

**ANNUAL REPORT CHECKLIST**

FISCAL YEAR ENDED: 2021

PROVIDER(S):

Pilgrim Place in Claremont

CCRC(S):

Same as above

PROVIDER CONTACT PERSON:

Audrey Morabito, Vice President &amp; CFO

TELEPHONE NUMBER:

909-399-5505

E-MAIL ADDRESS:

Amorabito@pilgrimplace.org

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

- ☒ Annual Report Checklist.
- ☒ Annual Provider Fee in the amount of: \$17,200.00
  - ☐ 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

[www.pilgrimplace.org](http://www.pilgrimplace.org)

Tel: (909) 399-5500  
Fax: (909) 399-5508

APRIL 26, 2022

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,

**Ronald Bolding**

Chief Executive Officer

Enclosures



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/13/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> (WC) Heffernan Insurance Brokers 1350 Carback Avenue Walnut Creek CA 94596	<b>CONTACT NAME:</b> <b>PHONE (A/C. No. Ext):</b> 925-934-8500 <b>FAX (A/C. No):</b> 925-934-8278 <b>E-MAIL ADDRESS:</b>
<b>INSURED</b> Pilgrim Place in Claremont, Inc. 625 Mayflower Road Claremont CA 91711	<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> Travelers Casualty and Surety Company of America <b>INSURER B:</b> <b>INSURER C:</b> <b>INSURER D:</b> <b>INSURER E:</b> <b>INSURER F:</b>
License#: 0564249 PILGPLA-02	<b>NAIC #</b> 31194

**COVERAGES****CERTIFICATE NUMBER:** 2058997395**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	ERISA			AUTO RENL 106987508	9/27/2021	9/27/2022	LIMIT \$500,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**  
Re: As Per Contract or Agreement on File with Insured.

**CERTIFICATE HOLDER****CANCELLATION**

Office of Statewide Health Planning and Development  
Cal-Mortgage Loan Insurance Division  
2020 West El Camino Avenue, Suite 1231  
Sacramento, CA 95833

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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**PILGRIM PLACE IN CLAREMONT**

**Financial Statements for the  
Years Ended December 31, 2021 and 2020  
and  
Independent Auditors' Report**



WEALTH ADVISORY | OUTSOURCING  
AUDIT, TAX, AND CONSULTING

[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, 2021 and 2020, 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, 2021 and 2020, 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.

#### ***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 20, 2022

**PILGRIM PLACE IN CLAREMONT**

**STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

<b>Assets</b>	2021	2020
Current assets:		
Cash and money market funds	\$ 8,461,282	\$ 9,087,777
Cash with trustee - bond principal and interest funds	961,328	946,845
Accounts receivable	1,008,000	733,179
Inventories	14,532	14,201
Prepaid expenses	432,632	442,007
Total Current Assets	<u>10,877,774</u>	<u>11,224,009</u>
Non-Current Assets:		
Cash with trustee - bond debt service reserve fund and project fund	1,165,724	1,165,711
Charitable remainder trusts (Note 3)	40,768	40,768
Investments (Note 4)	6,109,766	4,995,798
Restricted investments (Note 4)	13,609,645	11,649,174
Property, plant and equipment, net (Note 5)	<u>50,451,270</u>	<u>49,344,604</u>
Total Non-Current Assets	<u>71,377,173</u>	<u>67,196,055</u>
<b>Total Assets</b>	<u><b>\$ 82,254,947</b></u>	<u><b>\$ 78,420,064</b></u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 684,650	\$ 608,223
Salaries and benefits payable	993,121	892,716
Current portion Insured Senior Living Revenue Bonds (Note 8)	810,000	780,000
Current portion deferred revenue entrance fees	186,318	420,131
Deferred revenue other	379,399	300,000
Deposits and deferred revenue	<u>1,844,040</u>	<u>787,368</u>
Total Current Liabilities	<u>4,897,528</u>	<u>3,788,438</u>
Non-Current Liabilities		
Insured Senior Living Revenue Bonds (Note 8)	31,301,034	32,084,329
Annuities payable	379,933	409,211
Deferred revenue entrance fees	7,880,689	6,651,437
Deferred repayment entrance fees	3,616,515	4,057,514
Deferred revenue capital giving	<u>5,248</u>	<u>8,354</u>
Total Non-Current Liabilities	<u>43,183,419</u>	<u>43,210,845</u>
<b>Total Liabilities</b>	<u><b>48,080,947</b></u>	<u><b>46,999,283</b></u>
<b>Net Assets</b>		
Without donor restrictions	16,541,529	16,068,971
With donor restrictions (Note 9)	<u>17,632,471</u>	<u>15,351,810</u>
<b>Total Net Assets</b>	<u><b>34,174,000</b></u>	<u><b>31,420,781</b></u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 82,254,947</b></u>	<u><b>\$ 78,420,064</b></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, 2021 and 2020**

	2021	2020
<b>Operating Revenues</b>		
Independent living	\$ 7,501,443	\$ 7,148,870
Assisted living	1,954,469	2,206,927
Skilled nursing, net (Note 11)	7,031,174	5,723,668
Entrance fees - program	3,080,401	2,628,738
Other income - program	88,667	156,397
Net assets released from restrictions -		
Resident health and support programs supplements	701,723	694,856
Memory care	360,644	-
Contributions - designated	5,410	(25,969)
Annual giving - designated	120,309	106,256
<b>Total Operating Revenues</b>	<u>20,844,240</u>	<u>18,639,743</u>
<b>Operating Expenses</b>		
Independent living	3,286,501	3,384,967
Assisted living and memory care	2,296,982	2,397,708
Memory care	391,382	66,268
Skilled nursing	7,539,625	7,101,822
General and administrative	2,051,582	1,983,008
Interest	1,467,148	1,537,257
Plant operations and maintenance	2,226,921	1,876,665
Fundraising	468,526	532,123
<b>Total Operating Expenses Before Depreciation</b>	<u>19,728,667</u>	<u>18,879,818</u>
<b>Operating Income Before Depreciation and Other Revenue</b>	<u>1,115,573</u>	<u>(240,075)</u>
Depreciation expense	2,787,003	2,566,075
<b>Operating Loss</b>	<u>(1,671,430)</u>	<u>(2,806,150)</u>
<b>Other Revenues, Expenses, Gains and Losses</b>		
Annual giving - undesignated	160,629	189,790
Investment returns, net	36,649	110,622
Realized and unrealized investment gains	805,757	722,712
Amortization of deferred revenue from capital gifts	3,106	4,745
COVID-19 - Payroll Protection Program Grant	-	1,824,875
COVID-19 - Provider Relief Fund Grant	669,751	376,379
COVID-19 - Employee Retention Credit	286,544	-
Gifts - other capital projects and housing agreements	242,554	135,360
Allocation to Napier Endowment	(78,085)	-
Miscellaneous - Annuity Adjustment	(20,189)	-
Net assets released from restrictions -		
Board allocation from Endowment	37,276	-
Matured gift annuities	-	14,921
<b>Total Other Revenues, Expenses, Gains and Losses</b>	<u>2,143,992</u>	<u>3,379,404</u>
<b>Excess of Revenue Over Expenses and</b>		
<b>Change in Net Assets Without Donor Restrictions</b>	<u>\$ 472,562</u>	<u>\$ 573,254</u>

