LINE 3 BY ".50" AND ENTER RESULT ON LINE 5	x.50
5	MEAN NUMBER OF CONTINUING CARE RESIDENTS	331
<b>ALL RESIDENTS</b>		
6	NUMBER AT BEGINNING OF FISCAL YEAR	354
7	NUMBER AT END OF FISCAL YEAR	366
8	TOTAL LINES 6 AND 7	720
9	MULTIPLY LINE 8 BY ".50" AND ENTER RESULT ON LINE 10	x.50
10	MEAN NUMBER OF ALL RESIDENTS	360
11	DIVIDE LINE 5 BY LINE 10 AND ENTER THE RESULT	0.92

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

<u>LINE</u>		<u>TOTAL</u>
1	TOTAL OPERATING EXPENSES	25,595,379
a	DEPRECIATION	3,067,502
b	DEBT SERVICE( INTEREST ONLY)	1,365,381
2	SUBTOTAL (add Line 1a and 1b)	4,432,883
3	SUBTRACT LINE 2 FROM LINE 1 AND ENTER RESULT	21,162,496
4	PERCENTAGE ALLOCATED TO CONTINUING CARE RESIDENT (LINE11)	0.92
5	TOTAL OPERATING EXPENSE OF CONTINUING CARE RESIDENTS	
	MULTIPLY LINE 3 BY LINE 4	19,469,496
6	<b>TOTAL AMOUNT DUE (LINE 5 BY .001)</b>	<b>19,469</b>

PROVIDER: PILGRIM PLACE IN CLAREMONT

COMMUNITY: SAME AS ABOVE

**FORM 5-1  
LONG - TERM DEBT INCURRED  
IN A PRIOR FISCAL YEAR  
(INCLUDING BALLOON DEBT)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	Various	1,039,302	185,707	0	1,225,009
2	11/1/2016	845,000	1,365,381	0	2,210,381
3					0
4					
5					
6					
7					
8					
TOTAL			1,551,088		3,435,390

(Transfer this amount to Form 5-3, line 1)

Note: For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** PILGRIM PLACE IN CLAREMONT

Form 5-1

**Comments from Provider:** Column c, line 1 consists of interest payments on internal debt still outstanding at 12/31/23. Principle payments on internal debt are not required; however, \$1,039,302 was paid in 2023.

**FORM 5-2  
LONG-TERM DEBT INCURRED  
DURING FISCAL YEAR  
(INCLUDING BALLOON DEBT)**

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (columns (c) x (d))
1					
2					
3					
4					
5					
<b>TOTAL</b>		0	0	0	0

(Transfer this amount to Form 5-3, Line 2)

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** PILGRIM PLACE IN CLAREMONT

**Comments from Provider:** Pilgrim Pace did not incur any long-term debt obligations during the fiscal year.

**FORM 5-3  
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

<u>LINE</u>		<u>TOTAL</u>
1	Total from form 5-1 bottom of Column (e)	3,435,390
2	Total from form 5-2 bottom of Column (e)	<u>0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	<u>0</u>
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<u>3,435,390</u>

**PROVIDER:** PILGRIM PLACE IN CLAREMONT

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

LINE	AMOUNT	TOTAL
1		<u>25,595,379</u>
2		
a	<u>1,551,088</u>	
b	<u>-</u>	
c	<u>3,067,502</u>	
d	<u>87,073</u>	
e	<u>5,962,564</u>	{See attached schedule}
f	<u>-</u>	
3		<u>10,668,227</u>
4		<u>14,927,152</u>
5		<u>40,896</u>
6		
		<u><b>3,067,200</b></u>

**PROVIDER: PILGRIM PLACE IN CLAREMONT**

**COMMUNITY: SAME AS ABOVE**

Form 5-4, line 13

**PILGRIM PLACE HEALTH SRVS CTR  
REVENUE ACCOUNTS  
2023**

<b>PAYOR</b>	<b>COMMUNITY</b>	<b>PILGRIM</b>	<b>TOTAL</b>
HMO	\$2,335,663	\$698,988	\$3,034,651
MEDI-CAL	\$785,396	\$1,048,755	\$1,834,151
MEDICARE	\$2,554,719	\$24,331	\$2,579,050
PRIVATE	\$286,786	\$764,558	\$1,051,344
<b>TOTAL</b>	<b>\$5,962,564</b>	<b>\$2,536,632</b>	<b>\$8,499,196</b>

Note: Total revenue of \$8,499,196 agrees with skilled nursing revenue on page 4 of the 2023 audited financial statements.

