

Independent Auditor's Report on Supplementary Information

Board of Directors
Town and Country Manor of The Christian and Missionary Alliance
Santa Ana, California

We have audited the financial statements of Town and Country Manor of The Christian and Missionary Alliance (Town and Country) as of and for the years ended June 30, 2026 and 2025, and have issued our report thereon dated September 21, 2026, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included in Forms 5-1 through 5-5 of the accompanying Annual Reserve Report (Multi-CRC Provider) is presented for purposes of additional analysis and for compliance with the requirements of the State of California Health and Safety Code Section 1792 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the Board of Directors and management of Town and Country and for filing with the State of California Department of Social Services and is not intended to be and should not be used for any other purpose or by anyone other than these specified parties.

Forvis Mazars, LLP

Colorado Springs, Colorado
September 21, 2026

FORM 1-1:RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	16
[2]	Number at end of fiscal year	15
[3]	Total Lines 1 and 2	31 ×.50
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	
[5]	Mean number of continuing care residents Please allow decimal points for Line [5]	15.5
All Residents		
[6]	Number at beginning of fiscal year	299
[7]	Number at end of fiscal year	298
[8]	Total Lines 6 and 7	597 ×.05
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	
[10]	Mean number of <i>all</i> residents	298.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	.05

Please allow decimal points in Line [11]

FORM 1-2: ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	35,794,862.00
[a] Depreciation	2,159,060.00
[b] Debt Service (Interest Only)	1,528,700.00
[2] Subtotal (add Line 1a and 1b)	3,687,760.00
[3] Subtract Line 2 from Line 1 and enter result.	32,107,102.00
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.05
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	1,605,355.10
[6] Total Amount Due (multiply Line 5 by .001)	\$ 1,605.36

PROVIDER: Town & CountryCOMMUNITY: Town & Country

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	06/13/19	\$725,000	\$1,528,700		\$2,253,700
2					
3					
4					
5					
6					
7					
8					
TOTAL:			\$1,556,700		\$2,253,700

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

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

PROVIDER: Town & Country

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments Over Next 12 Months	(e) Reserve Requirement (see instruction Part 5) (columns (c) x (d))
1					
2					
3					
4					
5					
6					
7					
8					
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: Town & Country

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

Line	TOTAL
1	Total from Form 5-1 bottom of Column (e) \$2,253,700
2	Total from Form 5-2 bottom of Column (e)
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE: \$2,253,700

PROVIDER: Town & Country

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

Line	Description	Amounts	TOTAL
1	Total operating expenses from financial statements		\$35,794,862
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	\$1,528,700	
b.	Credit enhancement premiums paid for long-term debt (see instructions)		
c.	Depreciation	\$2,159,060	
d.	Amortization	(286,705)	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	34,197,317	
f.	Extraordinary expenses approved by the Department		
3	Total Deductions		\$37,598,372
4	Net Operating Expenses		\$(1,803,510)
5	Divide Line 4 by 365 and enter the result		\$(4,941)
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount		\$(370,584)

PROVIDER: Town & CountryCOMMUNITY: Town & Country

FORM 5-4
Reconcile Audited Cash Flow Statement to Form 5-4 2E

Provider Name: Town & Country

Fiscal Year Ended: 6/30/2026

Reconcile Audited Cash Flow Statement to Form 5-4 2E

Statement of Cash Flows - Cash received from service recipients	\$	34,971,917
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Less Cash received from residents with continuing care contracts	\$	774,600
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Form 5-4 line 2e	\$	<u>34,197,317</u>
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FORM 5-5: ANNUAL RESERVE CERTIFICATIONProvider Name: Town & CountryFiscal Year Ended: 6/30/2026

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended.