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, 2021 and 2020**

	2021	2020
<b>Net Assets Without Donor Restrictions</b>		
Operating losses	\$ (1,671,430)	\$ (2,806,150)
Other revenues, gains	2,143,992	3,379,404
<b>Change in Net Assets Without Donor Restrictions</b>	<u>472,562</u>	<u>573,254</u>
<b>Net Assets With Donor Restrictions</b>		
Annual residents' festival - net revenue	201,246	178,250
Contributions	1,393,658	665,343
Investment returns, net	113,827	66,804
Realized and unrealized investment gains	1,578,545	1,937,468
Present value adjustment of gift annuities payable	93,025	91,491
Net assets released from restrictions -		
Resident health and support programs supplements	(488,999)	(494,856)
Resident health and support programs supplements - board allocation	(212,724)	(200,000)
Board allocation from Endowment - other purposes	(37,276)	-
Matured gift annuities	-	(14,921)
Memory care	(360,644)	-
<b>Change in Net Assets With Donor Restrictions</b>	<u>2,280,658</u>	<u>2,229,579</u>
<b>Change in Net Assets</b>	2,753,220	2,802,833
<b>Net Assets, Beginning of Year</b>	<u>31,420,781</u>	<u>28,617,948</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 34,174,001</u></u>	<u><u>\$ 31,420,781</u></u>

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

**PILGRIM PLACE IN CLAREMONT**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2021**

	Program Services					Supporting Services				Total Expenses 2021
	Independent Living	Assisted Living	Memory Care	Skilled Nursing	Total Program Services	General Administration	Plant Operations & Maintenance	Advancement	Total Supporting Services	
Salaries and wages	\$ 1,406,913	\$ 981,155	\$ 313,435	\$ 3,875,640	\$ 6,577,143	\$ 1,239,480	\$ 1,082,915	\$ 294,936	\$ 2,617,331	\$ 9,194,474
COVID-19 overtime	-	121	-	-	121	-	-	592	592	713
COVID-19 salaries and wages	17,847	73,459	2,553	218,518	312,377	3,950	22,839	-	26,789	339,166
Pension	22,509	18,234	551	100,298	141,592	37,092	28,668	8,793	74,553	216,145
Employee benefits	303,097	228,574	29,458	618,139	1,179,268	132,008	255,595	30,879	418,482	1,597,750
Payroll taxes	123,264	81,399	20,667	299,982	525,312	81,864	90,628	23,785	196,277	721,589
Accounting fees	-	-	-	-	-	67,073	-	-	67,073	67,073
Beauty shop	-	-	-	4,691	4,691	-	-	-	-	4,691
Conferences and meetings	-	-	-	796	796	36,412	-	213	36,625	37,421
Contract services and food	233,273	613,735	-	945,610	1,792,618	-	-	-	-	1,792,618
COVID-19 direct expenses	236,514	-	-	-	236,514	-	-	-	-	236,514
Dues, licenses and taxes	1,318	8,536	-	90,045	99,899	39,907	418	9,290	49,615	149,514
Employment advertising	-	-	-	41,250	41,250	26,034	-	-	26,034	67,284
Equipment rental	6,287	7,566	-	17,654	31,507	16,386	7,775	-	24,161	55,668
Insurance	241,824	40,441	-	73,978	356,243	523	39,455	-	39,978	396,221
Legal fees	-	-	-	4,499	4,499	14,786	-	-	14,786	19,285
Medical supplies and equipmer	-	11,574	-	148,306	159,881	-	-	-	-	159,881
Postage	-	-	-	4	4	10,202	-	814	11,016	11,020
Printing	426	113	-	170	709	1,517	80	13,777	15,374	16,083
Professional services	-	-	-	296,406	296,406	13,020	-	-	13,020	309,426
Public relations	-	9,381	402	11,334	21,117	48,474	-	17,985	66,459	87,576
Purchased services	232,772	38,647	5,823	315,794	593,037	217,542	519,000	33,544	770,086	1,363,123
Repairs and maintenance	120,610	28,701	-	43,083	192,393	2,691	39,238	-	41,929	234,322
Resident activities	17,493	-	-	-	17,493	-	-	-	-	17,493
Staff development	-	398	1,890	2,069	4,357	1,932	-	-	1,932	6,289
Supplies and equipment	104,796	45,374	13,203	135,583	298,956	17,641	73,850	2,873	94,364	393,320
Telephone	14,949	8,915	-	33,763	57,628	21,762	13,987	-	35,749	93,377
Travel	818	-	730	175	1,724	300	5,408	-	5,708	7,432
Utilities	194,538	99,565	2,615	255,286	552,005	16,585	46,275	-	62,860	614,865
Miscellaneous expenses	7,253	1,093	55	6,549	14,950	4,402	790	31,044	36,236	51,186
Total expense before interest and depreciation	3,286,501	2,296,982	391,382	7,539,624	13,514,489	2,051,583	2,226,921	468,525	4,747,029	18,261,519
Interest External	-	-	-	-	-	1,455,689	-	-	1,455,689	1,455,689
Interest Internal	-	201	-	11,258	11,459	-	-	-	-	11,459
Total Interest	-	201	-	11,258	11,459	1,455,689	-	-	1,455,689	1,467,148
Depreciation	2,222,876	-	-	419,241	2,642,117	-	144,886	-	144,886	2,787,003
Total Expenses	\$ 5,509,377	\$ 2,297,183	\$ 391,382	\$ 7,970,123	\$ 16,168,065	\$ 3,507,272	\$ 2,371,807	\$ 468,525	\$ 6,347,604	\$ 22,515,670