**FORM 5-5  
ANNUAL RESERVE CERTIFICATION**

**PROVIDER NAME: PILGRIM PLACE IN CLAREMONT  
FISCAL YEAR ENDED: 12/31/2023**

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2023, and are in compliance with those requirements

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:


1	DEBT SERVICE RESERVE AMOUNT	3,435,390
2	OPERATING EXPENSE RESERVE AMOUNT	3,067,200
3	<b>TOTAL LIQUID RESERVE AMOUNT</b>	6,502,590

QUALIFYING ASSETS SUFFICIENT TO FULFILL THE ABOVE REQUIREMENTS ARE HELD AS FOLLOWS:

<u>QUALIFYING ASSETS DESCRIPTION</u>	<b>AMOUNT (MARKET VALUE AT END OF YEAR )</b>	
	<u>DEBT SERVICE RESERVE</u>	<u>OPERATING RESERVE</u>
4 CASH AND CASH EQUIVALENTS	2,447,562	2,447,562
5 INVESTMENT SECURITIES	-	-
6 EQUITY SECURITIES	-	6,948,195
7 UNUSED/AVAIL. LINES OF CREDIT	-	-
8 UNUSED/AVAIL. LETTERS OF CREDIT	-	-
9 DEBT SERVICE RESERVE	1,119,241	-

OTHER:  
(DESCRIBE)

TOTAL AMOUNT OF QUALIFYING ASSETS LISTED FOR RESERVE OBLIGATION:	11	3,566,803	12	9,395,757
<b>RESERVE OBLIGATION AMOUNT</b>	13	3,435,390	14	3,067,200
<b>SURPLUS / (DEFICIENCY)</b>	15	131,413	16	6,328,557

SIGNATURE:  
  
 AUTHORIZED REPRESENTATIVE  
 Chief Financial Officer  
 TITLE

DATE May 29, 2024

**DSS - Reserve Report Part of Form 5-5  
Description of Reserves Under SB 1212**

Total Qualifying Assets as Filed:	<u>Debt Service</u>	<u>Operating</u>	Description:
Cash and Cash Equivalents	2,447,562	2,447,562	Unrestricted cash and money market funds per statement of financial position.
Investment Securities	-	-	
Equity Securities	-	6,948,195	Unrestricted equity investments per statement of financial position.
Unused Line of Credit	-	-	Unused operational line of credit.
Debt Service Reserve	1,119,241	-	Debt service in trust account per statement of financial position.
Total Qualifying Assets as Filed	3,566,803	9,395,757	
Debt Service Reserve			
Reservations and Designations:	3,435,390	3,067,200	
Remaining Liquid Reserves	<u>131,413</u>	<u>6,328,557</u>	
Benevolence Endowment		9,942,058	Restricted for Residents Health & Support Program

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**Per Capital Cost of Operations**

Operating Expenses (Form 5-4, line #1)	25,595,379
Mean # of CCRC Residents (Form 1-1, line #10)	360
Per Capita Cost of Operations	71,098



**CONTINUING CARE RETIREMENT COMMUNITY  
DISCLOSURE STATEMENT**

Date Prepared: 05/22/2024

Facility Name: Pilgrim Place in Claremont

Address: 625 Mayflower Rd

Zip Code: 91711

Phone (909) 399-5500

Provider Name:

Same as above

Facility Operator: Same as above

Religious Affiliation: None

Year Opened: 1915 # of Acres: 32 Miles to Shopping Center: 1 Miles to Hospital: 2

 Single Story  Multi-Story  Other: Both

Number of Units: 314

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	0	Assisted Living:	56
Apartments – 1 Bdrm:	51	Skilled Nursing:	59
Apartments – 2 Bdrm:	12	Special Care:	12
Cottages/Houses:	34	Description:	Memory Care