6/30/2026

and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	<u>\$2,253,700</u>
[2] Operating Expense Reserve Amount	<u>(370,584)</u>
[3] Total Liquid Reserve Amount:	<u>\$1,883,116</u>

Qualifying assets sufficient to fulfill the operating reserve and debt service requirements, based on market value at end of fiscal year were applicable, are held as follows:

Qualifying Asset Description	Debt Service Reserve	Operating Reserve
[4] Cash and Cash Equivalents	<u> </u>	<u>\$1,929,789</u>
[5] Investment Securities	<u> </u>	<u>\$2,774,218</u>
[6] Equity Securities	<u> </u>	<u>\$9,286,935</u>
[7] Unused/Available Lines of Credit	<u> </u>	<u> </u>
[8] Unused/Available Letters of Credit	<u> </u>	<u> </u>
[9] Debt Service Reserve	<u>\$1,153,113</u>	(not applicable)
[10] Other:	<u>\$2,809,903</u>	<u>\$78,046</u>

Qualifying assets used in these reserves are described as follow:

Corporate Bonds, Exchanged Traded
Funds, Fixed Income Government Oblig

Total Amount of Qualifying Assests

Listed for Reserve Obligation: [11] \$3,963,016 [12] \$14,068,988Reserve Obligation Amount: [13] 2,253,700 [14] (370,584)Surplus/(Deficiency): [15] \$1,709,316 [16] \$14,439,572

Signature:



(Authorized Representative)

Date: 9/22/26CEO

(Title)

FORM 5-5
ANNUAL RESERVE CERTIFICATION - ATTACHMENT

Provider Name: _____ Town & Country _____
Fiscal Year Ended: _____ 6/30/2026 _____

Description and amount of all reserves the provider currently designates and maintains.

Total Qualifying Assets as Filed

Description	Debt Service Reserve	Operating Reserve	Totals	Additional Comments
Cash & Cash Equivalents		1,929,789	1,929,789	Operating cash, CD's and money mkt mutual funds (less restricted funds)
Investment Securities		2,774,218	2,774,218	Mutual funds (bonds and foreign emerging markets)
Equity Securities		9,286,935	9,286,935	
Debt Service Reserve	1,153,113		1,153,113	US Treasury Bills
Other: Fixed Income Government Obligation		78,046	78,046	US Treasury Bill
Other: Corporate Bonds & Exchange Traded Funds	2,809,903		2,809,903	
Total Qualifying Assets as Filed	3,963,016	14,068,988	18,032,004	Total Short-Term Investments

Reserve & Designation

Designated for Debt Service	1,528,700		1,528,700	Interest Paid, Current Year
Designated for Debt Service	725,000		725,000	Principal Paid, Current Year
Designated for Operating Expense Reserves		(370,584)	(370,584)	As Calculated on Form 5-4, line 6
Total Reserves	2,253,700	(370,584)	1,883,116	
Remaining Reserves	1,709,316	14,439,572	16,148,888	

Reconciliation to Financial Statements

	Amount	Adjustments	Revised Total	Description
Cash shown on Balance Sheet, page 3	\$1,669,255	(\$4,600)	\$1,664,655	Deduct Cash held in Patient Trust accounts
Investments shown Note 3, page 16	20,063,025	(4,848,789)	15,214,236	Deduct Alternative Investments
Bond Reserve Fund, included in balance of Assets Limited as to Use, Balance Sheet, page 3	1,153,113		1,153,113	Add Bond Reserve Fund
Total	\$22,885,393	(4,853,389)	\$18,032,004	

FORM 5-5
ANNUAL RESERVE CERTIFICATION - SUPPLEMENTAL INFORMATION

Provider Name:	<u>Town & Country</u>
Fiscal Year Ended:	<u>6/30/2026</u>

Per Capita Cost of Operations

Total Operating Expenses	from Form 5-4, line 1	\$35,794,862
Mean Number of Total Residents	from Form 1-1, line 10	298.5
Total care days	from Form 1-1, line 5 x 365	108,953
Per Capita Cost of Operations		<u>\$328.54</u>