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

**PILGRIM PLACE IN CLAREMONT**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Year Ended December 31, 2020**

	Program Services					Supporting Services				Total Expenses 2020
	Independent Living	Assisted Living and Memory Care	Memory Care	Skilled Nursing	Total Program Services	General Administration	Plant	Total Supporting Services		
							Operations & Maintenance		Advancement	
Salaries and wages	\$ 1,179,192	\$ 987,399	\$ 29,189	\$ 3,231,522	\$ 5,427,302	\$ 1,168,438	\$ 830,206	\$ 314,036	\$ 2,312,680	\$ 7,739,982
COVID-19 overtime	138	53,111	-	60,476	113,725	115	-	4,085	4,200	117,925
COVID-19 salaries and wages	95,471	101,792	-	575,051	772,314	15,153	44,794	-	59,947	832,261
Pension	15,346	18,421	-	91,912	125,679	34,011	19,499	7,960	61,470	187,149
Employee benefits	317,258	264,680	9,710	597,746	1,189,394	125,686	219,467	33,730	378,883	1,568,277
Payroll taxes	108,881	91,130	1,837	334,629	536,477	69,031	70,634	26,170	165,835	702,312
Accounting fees	-	-	-	-	-	66,485	-	-	66,485	66,485
Beauty shop	-	-	-	2,627	2,627	-	-	-	-	2,627
Conferences and meetings	-	1,150	-	575	1,725	6,993	575	1,342	8,910	10,635
Contract services and food	178,667	572,367	-	875,737	1,626,771	-	-	-	-	1,626,771
COVID-19 direct expenses	428,740	-	-	-	428,740	-	-	-	-	428,740
Dues, licenses and taxes	1,848	10,609	-	84,260	96,717	86,779	3,574	11,699	102,052	198,769
Employment advertising	-	-	-	-	-	1,389	-	-	1,389	1,389
Equipment rental	5,500	6,977	-	14,897	27,374	16,904	6,570	-	23,474	50,848
Insurance	207,358	34,843	-	63,737	305,938	75	33,994	-	34,069	340,007
Legal fees	-	-	-	14,346	14,346	7,378	-	-	7,378	21,724
Medical supplies and equipmer	-	12,109	-	118,224	130,333	-	-	-	-	130,333
Postage	-	-	-	86	86	3,118	-	2,498	5,616	5,702
Printing	852	-	-	307	1,159	4,453	78	16,656	21,187	22,346
Professional services	-	-	-	217,447	217,447	9,889	-	-	9,889	227,336
Public relations	-	8,678	-	12,883	21,561	1,193	-	14,476	15,669	37,230
Purchased services	372,429	55,526	24,663	357,443	810,061	276,656	471,624	69,745	818,025	1,628,086
Repairs and maintenance	95,806	26,199	-	53,028	175,033	1,707	29,417	-	31,124	206,157
Resident activities	17,229	-	-	-	17,229	-	-	-	-	17,229
Staff development	-	796	-	597	1,393	5,145	-	955	6,100	7,493
Supplies and equipment	68,015	47,249	869	116,214	232,347	18,774	79,631	1,247	99,652	331,999
Telephone	13,734	8,654	-	33,054	55,442	20,953	13,079	-	34,032	89,474
Travel	6,533	-	-	2,644	9,177	150	7,857	-	8,007	17,184
Utilities	263,774	95,312	-	226,246	585,332	14,496	41,801	-	56,297	641,629
Miscellaneous expenses	8,192	706	-	16,134	25,032	28,037	3,865	27,528	59,430	84,462
Total expense before interest and depreciation	3,384,963	2,397,708	66,268	7,101,822	12,950,761	1,983,008	1,876,665	532,127	4,391,800	17,342,561
Interest External	-	-	-	-	-	1,502,587	-	-	1,502,587	1,502,587
Interest Internal	-	4,939	-	29,731	34,670	-	-	-	-	34,670
Total Interest	-	4,939	-	29,731	34,670	1,502,587	-	-	1,502,587	1,537,257
Depreciation	1,997,695	-	-	536,019	2,533,714	-	32,361	-	32,361	2,566,075
Total Expenses	\$ 5,382,658	\$ 2,402,647	\$ 66,268	\$ 7,667,572	\$ 15,519,145	\$ 3,485,595	\$ 1,909,026	\$ 532,127	\$ 5,926,748	\$ 21,445,893

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, 2021 and 2020

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Cash received from resident fees	\$ 12,151,630	\$ 11,824,215
Cash received from community fees	4,393,104	3,577,953
Cash received from entrance fees	3,654,434	3,232,450
Cash received from other operating activities	174,972	178,250
Contributions	1,820,624	1,080,701
Investment income received	36,649	110,622
Interest payments	(1,407,100)	(1,478,582)
Cash paid to suppliers and employees	<u>(16,303,683)</u>	<u>(14,773,237)</u>
Net cash provided by operating activities	<u>4,520,630</u>	<u>3,752,372</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(768,622)	(1,030,786)
Reinvested interest earnings	(344,440)	(236,635)
Proceeds from sale of investments	494,861	527,775
Acquisition of property and equipment	<u>(3,893,671)</u>	<u>(3,024,330)</u>
Net cash used by investing activities	<u>(4,511,872)</u>	<u>(3,763,976)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>		
Payment on insured senior living revenue bonds	(780,000)	(750,000)
Payments on annuity obligations	(69,497)	(78,321)
Proceeds (payments) from contributions restricted for:		
Investment in plant	<u>228,740</u>	<u>(9,331)</u>
Net cash used by capital and related financing activities	<u>(620,757)</u>	<u>(837,652)</u>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	(611,999)	(849,256)
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of Year</b>	<u>11,200,333</u>	<u>12,049,589</u>
<b>Cash, Cash Equivalents, and Restricted Cash - End of Year</b>	<u>\$ 10,588,334</u>	<u>\$ 11,200,333</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, 2021 and 2020

### Cash Provided by Operating Activities

Change in net assets	\$ 2,753,220	\$ 2,802,833
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Actuarial adjustment of annuity obligation	(93,025)	(91,491)
Amortization of capitalized fees	87,072	87,073
Amortization of bond premium	(60,367)	(60,367)
Amortization of deferred revenue from capital gifts	(3,106)	(4,745)
Amortization of entrance fees	(3,080,401)	(2,628,738)
Contributions restricted for long term purposes	(242,554)	(135,360)
Depreciation expense	2,787,003	2,566,075
Realized and unrealized loss on investments	(2,322,994)	(2,649,442)
Changes in operating assets and liabilities:		
Accounts receivable	(261,007)	68,596
Pledges receivable	-	49,026
Inventory	(332)	(4,551)
Prepaid expense	9,375	(18,952)
Accounts payable	76,427	54,900
Salaries and benefits payable	100,405	246,235
Deposits and deferred revenue	4,691,516	3,171,280
COVID deferred Revenue	79,398	300,000
Net cash provided by operating activities	<u>\$ 4,520,630</u>	<u>\$ 3,752,372</u>

### Cash and money market funds

Cash and money market funds	\$ 8,414,493	\$ 8,792,544
Restricted cash and money market funds	<u>46,789</u>	<u>295,233</u>
Total cash and money market funds	<u>8,461,282</u>	<u>9,087,777</u>
Cash with trustee - bond principal and interest funds	<u>961,328</u>	<u>946,845</u>
Cash with trustee - bond debt service reserve fund and project fund		
Cash with trustee - bond debt service reserve fund	1,114,341	1,114,344
Cash with trustee - bond project fund	<u>51,383</u>	<u>51,367</u>
Total cash with trustee - bond debt service reserve fund and project fund	<u>1,165,724</u>	<u>1,165,711</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 10,588,334</u>	<u>\$ 11,200,333</u>

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

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

**December 31, 2021 and 2020**

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

**General** – Pilgrim Place in Claremont (Pilgrim Place) was incorporated in 1915 as a not-for-profit 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 non-profit 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 330 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 \$5,085,064 and \$4,255,718 as of December 31, 2021 and 2020, 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 not-for-profit 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, 2021 and 2020**

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

**Use of Estimates** – The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**Operating Margin** – Operating margin is used to measure the amount of program service expenses covered by total support and revenue for net assets without donor restrictions. Operating margin excludes support services and investment income as well as certain items such as net assets transfers, receipt of restricted contributions, and contributions on long-lived assets. For the year ended December 31, 2021, total program support and revenue exceeded total program service expenses by approximately \$319 thousand, and for the year ended December 31, 2020, total program service expenses exceeded total program support and revenue by approximately \$440 thousand.