RLU Occupancy (%) at Year End: 95.7

Type of Ownership:  Not for Profit  
 For ProfitAccredited?  Yes By:  
 NoForm of Contact:  Continuing Care  Life Care  Entrance Fee  Fee for Service  
(Check all that apply)  Assignment of Assets  Equity  Membership  RentalRefund Provisions:  Refundable  90%  50%  
(Check all that apply)  Repayable  75%  Other: Fully Amortized

Range of Entrance Fees: \$ 180,999 - \$ 1,153,869

Long-Term Care Insurance Required?  Yes  No

Health Care Benefits Included in Contract: SNF &amp; MC with discount, clinic, enhanced care

Entry Requirements: Min Age: 60 Prior Profession: Non-Profit Other:

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider's compliance and residents' roles): Six members of the 21 member board of directors are residents with full participation. Five have voting rights and one is non-voting.

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

Facility Services and Amenities

Common Area Amenities	Available	Fee for Service	Services Available	Included in Fee	For Extra Charge
Beauty/Barber Shop	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Housekeeping ( ___ Times/ Month at \$ _____ each)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Billiard Room	<input type="checkbox"/>	<input type="checkbox"/>			
Bowling Green	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Meals ( ___ /Day)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chapel	<input type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input type="checkbox"/>	<input type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	All Utilities Except Phone	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Putting Green	<input type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Shuffleboard	<input type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spa	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Medication Management	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Indoor	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Nursing/Wellness Clinic	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swimming Pool – Outdoor	<input type="checkbox"/>	<input type="checkbox"/>	Personal Home Care	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workshop	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Transportation – Prearranged	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

**Provider Name:** Pilgrim Place in Claremont

<b>Affiliated CCRCs</b>	<b>Location (city, state)</b>	<b>Phone (with area code)</b>
None		

<b>Multi-Level Retirement Communities</b>	<b>Location (city, state)</b>	<b>Phone (with area code)</b>
None		

<b>Free-Standing Skilled Nursing</b>	<b>Location (city, state)</b>	<b>Phone (with area code)</b>
None		

<b>Subsidized Senior Housing</b>	<b>Location (city, state)</b>	<b>Phone (with area code)</b>
None		

**NOTE:** Please indicate if the facility is a life care facility.

Provider Name: Pilgrim Place in Claremont

Income and Expenses [Year]	2020	2021	2022	2023
<b>Income from Ongoing Operations</b>				
<b>Operating Income</b> (Excluding amortization of entrance fee income)	16,011,004	17,763,836	18,458,581	21,296,284
<b>Less Operating Expenses</b> (Excluding depreciation, amortization, and interest)	17,377,230	18,272,978	19,971,991	17,938,361
<b>Net Income From Operations</b>	(1,366,226)	(509,142)	(1,513,410)	3,357,924
<b>Less Interest Expense</b>	(1,415,514)	(1,368,617)	(1,325,878)	(1,522,014)
<b>Plus Contributions</b>	194,525	163,735	160,331	61,826
<b>Plus Non-Operating Income (Expenses)</b> (Excluding extraordinary items)	3,169,948	2,041,255	(475,544)	968,203
<b>Net Income (Loss) Before Entrance Fees, Depreciation And Amortization</b>	582,733	327,231	(3,154,501)	2,865,939
<b>Net Cash Flow From Entrance Fees</b> (Total Deposits Less Refunds)	3,232,450	3,634,844	4,478,680	3,484,945

Description of Secured Debt (as of most recent fiscal year end)

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
State of California Insured	3,211,034	4-5%	11/2016	2046	30 years
Senior Living Bonds					

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2021	2022	2023
<b>Debt to Asset Ratio</b>		.38	.4	.43
<b>Operating Ratio</b>		111%	115%	102%
<b>Debt Service Coverage Ratio</b>		2.26	1.14	2.49
<b>Days Cash On Hand Ratio</b>		271	173	194