TOWN & COUNTRY
INTEREST RECONCILIATION
6/30/2026

Acct #	Description	Balance	Copier Lease			Total
		6/30/2026	Bond Interest	Interest	Amortization	
7500-1100-1	Interest - Copier Lease	\$8,850		\$8,850		\$8,850
7600-1000-1	Interest - Bonds	1,528,700	1,528,700			1,528,700
7601-1200-1	Bond Fees Amortized	4,679			4,679	4,679
7601-1050-1	Bond Premium Costs Amortized	(337,024)			(337,024)	(337,024)
7601-1100-1	Amortized Bond Issuance Costs	45,640			45,640	45,640
		<u>\$1,250,845</u>	<u>\$1,528,700</u>	<u>\$8,850</u>	<u>(\$286,705)</u>	<u>\$1,250,845</u>
		(a)	(b)	(c)	(e)	

TOWN & COUNTRY
DEPRECIATION & AMORTIZATION RECONCILIATION
6/30/2026

Acct #	Description	Balance	
		6/30/2026	
7110-1000-1	Depreciation - Land Improvements	\$70,480	
7120-1000-1	Depreciation - Bldgs & Improvements	1,783,724	
7130-1000-1	Depreciation - LHI	719	
7140-1000-1	Depreciation - Equipment	185,254	
7160-1000-1	Depreciation - Other	118,883	
	Subtotal	<u>2,159,060</u>	(f)
7601-1500-1	Amortization - Copier Lease	71,639	(g)
		<u>\$2,230,699</u>	(d)

Notes:

- (a) total agrees to the bond interest expense total on page 5 of the financial stmts.
- (b) total entered on Form 1-2, line b and Form 5-1, column c and Form 5-4, line 2a.
- (c) total is included on Form 5-4, line 1 (total operating expenses) but is not deducted
- (d) total agrees to the depreciation & amortization total on page 5 of the financial stmts.
- (e) amortization entered on Form 5-4, line d
- (f) total entered on Form 1-2, line a and Form 5-4, line 2c.
- (g) Amortization of Copier Lease not included in amortization on Form 5-4

**ATTACHMENT TO FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES
EXPLANATION FOR INCREASE IN MONTHLY SERVICE FEES**

The purpose of Town & Country's annual budgeting and rate-setting process is to establish a comprehensive financial plan that supports the ongoing operation of the community. This plan is designed to ensure that Town & Country can continue meeting the needs of residents, attracting and retaining qualified staff, and appropriately maintaining its buildings and grounds. Each year, the budget is reviewed and approved by Town & Country's Board of Directors.

For the fiscal year ending June 30, 2026, total revenues are projected to increase by 5.5%, or \$1,860,178, to \$35,554,418. This increase is primarily attributable to projected census changes, rate adjustments, continued occupancy growth in the new Memory Care building, which opened in August 2021, and projected contribution income of \$250,000.

Independent Living revenues are projected to increase by \$944,764, driven by increased census and a 5% rate increase. Assisted Living revenues are expected to increase by \$206,198 due to a 5% rate increase. Memory Care revenues are projected to increase by \$539,095, reflecting census growth and a 5% rate increase. Skilled Nursing revenues are expected to increase by \$170,122, primarily due to estimated increases in Medicare and Medi-Cal reimbursement rates, along with a 5% increase in private-pay rates.

Expenses are projected to increase by 4.7%, or \$1,607,753, to \$35,813,626 for the fiscal year ending June 30, 2026. Labor-related costs represent the most significant component of this increase and include annual merit-based salary and wage increases of 4%. Additional projected expense increases include a 15% increase in property and liability insurance, a 1% increase in employee medical insurance, a 5% increase in food and supplies, and a 2% increase in workers' compensation.

The projected 2026 financial results shown on the following page support Town & Country's ability to reinvest in its buildings and grounds. These investments help ensure that current residents can continue to thrive in a safe, attractive, and well-maintained environment, while also supporting the community's ongoing marketability to prospective residents.