**Excess of Revenues Over Expenses** – The statement of operations includes excess of revenues over expenses. 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, 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, 2021 and 2020, Days Cash on Hand was 271 days and 274 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 non-current 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.



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

**December 31, 2021 and 2020**

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

**Accounts and Pledges Receivable** – Accounts receivable represent amounts due from residents and third-party payers such as Medi-Cal and Medicare for services provided. Unconditional promises to give are recorded at fair value using present value techniques at a 2.5% discount rate. Amortization of the discount is included in contribution revenue.

Management has reviewed the collectability of accounts and pledges receivable and has determined the balances to be fully collectable. A plan to regularly evaluate accounts and pledges receivable and the potential collectability is in place and reviewed throughout the year.

**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, 2021 and 2020, Pilgrim Place had cash balances in various financial institutions that exceed the FDIC limit by \$7,446,468 and \$7,542,314, respectively.

**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, 2021, 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.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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

**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 \$7,856,157 and \$6,576,437 as of December 31, 2021 and 2020, respectively.

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 and \$4,057,514 as of December 31, 2021 and 2020, respectively. Unamortized entrance fees on the 10% portion totaled \$0 and \$1,380 as of December 31, 2021 and 2020, respectively. 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 \$24,532 and \$73,620 and as of December 31, 2021 and 2020, respectively.

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.

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

**December 31, 2021 and 2020**

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

Management believes the estimated amount of entrance fees that are expected to be refunding to current residents from the terms of these agreements was \$186,318 and \$420,131 for the years ended December 31, 2021 and 2020, respectively. A provision for the liability has been reported separately.

**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 non-profit 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 \$701,723 and \$694,856 for the years ended December 31, 2021 and 2020, 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 are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At December 31, 2021, Pilgrim Place recognized \$669,751 as other revenue in the statement of operations and \$379,399 as deferred revenue in the statement of net position. At December 31, 2020, Pilgrim Place recognized \$376,379 as other revenue in the statement of operations and \$300,000 as deferred revenue in the statement of net position. Management believes the amounts have been recognized appropriately as of December 31, 2021 and 2020.

**Obligation to Provide Future Services** – Pilgrim Place annually 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. For the years ended December 31, 2021 and 2020, the calculation resulted in no future service liability. The interest rate used for both years was 5.0%, based on the expected long-term rate of return on governmental obligations.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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

Pilgrim Place estimates the cost of future services and the use of facilities in calculating the future obligation. 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 both years was 3.0%. It is anticipated that actual results may differ from those estimates.

**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 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.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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

**Risks and Uncertainties** – In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Pilgrim Place, COVID-19 has impacted fiscal year 2021 operations and financial results and may continue to do so including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of health care personnel, or loss of revenue due to reductions in certain revenue streams. Although the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2021, management believes Pilgrim Place is taking appropriate actions to mitigate any negative impact. In addition, Pilgrim Place has received through December 31, 2021, cumulative emergency relief of \$3,536,947 in combined PRF funding as previously described, an employee retention credit, and a Paycheck Protection Program Loan. These grant funds are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement would not be material.

**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's financial statements.

**Subsequent Events** – Subsequent events were evaluated through April 20, 2022, which is the date the financial statements were available to be issued.

**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:

	2021	2020
Cash and money market funds	\$ 8,461,282	\$ 9,087,777
Minus restricted cash and money market funds	(46,789)	(295,233)
Cash with trustee - bond principal and interest funds	961,328	946,845
Accounts receivable	1,008,000	733,179
Inventories	14,532	14,201
Total liquid assets available for operations	<u>\$ 10,398,353</u>	<u>\$ 10,486,769</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.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**NOTE 2: LIQUIDITY AND AVAILABILITY**

The board-designated endowment of \$5,085,064 and \$4,255,718 as of December 31, 2021 and 2020, respectively, is subject to an annual spending rate of 5% as described in Note 10. Although we do 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.

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 \$4,586,679 and \$4,579,804, as of December 31, 2021 and 2020, 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, 2021 and 2020, respectively, Pilgrim Place managed a total of \$609,027 and \$562,164 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, 2021 and 2020 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, 2021 and 2020**

**NOTE 4: INVESTMENTS**

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
General Fund:				
Equity securities (Level 1)	\$ 82,591	\$ 129,402	\$ 63,800	\$ 98,690
Land	45,000	45,000	45,000	45,000
	<u>127,591</u>	<u>174,402</u>	<u>108,800</u>	<u>143,690</u>
Gift Annuity Fund:				
Cash and cash equivalents	9,874	9,874	56,233	56,232
Equity securities (Level 1)	162,257	386,740	155,566	370,717
Fixed Income (Level 1)	214,454	212,413	134,861	135,215
	<u>386,585</u>	<u>609,027</u>	<u>346,660</u>	<u>562,164</u>
Endowment Fund:				
Cash and cash equivalents	694,877	697,436	455,793	455,793
Equity securities (Level 1)	8,829,989	14,161,798	7,447,506	12,080,641
Fixed Income (Level 1)	332,442	336,920	326,844	341,176
Fixed Income (Level 2)	2,846,041	2,889,977	2,648,908	2,723,062
Limited Partnership (Net Asset Value)	412,474	412,474	86,816	86,816
Other Assets (Level 1)	279,565	437,377	190,570	251,630
	<u>13,395,388</u>	<u>18,935,982</u>	<u>11,156,437</u>	<u>15,939,118</u>
Total investments	<u>\$ 13,909,564</u>	<u>\$ 19,719,411</u>	<u>\$ 11,611,897</u>	<u>\$ 16,644,972</u>

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 non-tax 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, 2021 and 2020 of \$670,500 and \$913,750, respectively. In addition, subsequent to December 31, 2021 a capital contribution of \$49,500 was due and payable by April 14, 2022.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**NOTE 4: INVESTMENTS**

**Investment Return** – Investment return and a schedule of net realized and unrealized gains for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Investment return, net of expenses of \$191,797 and \$127,775, respectively	\$ 150,476	\$ 177,426
Net realized and unrealized gain (loss):		
Opportunity fund	28,012	11,895
Gift Annuity fund	118,248	82,006
Endowment and Specific Purpose Funds	2,356,290	2,648,285

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

No capitalized interest was included in construction in progress for December 31, 2021 and 2020. Depreciation expense for the years ended December 31, 2021 and 2020 was \$2,787,003 and \$2,566,075, respectively.