**Provider Name:** Pilgrim Place in Claremont

**Historical Monthly Service Fees (Average Fee and Change Percentage)**

<b>Residence/Service [Year]</b>	<b>2020</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2022</b>	<b>%</b>	<b>2023</b>	<b>%</b>
Studio								
One Bedroom	1,649	3.00	1,715	4.00	1,784	4.00	1,873	5.00
Two Bedroom	2,355	3.00	2,449	4.00	2,547	4.00	2,674	5.00
Cottage/House	2,780	3.00	2,891	4.00	3,007	4.00	3,157	5.00
Assisted Living	4,942	3.00	5,140	4.00	5,346	4.00	5,613	5.00
Skilled Living	10,874	5.00	11,418	5.00	11,989	5.00	13,787	15.00
Special Care								

**Comments from Provider:**

Special Care indicates 12 bed Memory Care.

**Financial Ratio Formulas**

**Long-Term Debt to Total Assets Ratio**

$$\frac{\text{Long Term Debt, less Current portion}}{\text{Total Assets}}$$

**Operating Ratio**

$$\frac{\text{Total Operating Expenses - Depreciation Expense - Amortization Expense}}{\text{Total Operating Revenues - Amortization of Deferred Revenue}}$$

**Debt Service Coverage Ratio**

$$\frac{\text{Total Excess of Revenues Over Expenses + Interest, Depreciation, and Amortization Expenses + Amortization of Deferred Revenue + Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

**Days Cash On Hand Ratio**

$$\frac{\text{Unrestricted Current Cash \& Investments + Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses - Depreciation - Amortization})/365}$$

**NOTE:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

**FORM 7-1**

**REPORT ON CCRC MONTHLY CARE FEES**

	<b>RESIDENTIAL LIVING</b>	<b>ASSISTED LIVING</b>	<b>MEMORY CARE</b>	<b>SKILLED NURSING</b>
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>2,480 - 6,375</u>	<u>3,878 - 8,860</u>	<u>6,500 - 9,250</u>	<u>13.4k - 23.6k</u>
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>5.00%</u>	<u>5.00%</u>	<u>0.00%</u>	<u>15.00%</u>

Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: January 1, 2023  
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

- Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.  
**Date of Notice:** 11/30/2022      **Method of Notice:** Letter
- At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 10/31/2022
- At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The Provider distributed the documents to all residents by [Optional - check all that apply]:
  - Emailed the documents to those residents for whom the provider had email addresses on file
  - Placed hard copies in resident cubby
  - Placed hard copies at designated locations
  - Provided hard copies to residents upon request, and/or
  - Other: [please describe] Posted to Resident Portal
  - Date of Notice:** 10/31/2022

- The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.  
Date of Notice: 10/31/2022
- The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.  
Date of Posting: 10/31/2022 Location of Posting: Resident Portal, Library, Assisted Living
- Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.  
Date of Posting: 9/1/2022 Location of Posting: Resident Association Town Meeting 9/15/2022
5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: Pilgrim Place in ClaremontCOMMUNITY: Pilgrim Place in Claremont

**FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)  
ANNUAL REPORTING FISCAL YEAR (F/Y) 2023**

		\$000			
		2021	2022	2023	
1	F/Y 2021 Operating Expenses <sup>1</sup>	(19,729)			
2	F/Y 2022 Operating Expenses <sup>1</sup> (Adjustments <sup>3</sup> if any, Explained Below)		(21,385)		
3	Projected F/Y 2023 Results of Operations <sup>2</sup> (Adjustments <sup>3</sup> if any, Explained Below)			(22,528)	
4	F/Y 2023 Anticipated MCF IL Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			8,187	
5	F/Y 2023 Anticipated MCF AL Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			2,359	
6	F/Y 2023 Anticipated MCF MC Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			831	
7	F/Y 2023 Anticipated MCF SNF Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			7,552	
8	Projected F/Y 2023 (Net) Operating Results <sup>2</sup> without a MCFI (Line 3 plus Lines 4,5,6)			(3,599)	
9	Projected F/Y 2023 IL Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 4.0%			8,618	
10	Projected F/Y 2023 AL Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 4.0%			2,483	
11	Projected F/Y 2023 MC Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 0%			831	
12	Projected F/Y 2023 SNF Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 5.0%			8,120	
13	Grand Total - Projected FY 2023 Net Operating Activity After MCFI (Line 3 plus Lines 8,9,10)			(2,476)	
				Calculated Monthly Care Fee Increase	5.93%