Form 7-1 Attachment
Fiscal Year 2026 Monthly Care Fee Increase (MCFI)
Town & Country (T&C)

		FYE 2024	FYE 2025	FYE 2026	Notes
1	2024 Operating Expenses (audited)	(\$31,251,556)			
2	2025 Operating Expenses (unaudited)		(\$34,205,873)		
3	2026 Projected Operating Expenses			(\$35,813,626)	1.
4	Projected 2026 Revenue without a MCFI			\$35,244,574	
5	Projected 2026 Net Results without MCFI			(\$569,052)	
6	Projected 2026 Revenue with MCFI 5 %			\$35,554,418	2.
7	Projected 2026 Net Operating Income After 5 % MCFI (Line 3 plus Line 6)			(\$259,208)	

Overall Revenue % Increase:	5.52%
Overall Expense % Increase:	4.70%
Independent Living Monthly Fee % Increase:	5.00%
Assisted Living Monthly Fee % Increase:	5.00%
Skilled Nursing Monthly Fee % Increase:	5.00%

Notes:

- Total projected increase in expenses is estimated at \$1,607,753 or 4.70% compared to prior year.
- This number is a hard entry, not a calculation. T&C's four levels of care have projected census changes and various rate increases for next fiscal year. Total projected revenue is \$35,554,418 for FYE 6/30/26, and is a \$1,860,178 or 5.52% increase from prior year. The Independent Living MCFI of 5% is \$309,844 and is included in the \$1,860,178. Note Independent Living (IL) was derived as a percentage of prior year revenues, \$6,196,882 X 5% = \$309,844. FYE 6/30/2026 revenue detail, as follows:

Independent Living	
FYE 6/30/2025 IL Room and Board revenues:	\$6,196,882
FYE 6/30/26:	
IL Room and Board revenues from 5.00% rate increase (MCFI):	309,844
IL Revenues increase in census:	535,578
IL Total Projected Room and Board Revenues	7,042,304
Other Contract Revenues & Ancillary Revenues	636,895
Amortized Entrance Fees	37,030
Total Independent Living Revenues	\$7,716,229
Assisted Living Revenues	\$4,466,274
Skilled Nursing Revenues	16,592,229
Memory Care Revenues	6,529,686
Contributions	250,000
Overall FYE 6/30/26 Projected Entity Revenues	\$35,554,418

Client#: 212683

TOWN&COU

ACORDTM**CERTIFICATE OF LIABILITY INSURANCE**

DATE (MM/DD/YYYY)

07/21/2026

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 any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Propel Insurance 1201 Pacific Avenue; Suite 1000 COM Senior Care Tacoma, WA 98402-4321	CONTACT NAME: Connie Collins		
	PHONE (A/C, No, Ext): 800 499-0933	FAX (A/C, No): 866 577-1326	
	E-MAIL ADDRESS: Connie.Collins@propelinsurance.com		
INSURED Town & Country Manor 555 E Memory Ln Santa Ana, CA 92706-1705	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : Nationwide Mutual Insurance Company		23787
	INSURER B : Great American Risk Solutions Surplus		35351
	INSURER C : RSUI Indemnity Company		22314
	INSURER D :		
	INSURER E :		
INSURER F :			

COVERAGES CERTIFICATE NUMBER: 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 INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☒ CLAIMS-MADE ☐ OCCUR BI/PD Ded:100000 GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☐ PRO-JECT ☐ LOC OTHER:			ACPGLO3017648499	05/01/2026	05/01/2027	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$3,000,000 EBL \$3,000,000
A	AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY			ACPBA3017648499	05/01/2026	05/01/2027	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☐ OCCUR ☒ EXCESS LIAB ☒ CLAIMS-MADE			ACPCU01300764849	05/01/2026	05/01/2027	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000
B	☐ DED ☐ RETENTION \$			XSF19001002	05/01/2026	05/01/2027	Ea occ./Agg. \$2M/\$2M PER STATUTE ☐ OTH-ER ☐
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? ☐ Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Empl. Dishonesty			ACPCP3017648499	05/01/2026	05/01/2027	\$1,000,000
C	D&O			NPP717517	01/01/2026	01/01/2029	\$5,000,000
A	Sexual Abuse			ACPGLO3017648499	05/01/2026	05/01/2027	\$1,000,000/\$3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