A summary of property and equipment at December 31, 2021 and 2020 follows:

	2021	2020
Capital assets not being depreciated:		
Land *	\$ 1,529,334	\$ 1,529,334
Museum collection	490,988	490,988
Construction in progress	2,132,685	5,218,682
Total capital assets not being depreciated	4,153,007	7,239,004
Capital assets being depreciated:		
Permanent grounds improvement	1,112,635	1,112,635
Housing and central plant	82,234,368	75,407,454
Equipment	7,281,834	7,129,080
Total capital assets being depreciated	90,628,837	83,649,169
Less accumulated depreciation	(44,330,574)	(41,543,569)
Depreciable assets, net	46,298,263	42,105,600
Property, plant and equipment, net	\$ 50,451,270	\$ 49,344,604

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



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

**December 31, 2021 and 2020**

**NOTE 6: INTER-FUND BORROWING**

**Pitzer Expansion Project** – The General Fund borrowed \$1,000,000, during 1998, from the Endowment Fund to fund the Pitzer Expansion Project. The note was originally payable over a 25-year term and bears interest at a variable rate based upon a 5-year treasury note yield as of each July 31<sup>st</sup>. Interest is due quarterly beginning September 1999 upon completion of the project. A payment of \$131,924 was made during 2021. The outstanding balance at December 31, 2021 and 2020 was \$0 and \$131,924, respectively.

There was no accrued interest payable to the Endowment Fund for the years ended December 31, 2021 or 2020.

**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 had not been made since 2009. A payment of \$25,235 was made during 2021. 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, 2021 and 2020 was \$2,779,765 and \$2,805,000.

There was no accrued interest payable to the Endowment Fund for the years ended December 31, 2021 or 2020.

**Inter-fund Borrowing Elimination** – Inter-fund borrowing transactions are not reflected in the financial statements as U.S. generally accepted accounting principles require inter-fund activity to be eliminated. For 2021 and 2020, outstanding balances on inter-fund borrowing totaling \$2,779,765 and \$2,936,924, 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.

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

**December 31, 2021 and 2020**

**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 \$216,144 and \$187,149 for the years ended December 31, 2021 and 2020, 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.

**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 defeased 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 \$1,114,341 for both December 31, 2021 and 2020, respectively. Pilgrim Place has complied with the various covenants, conditions and restrictions required by the regulatory agreement.

**PILGRIM PLACE IN CLAREMONT**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2021 and 2020**

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

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, 2021, the principal and interest fund was \$961,368 and the outstanding debt was \$32,795,000. At December 31, 2020, the principal and interest fund was \$946,845 and the outstanding debt was \$33,575,000. As of December 31, 2021 and 2020, \$51,383 and \$51,367, respectively, was in cash held by a trustee and was 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, 2021 and 2020 was \$87,073 each year. At December 31, 2021 and 2020, the unamortized issuance costs was \$1,702,623 and \$1,789,695, respectively.

The maturity amount includes the premium on bonds which is amortized over the life of the liability. The bonds included a premium of \$1,325,525. Amortization recognized during the years ended December 31, 2021 and 2020 was \$60,367 each year. At December 31, 2021 and 2020, the unamortized bond premium was \$1,018,657 and \$1,079,024, respectively.

Required payments are as follows:

Year Ending December 31,	Principal	Interest
2022	\$ 810,000	\$ 1,398,481
2023	845,000	1,365,381
2024	880,000	1,330,881
2025	915,000	1,290,406
2026	960,000	1,243,531
Thereafter	<u>28,385,000</u>	<u>12,752,341</u>
Total	32,795,000	<u>\$ 19,381,021</u>
Issuance costs	(1,702,623)	
Premium on bonds	<u>1,018,657</u>	
Total bonds payable	<u>\$ 32,111,034</u>	

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

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

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

	2021	2020
<b>Subject to expenditure for specific purpose:</b>		
Memory care unit	\$ 340,022	\$ 614,451
Diversity Initiative	500,000	-
Resident committee funds	253,404	217,557
<b>Subject to appropriation and expenditure when a specific event occurs:</b>		
Split interest agreements - annuities	229,094	180,285
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 \$7,625,570 and \$6,736,175, respectively), the income from which is expendable to support:		
Resident supplements	11,530,499	10,242,883
Napier endowment	742,081	322,287
Undesignated endowment	2,824,471	2,561,447
Health Services Center support	774,751	774,751
Independent rental supplements	291,975	291,975
General operations	73,621	73,621
Petterson Museum of Intercultural Art	31,785	31,785
	<u>\$ 17,632,471</u>	<u>\$ 15,351,810</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 U.S. generally accepted accounting principles, 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.

**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.

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

**December 31, 2021 and 2020**

**NOTE 10: ENDOWMENT**

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.

**Endowment Net Asset Composition by Type of Fund as of December 31, 2021**

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 13,678,278	\$ 13,678,278
Board designated endowment funds-borrowed	2,779,765	-	2,779,765
Board and undesignated endowment	2,305,299	2,927,673	5,232,972
	<u>\$ 5,085,064</u>	<u>\$ 16,605,951</u>	<u>\$ 21,691,015</u>

**Endowment Net Asset Composition by Type of Fund as of December 31, 2020**

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 11,783,037	\$ 11,783,037
Board designated endowment funds-borrowed	2,936,924	-	2,936,924
Board and undesignated endowment	1,318,794	2,779,639	4,098,433
	<u>\$ 4,255,718</u>	<u>\$ 14,562,676</u>	<u>\$ 18,818,394</u>

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

**December 31, 2021 and 2020**

**NOTE 10: ENDOWMENT**

**Changes in Endowment Net Assets for the Year Ended December 31, 2021**

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 4,255,718	\$ 14,562,676	\$ 18,818,394
Investment return:			
Internal loan investment return	11,459	-	11,459
Investment return, net of expenses	12,130	113,827	125,957
Net depreciation (realized and unrealized)	805,757	1,550,534	2,356,291
Total investment return	829,346	1,664,361	2,493,707
Other changes:			
Contributions	-	623,720	623,720
Matured gift annuities	-	5,194	5,194
Distributions	-	(250,000)	(250,000)
Repayment of internal borrowing from operations	157,160	-	157,160
Decease in internal borrowing	(157,160)	-	(157,160)
Total other changes	-	378,914	378,914
Endowment net assets, end of year	<u>\$ 5,085,064</u>	<u>\$ 16,605,951</u>	<u>\$ 21,691,015</u>

**Changes in Endowment Net Assets for the Year Ended December 31, 2020**

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 3,471,129	\$ 12,524,954	\$ 15,996,083
Investment return:			
Internal loan investment return	52,340	-	52,340
Investment return, net of expenses	9,537	66,804	76,341
Net depreciation (realized and unrealized)	722,712	1,925,573	2,648,285
Total investment return	784,589	1,992,377	2,776,966
Other changes:			
Contributions	-	201,590	201,590
Matured gift annuities	-	43,755	43,755
Distributions	-	(200,000)	(200,000)
Repayment of internal borrowing from operations	508,076	-	508,076
Decease in internal borrowing	(508,076)	-	(508,076)
Total other changes	-	45,345	45,345
Endowment net assets, end of year	<u>\$ 4,255,718</u>	<u>\$ 14,562,676</u>	<u>\$ 18,818,394</u>

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**NOTE 11: PATIENT SERVICE REVENUE**

Patient service revenue at December 31, 2021 and 2020 is as follows:

	2021	2020
Skilled nursing	\$ 8,383,104	\$ 7,030,152
Less write offs	(18,900)	(213,947)
Less contractual provisions	(1,333,030)	(1,092,537)
Skilled nursing, net	<u>\$ 7,031,174</u>	<u>\$ 5,723,668</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.