- 
- 1 Total operating expenses from the independent audits of the Statement of Operations
  - 2 Internal Accounting and Budget Records - does not include entrance fees
  - 3 No Adjustments are presented
  - 4 Other includes Contributions and Ancillary Revenue and is not adjusted for COVID Provider Relief Funds



**PROVIDER NAME:**  
**FACILITY: PILGRIM PLACE IN CLAREMONT**

	2019	2020	2021	2022	2023
<b>INCOME FROM ONGOING OPERATIONS:</b>					
OPERATING INCOME	17,568,772	16,011,004	17,763,836	18,458,581	21,296,285
(EXCL AMORTIZATION OF ENTRANCE FEE INCOME)	17,568,772	16,011,004	17,763,836	18,458,581	21,296,285
LESS OPERATING EXPENSES (EXCL DEPRECIATION, AMORTIZATION, & INTEREST)	16,385,318	17,377,230	18,272,978	19,971,991	17,938,361
NET INCOME FROM OPERATIONS	1,183,454	(1,366,226)	(509,142)	(1,513,410)	3,357,924
LESS INTEREST EXPENSE	(1,411,297)	(1,415,514)	(1,368,617)	(1,325,878)	(1,522,014)
PLUS CONTRIBUTIONS	192,050	194,525	163,735	160,331	61,826
PLUS NON-OPERATING INCOME (EXPENSES) (EXCLUDING EXTRAORDINARY ITEMS)	933,950	3,169,948	2,041,255	(475,544)	968,203
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	898,157	582,733	327,231	(3,154,501)	2,865,939
NET CASH FLOW FROM ENTRANCE FEES (TOTAL DEPOSITS LESS REFUNDS)	2,526,427	3,232,450	3,634,844	4,478,680	3,484,945

**DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END**

LENDER	OUTSTANDING BALANCE	INT RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD	AMORTIZATION PERIOD
State of California Insured Senior Living Bonds	\$3,211,034	4-5%	November, 2016	2046	30 years	30 years

**FINANCIAL RATIOS:**

	2021 CCAC 50%	2020	2021	2022	2023
DEBT TO ASSET RATIO	0.33	0.41	0.38	0.40	0.43
OPERATING RATIO	101%	117%	111%	115%	102%
DEBT SERVICE COVERAGE RATIO	2.83	2.35	2.26	1.14	2.49
DAYS CASH-ON-HAND RATIO	547	274	271	173	194

**HISTORICAL MONTHLY SERVICE FEES**

	2019	%	2020	%	2021	%	2022	%	2023
STUDIO									
ONE BEDROOM	1,601	3.00	1,649	3.00	1,715	4.00	1,784	4.00	1,802
TWO BEDROOM	2,286	3.02	2,355	3.00	2,449	4.00	2,547	4.00	2,572
COTTAGE/HOUSE	2,699	3.00	2,780	3.00	2,891	4.00	3,007	4.00	3,037
ASSISTED LIVING	4,798	3.00	4,942	3.00	5,140	4.00	5,346	4.00	5,399
SKILLED NURSING	10,356	5.00	10,874	5.00	11,418	5.00	11,989	5.00	12,588
SPECIAL CARE									

**COMMENTS FROM PROVIDER:**

2022 Non-Operating Income includes \$379k in COVID Provider Relief Funds  
2021 Non-Operating Income includes \$956k in COVID Provider Relief Funds  
HISTORICAL MONTHLY FEE IS THE AVERAGE FEE CHARGED TO EXISTING RESIDENTS.

**KEY INDICATORS REPORT**

**PILGRIM PLACE IN CLAREMONT** Chief Financial Officer Signature

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

	2018	2019	2020	2021	2022	2023	Projected 2024	2023	FORECAST			Preferred Trend Indicator
								2024	2025	2026		
<b>OPERATIONAL STATISTICS</b>												
1. Average Annual Occupancy by Site (%)	94.00%	90.00%	86.00%	89.60%	88.80%	89.20%	91.00%	90.00%	90.00%	90.00%	94.00%	N/A
<b>MARGIN (PROFITABILITY) INDICATORS</b>												
2. Net Operating Margin (%)	9.85%	7.14%	-9.03%	-6.44%	-11.79%	-1.97%	-1.00%	5.00%	5.00%	5.00%	5.00%	N/A
3. Net Operating Margin - Adjusted (%)	28.78%	19.31%	10.05%	15.52%	12.11%	10.30%	15.00%	18.00%	18.00%	18.00%	20.00%	N/A
<b>LIQUIDITY INDICATORS</b>												
4. Unrestricted Cash and Investments (\$000)	\$8,019	\$8,266	\$9,088	\$8,641	\$5,001	\$4,895	\$6,000	\$6,380	\$6,670	\$6,960	\$7,250	N/A
5. Days Cash on Hand (Unrestricted)	225	241	274	271	173	194	200	220	230	240	245	N/A
<b>CAPITAL STRUCTURE INDICATORS</b>												
6. Deferred Revenue from Entrance Fees (\$000)	\$10,130	\$10,292	\$10,709	\$11,467	\$12,393	\$12,058	\$11,500	\$11,000	\$11,000	\$11,000	\$11,500	N/A
7. Net Annual E/F proceeds (\$000)	\$4,483	\$2,526	\$3,232	\$4,310	\$4,665	\$3,607	\$3,750	\$3,500	\$3,500	\$3,500	\$3,750	N/A
8. Unrestricted Net Assets (\$000)	\$14,816	\$15,496	\$16,069	\$16,542	\$14,069	\$15,267	\$16,000	\$16,000	\$16,000	\$16,000	\$17,500	N/A
9. Annual Capital Asset Expenditure (\$000)	\$3,450	\$3,428	\$3,024	\$3,894	\$3,215	\$1,479	\$2,500	\$3,000	\$3,000	\$3,000	\$2,500	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	0.96	1.10	0.93	1.00	-0.99	1.08	1.00	1.00	1.00	1.00	1.00	N/A
11. Annual Debt Service Coverage (x)	2.88	2.2	2.35	2.26	1.14	2.49	2.25	2	2	2	2.5	N/A
12. Annual Debt Service/Revenue (%)	11.70%	11.00%	10.40%	9.80%	10.30%	9.40%	9.50%	10.00%	10.00%	10.00%	7.50%	N/A
13. Average Annual Effective Interest Rate (%)	4.21%	4.18%	4.26%	4.24%	4.24%	4.60%	4.50%	4.20%	4.20%	4.20%	4.20%	N/A
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	23.55%	23.55%	28.32%	27.03%	16.41%	28.20%	25.00%	23.00%	23.00%	23.00%	28.00%	N/A
15. Average Age of Facility (years)	15.52	15.52	16.19	15.91	15.77	15.95	16.00	16.00	16.00	16.00	17.00	N/A

### **Key Indicators Report Memo**

Pilgrim Place became a CCRC for the first time in 2009 despite the fact that we have been in existence since 1915. In addition to becoming a CCRC, we closed on a \$26 million dollar tax-exempt bond issue in 2009 and have now completed a major campus building and renovation project. We have added new IL and AL units and have renovated several other central facilities buildings, for services such as food service and resident activities. In November 2016, the California Municipal Finance Authority (the Authority) issued Insured Senior Living Revenue Bonds Series 2016B for \$10,925,000 of current interest bonds. The bond was issued together with the Series 2016A Bonds for \$25,130,000 to refund the Insured Senior Living Revenue Bonds Series 2009A. The new borrowing was used for solar installation on commercial buildings, a new emergency pendant system for the residents, and data/wi-fi infrastructure across our 32 acre campus.

Operationally, our occupancy levels increased to pre-covid levels at 91.4% in IL and AL. However, our SNF trailed its occupancy goal at 69% versus 85%.

Being a CCRC with the ability to take in entrance fee revenue has enabled us to improve profitability, liquidity, and capital structure indicators compared to prior levels. We will have more debt going forward due to the bond issue, but is at a manageable level.

As an older campus our average age of facility is higher but, as part of our long-range financial plan, we will be reinvesting significant amounts in capital expenditures to maintain our campus going forward.





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