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, will primarily be 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, 2021 and 2020, \$51.4 thousand and \$51.4 thousand, respectively, were available for construction.

As of December 31, 2021, \$8.9 million of proceeds had been used for construction costs. During the year ended December 31, 2021, \$780 thousand of principal had been paid and \$1.4 million in interest payments were made.

As of December 31, 2020, \$8.9 million of proceeds had been used for construction costs. During the year ended December 31, 2020, \$750 thousand of principal had been paid and \$1.5 million in interest payments were made.

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

**December 31, 2021 and 2020**

**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 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. 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.

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.



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

**December 31, 2021 and 2020**

**NOTE 14: RESIDENT CARE SERVICE REVENUE**

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). The skilled nursing facilities are paid under the Medicare Prospective Payment System (PPS) for residents who are Medicare Part A eligible and meet the coverage guidelines (presumption of skilled coverage) for skilled nursing facility services. The PPS is a per diem price-based system. Annual cost reports are required to be submitted to the designated Medicare Administrative Contractor; however, they do not contain a cost settlement. Effective October 1, 2019, under PDPM, the presumption of skilled coverage concept will continue but will be modified for various PDPM classifications. PDPM also includes a "Variable Per Diem (VPD) adjustment" that adjusts the per diem rate over the course of the stay. CMS' new Patient-Driven Payment Model (PDPM) doesn't change Medicare's basic requirements for skilling a resident. However, due to the change in resident care classifications, the rule specifies the new PDPM categories that will qualify for the presumption of skilled coverage. The new model focuses less on the number of therapy minutes and more on residents' clinical characteristics. 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.

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

**December 31, 2021 and 2020**

**NOTE 14: RESIDENT CARE SERVICE REVENUE**

**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 2021 or 2020.

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.

**PILGRIM PLACE IN CLAREMONT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2021 and 2020**

**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 non-refundable to the buyer upon expiration of the extended due diligence period of October 31, 2021. The deposit will be applied to the purchase price at closing. Closing is estimated to occur on or near December 25, 2022, but may be extended by the buyer through August 22, 2023 without additional consideration or through September 21, 2023 with consideration of \$50,000.



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

**For the Fiscal Year Ended December 31, 2021**  
**and**  
**Independent Auditors' Report**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Pilgrim Place in Claremont

### **Report on the Audit of the Financial Schedule**

#### ***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 the Forms 5-1 through 5-5 for the year ended December 31, 2021 and the notes to the financial statement.

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, 2021, 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 Financial Schedule 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 schedule, 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. 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.

***Responsibilities of Management for the Continuing Care Reserve Report (continued)***

In preparing the continuing care reserve report, 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 schedule is available to be issued.

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

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 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 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 financial schedule.

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.

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.

## **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, Disclosure Statement, Key Indicators Report and Form 9-1, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the financial statement. 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  
April 20, 2022



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

<u>LINE</u>	<u>CONTINUING CARE RESIDENTS</u>	<u>TOTAL</u>
1	NUMBER AT BEGINNING OF FISCAL YEAR	321
2	NUMBER AT END OF FISCAL YEAR	330
3	TOTAL LINES 1 AND 2	651
4	MULTIPLY LINE 3 BY ".50" AND ENTER RESULT ON LINE 5	x.50
5	MEAN NUMBER OF CONTINUING CARE RESIDENTS	326
<b>ALL RESIDENTS</b>		
6	NUMBER AT BEGINNING OF FISCAL YEAR	337
7	NUMBER AT END OF FISCAL YEAR	354
8	TOTAL LINES 6 AND 7	691
9	MULTIPLY LINE 8 BY ".50" AND ENTER RESULT ON LINE 10	x.50
10	MEAN NUMBER OF ALL RESIDENTS	346
11	DIVIDE LINE 5 BY LINE 10 AND ENTER THE RESULT	0.94

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

<u>LINE</u>	<u>TOTAL</u>
1	TOTAL OPERATING EXPENSES 22,515,671
a	DEPRECIATION 2,787,003
b	DEBT SERVICE( INTEREST ONLY) 1,430,281
2	SUBTOTAL (add Line 1a and 1b) 4,217,284
3	SUBTRACT LINE 2 FROM LINE 1 AND ENTER RESULT 18,298,387
4	PERCENTAGE ALLOCATED TO CONTINUING CARE RESIDENT (LINE11) 0.94
5	TOTAL OPERATING EXPENSE OF CONTINUING CARE RESIDENTS
	MULTIPLY LINE 3 BY LINE 4 17,200,484
6	<b>TOTAL AMOUNT DUE (LINE 5 BY .001) 17,200</b>
<u>PROVIDER: PILGRIM PLACE IN CLAREMONT</u>	
<u>COMMUNITY: SAME AS ABOVE</u>	

**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	157,160	11,459	0	168,619
2	11/1/2016	780,000	1,430,281	0	2,210,281
3					0
4					
5					
6					
7					
8					
TOTAL			1,441,740		2,378,900

(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 12/31/21.  
Principle payments on internal debt are not required; however, \$157,160 was paid in 2021.

**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					
TOTAL		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**

<b>LINE</b>		<b>TOTAL</b>
1	Total from form 5-1 bottom of Column (e)	2,378,900
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><b>2,378,900</b></u>

**PROVIDER:** PILGRIM PLACE IN CLAREMONT

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

LINE		AMOUNT	TOTAL
1	TOTAL OPERATING EXPENSE FROM FINANCIAL STATEMENT		<u>22,515,671</u>
2	DEDUCTIONS		
a	INTEREST PAID ON LONG-TERM DEBT	<u>1,441,740</u>	
b	CREDIT ENHANCEMENT PREMIUMS PAID FOR LONG-TERM DEBT	<u>-</u>	
c	DEPRECIATION	<u>2,787,003</u>	
d	AMORTIZATION	<u>87,073</u>	
e	REVENUE RECEIVED DURING FISCAL YEAR FOR SERVICES TO RESIDENTS WHO DID NOT HAVE A CONTINUING CARE CONTRACT	<u>4,393,104</u>	{See attached schedule}
f	EXTRAORDINARY EXPENSES APPROVED BY THE DEPARTMENT	<u>-</u>	
3	TOTAL DEDUCTIONS		<u>8,708,920</u>
4	NET OPERATING EXPENSES		<u>13,806,751</u>
5	DIVIDE LINE 4 BY 365 AND ENTER THE RESULT		<u>37,827</u>
6	<b>MUTIPLY LINE 5 BY 75 AND ENTER THE RESULT</b>		
	THIS IS THE PROVIDER'S OPERATING EXPENSE RESERVE AMT		<u><u>2,837,025</u></u>

**PROVIDER: PILGRIM PLACE IN CLAREMONT**

**COMMUNITY: SAME AS ABOVE**

**PILGRIM PLACE HEALTH SRVS CTR  
REVENUE ACCOUNTS  
2021**

<b>PAYOR</b>	<b>COMMUNITY</b>	<b>PILGRIM</b>	<b>TOTAL</b>
IVHP	\$1,215,059	\$105,322	\$1,320,381
MEDI-CAL	\$1,134,743	\$564,258	\$1,699,001
MEDICARE	\$1,659,332	\$98,664	\$1,757,996
PRIVATE	\$383,970	\$1,869,826	\$2,253,796
<b>TOTAL</b>	<b>\$4,393,104</b>	<b>\$2,638,070</b>	<b>\$7,031,174</b>

Note: Total revenue of \$7,031,174 agrees with skilled nursing revenue on page 6 of the 2021 audited financial statements.

**FORM 5-5**  
**ANNUAL RESERVE CERTIFICATION**

**PROVIDER NAME: PILGRIM PLACE IN CLAREMONT**  
**FISCAL YEAR ENDED: 12/31/2021**

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2021, 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	<u>2,378,900</u>
2	OPERATING EXPENSE RESERVE AMOUNT	<u>2,837,025</u>
3	<b>TOTAL LIQUID RESERVE AMOUNT</b>	<b><u>5,215,925</u></b>


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

		<b>AMOUNT</b> <b>(MARKET VALUE AT END OF YEAR )</b>	
<u>QUALIFYING ASSETS DESCRIPTION</u>	<u>DEBT SERVICE RESERVE</u>	<u>OPERATING RESERVE</u>	
4 CASH AND CASH EQUIVALENTS	<u>4,230,641</u>	<u>4,230,641</u>	
5 INVESTMENT SECURITIES	<u>-</u>	<u>-</u>	
6 EQUITY SECURITIES	<u>-</u>	<u>6,109,766</u>	
7 UNUSED/AVAIL. LINES OF CREDIT	<u>-</u>	<u>-</u>	
8 UNUSED/AVAIL. LETTERS OF CREDIT	<u>-</u>	<u>-</u>	
9 DEBT SERVICE RESERVE	<u>1,114,341</u>	<u>-</u>	

OTHER:  
(DESCRIBE)

TOTAL AMOUNT OF QUALIFYING ASSETS LISTED FOR RESERVE OBLIGATION:	11	<u>5,344,982</u>	12	<u>10,340,407</u>
<b>RESERVE OBLIGATION AMOUNT</b>	13	<u>2,378,900</u>	14	<u>2,837,025</u>
<b>SURPLUS / (DEFICIENCY)</b>	15	<u>2,966,082</u>	16	<u>7,503,382</u>

SIGNATURE:

  
\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

DATE 4/26/22

Chief Financial Officer  
\_\_\_\_\_  
TITLE

**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	4,230,641	4,230,641	Unrestricted cash and money market funds per statement of financial position.
Investment Securities	-	-	
Equity Securities	-	6,109,766	Unrestricted equity investments per statement of financial position.
Unused Line of Credit	-	-	Unused operational line of credit.
Debt Service Reserve	1,114,341	-	Debt service in trust account per statement of financial position.
Total Qualifying Assets as Filed	5,344,982	10,340,407	
Debt Service Reserve			
Reservations and Designations:	2,378,900	2,837,025	
Remaining Liquid Reserves	<u>2,966,082</u>	<u>7,503,382</u>	
Benevolence Endowment		11,530,498	Restricted for Residents Health & Support Program

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**Per Capital Cost of Operations**

Operating Expenses (Form 5-4, line #1)	22,515,671
Mean # of CCRC Residents (Form 1-1, line #10)	346
Per Capita Cost of Operations	65,074



**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>2,182 - 5,834</u>	<u>3,225 - 7,831</u>	<u>7,500 - 8,640</u>	<u>11.1k - 19.6k</u>
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4.00%</u>	<u>4.00%</u>	<u>0.00%</u>	<u>5.00%</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, 2021  
(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:** 11/30/2020 **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:** 11/11/2020

☒ 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 [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:** 10/23/2020

- ☒ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

**Date of Notice:** 10/23/2020

- ☒ 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:** 10/23/2020 **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 Claremont **COMMUNITY:** Pilgrim Place in Claremont

**FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)  
ANNUAL REPORTING FISCAL YEAR (F/Y) 2021**

		\$000		
		2019	2020	2121
1	F/Y 2019 Operating Expenses <sup>1</sup>	(17,834)		
2	F/Y 2020 Operating Expenses <sup>1</sup> (Adjustments <sup>3</sup> if any, Explained Below)		(18,880)	
3	Projected F/Y 2021 Results of Operations <sup>2</sup> (Adjustments <sup>3</sup> if any, Explained Below)			(19,729)
4	F/Y 2021 Anticipated MCF IL Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			7,405
5	F/Y 2021 Anticipated MCF AL Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			2,325
6	F/Y 2021 Anticipated MCF MC Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			954
7	F/Y 2021 Anticipated MCF SNF Revenue <sup>2</sup> Based on Current and Projected Occupancy and Other <sup>4</sup> without a MCFI			7,044
8	Projected F/Y 2021 (Net) Operating Results <sup>2</sup> without a MCFI (Line 3 plus Lines 4,5,6)			(2,001)
9	Projected F/Y 2021 IL Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 4.0%			7,701
10	Projected F/Y 2021 AL Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 4.0%			2,418
11	Projected F/Y 2021 MC Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 0%			954
12	Projected F/Y 2021 SNF Anticipated Revenue Based on Current and Projected Occupancy and Other <sup>4</sup> with MCFI 5.0%			7,396
13	Grand Total - Projected FY 2021 Net Operating Activity After MCFI (Line 3 plus Lines 8,9,10)			(1,260)
Calculated Monthly Care Fee Increase				4.18%

- 
- 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

5. Monthly service fees are increased based on projected increases in costs for the subsequent year. The determination of the increase is based upon the revenue required to cover our anticipated increases in programmatic, operational and labor expenses, broken down by functional expense, as these are the main drivers of the overall budget. The largest drivers in 2020 for increases in expense are: general liability and insurance costs, legal and professional fees, purchase services (IT, payroll, security, water management), two new positions: an IL Social Worker and Resident IT Helpdesk, a minimum wage adjustment and our annual salary pool and fringe benefits. In 2021, the percentage increases were 4.00% for IL, 4.00% for AL, and 5% for SNF.

# CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 4/18/22

Facility Name: Pilgrim Place in Claremont

Address: 625 Mayflower Road

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: 315

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	0	Assisted Living:	57
Apartments – 1 Bdrm:	51	Skilled Nursing:	59
Apartments – 2 Bdrm:	102	Special Care:	12
Cottages/Houses:	34	Description:	Memory Care

RLU Occupancy (%) at Year End: 89.6%

Type of Ownership: ☒ Not for Profit  
☐ For Profit

Accredited? ☐ Yes By:  
☒ No

Form of Contact: ☒ Continuing Care ☐ Life Care ☒ Entrance Fee ☒ Fee for Service  
 (Check all that apply) ☐ Assignment of Assets ☐ Equity ☐ Membership ☒ Rental

Refund Provisions: ☐ Refundable ☐ 90% ☒ 50%  
 (Check all that apply) ☒ Repayable ☐ 75% ☒ Other: Fully Amortized

Range of Entrance Fees: \$142,465 - \$908,217

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/	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Billiard Room	<input type="checkbox"/>	<input type="checkbox"/>	Month at \$_____each)		
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 checked="" 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:**  
**FACILITY: PILGRIM PLACE IN CLAREMONT**

	2018	2019	2020	2021
<b>INCOME FROM ONGOING OPERATIONS:</b>				
<b>OPERATING INCOME</b>	17,694,153	17,568,772	16,011,004	17,763,836
(EXCL AMORTIZATION OF ENTRANCE FEE INCOME)	17,694,153	17,568,772	16,011,004	17,763,836
<b>LESS OPERATING EXPENSES</b>	16,001,274	16,385,318	17,377,230	18,272,978
(EXCL DEPRECIATION, AMORTIZATION, & INTEREST)				
<b>NET INCOME FROM OPERATIONS</b>	1,692,879	1,183,454	(1,366,226)	(509,142)
<b>LESS INTEREST EXPENSE</b>	(1,462,847)	(1,411,297)	(1,415,514)	(1,368,617)
<b>PLUS CONTRIBUTIONS</b>	223,876	192,050	194,525	163,735
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b>	151,636	933,950	3,169,948	1,967,957
(EXCLUDING EXTRAORDINARY ITEMS)				
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>	605,544	898,157	582,733	253,933
<b>NET CASH FLOW FROM ENTRANCE FEES</b>	4,038,743	2,526,427	3,232,450	3,634,844
(TOTAL DEPOSITS LESS REFUNDS)				

<b>DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END</b>					
LENDER	OUTSTANDING BALANCE	INT RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
State of California Insured Senior Living Bonds	\$3,211,034	4-5%	November, 2016	2046	30 years

<b>FINANCIAL RATIOS:</b>	2020 CCAC 50%	2019	2020	2021
<b>DEBT TO ASSET RATIO</b>	0.36	0.44	0.41	0.38
<b>OPERATING RATIO</b>	102%	101%	117%	111%
<b>DEBT SERVICE COVERAGE RATIO</b>	2.18	2.19	2.35	2.26
<b>DAYS CASH-ON-HAND RATIO</b>	500	241	274	271

**HISTORICAL MONTHLY SERVICE FEES**

	2018	%	2019	%	2020	%	2020	%
STUDIO								
ONE BEDROOM	1,554	3.02	1,601	3.00	1,649	3.00	1,715	3.00
TWO BEDROOM	2,219	3.02	2,286	3.02	2,355	3.00	2,449	3.00
COTTAGE/HOUSE	2,620	3.02	2,699	3.00	2,780	3.00	2,891	3.00
ASSISTED LIVING	4,658	3.01	4,798	3.00	4,942	3.00	5,140	3.00
SKILLED NURSING	9,863	5.00	10,356	5.00	10,874	5.00	11,418	5.00
SPECIAL CARE								

**COMMENTS FROM PROVIDER:**

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.

	2017	2018	2019	2020	2021	Projected 2022	Forecast 2022	2023	2024	2025	Preferred Trend Indicator
<b>OPERATIONAL STATISTICS</b>											
1. Average Annual Occupancy by Site (%)	94.00%	94.00%	90.00%	86.00%	89.60%	89.00%	90.00%	90.00%	90.00%	90.00%	N/A
<b>MARGIN (PROFITABILITY) INDICATORS</b>											
2. Net Operating Margin (%)	8.69%	9.85%	7.14%	-9.03%	-6.44%	5.00%	5.00%	5.00%	5.00%	5.00%	N/A
3. Net Operating Margin - Adjusted (%)	16.18%	28.78%	19.31%	10.05%	15.52%	18.00%	18.00%	18.00%	18.00%	18.00%	N/A
<b>LIQUIDITY INDICATORS</b>											
4. Unrestricted Cash and Investments (\$000)	\$8,364	\$8,019	\$8,266	\$9,088	\$8,641	\$8,320	\$8,480	\$8,640	\$8,800	\$8,960	N/A
5. Days Cash on Hand (Unrestricted)	172	225	241	274	271	260	265	270	275	280	N/A
<b>CAPITAL STRUCTURE INDICATORS</b>											
6. Deferred Revenue from Entrance Fees (\$000)	\$7,490	\$10,130	\$10,292	\$10,709	\$11,467	\$11,000	\$11,000	\$11,000	\$11,000	\$11,000	N/A
7. Net Annual E/F proceeds (\$000)	\$1,530	\$4,483	\$2,526	\$3,232	\$4,310	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	N/A
8. Unrestricted Net Assets (\$000)	\$14,849	\$14,816	\$15,496	\$16,069	\$16,542	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	N/A
9. Annual Capital Asset Expenditure (\$000)	\$4,339	\$3,450	\$3,428	\$3,024	\$3,894	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	1.38	0.96	1.10	0.93	1.00	1.00	1.00	1.00	1.00	1.00	N/A
11. Annual Debt Service Coverage (x)	2.66	2.88	2.2	2.35	2.26	2.3	2.3	2.3	2.3	2.3	N/A
12. Annual Debt Service/Revenue (%)	8.90%	11.70%	11.00%	10.40%	9.80%	10.00%	10.00%	10.00%	10.00%	10.00%	N/A
13. Average Annual Effective Interest Rate (%)	4.00%	4.21%	4.18%	4.26%	4.24%	4.20%	4.20%	4.20%	4.20%	4.20%	N/A
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	24.07%	23.55%	23.55%	28.32%	27.03%	27.00%	27.00%	27.00%	27.00%	27.00%	N/A
15. Average Age of Facility (years)	15.33	15.52	15.52	16.19	15.91	16.00	16.00	16.00	16.00	16.00	N/A

### **Key Indicators Report Memo**

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

Operationally, we have always had high occupancy levels, above 90% at IL and AL and about 82% at our SNF. While the COVID pandemic impacted our current occupancy, we project that we will return to similar levels in the

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,

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.

[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
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<b>PROVIDER:</b>	PILGRIM PLACE IN CLAREMONT
<b>COMMUNITY</b>	SAME AS ABOVE
<b>Comments from Provider:</b>	<u>Pilgrim Place does not guarantee care for life. The Classic Care and Residence Agreement and Deferred Repayment Care and Residence Agreement described in the financial statements 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. Pilgrim does not have a refund reserve amount requirement.</u>

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

The audited financial statements as of and for the year ended December 31, 2021 and 2020, with a report date of April 20, 2022, accompany this report as part of supplementary information. Refer to footnote Note 10 - Insured Senior Living Revenue Bonds for related disclosures on long-term debt that is reflected in Forms 5-1 through 5-5.