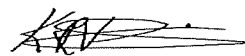
CERTIFICATE HOLDER

CANCELLATION

California Department of Social Services
Continuing Care Contracts Branch
744 P Street, MS 10-90 Sacramento, CA 95814

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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**CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT**

Date Prepared: 8/7/2026

Facility Name: Town & Country		
Address: 555 East Memory Lane Santa	Zip Code: 92706	Phone: (714) 547-7581
Provider Name: Town & Country		

Facility Operator: Christian Missionary Alliance			
Religious Affiliation: Christian			
Year Opened: 1975	# of Acres: 10	Miles to Shopping Center: 1	Miles to Hospital: 1
☒ Single Story	☒ Multi-Story	☐ Other:	

Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	21	Assisted Living:	53
Apartments – 1 Bdrm:	81	Skilled Nursing:	95
Apartments – 2 Bdrm:	15	Special Care:	68
Cottages/Houses:		Description:	Memory Care

RLU Occupancy (%) at Year End: 84%

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:**Range of Entrance Fees:** \$32,000 - \$57,000**Long-Term Care Insurance Required?** ☐ Yes ☒ No**Health Care Benefits Included in Contract:** No**Entry Requirements:** Min Age: 62 Prior Profession: Any Other:**Resident Representative(s) to, and Resident Members on, the Board:**

(briefly describe provider's compliance and residents' roles):

Town & Country has one resident on the board who is a voting member, and has one resident on the board who is a non-voting member.

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	☒	☒	Housekeeping (<u>4</u> Times/	☒	☐
Billiard Room	☐	☐	Month at \$_____ each)		
Bowling Green	☐	☐	Meals (<u>3</u> /Day)	☐	☐
Card Rooms	☒	☐	Special Diets Available	☐	☐
Chapel	☒	☐			
Coffee Shop	☒	☐	24-Hour Emergency Response	☒	☐
Craft Rooms	☒	☐	Activities Program	☒	☐
Exercise Room	☒	☐	All Utilities Except Phone	☒	☐
Golf Course Access	☐	☐	Apartment Maintenance	☒	☐
Library	☒	☐	Cable TV	☒	☐
Putting Green	☒	☐	Linens Furnished	☒	☐
Shuffleboard	☐	☐	Linens Laundered	☒	☐
Spa	☐	☐	Medication Management	☒	☐
Swimming Pool – Indoor	☐	☐	Nursing/Wellness Clinic	☒	☐
Swimming Pool – Outdoor	☐	☐	Personal Home Care	☐	☐
Tennis Court	☐	☐	Transportation – Personal	☐	☐
Workshop	☐	☐	Transportation – Prearranged	☒	☐
Other: _____	☐	☐	Other: _____	☐	☐

Provider Name: Town & Country

Affiliated CCRCs	Location (city, state)	Phone (with area code)

Multi-Level Retirement Communities	Location (city, state)	Phone (with area code)

Free-Standing Skilled Nursing	Location (city, state)	Phone (with area code)

Subsidized Senior Housing	Location (city, state)	Phone (with area code)

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

Provider Name: Town & Country

Income and Expenses [Year]	2023	2024	2025	2026
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)	\$26,030,215	\$30,002,269	\$33,730,834	\$35,277,262
Less Operating Expenses (Excluding depreciation, amortization, and interest)	\$25,346,740	\$27,877,104	\$30,474,034	\$32,313,318
Net Income From Operations	\$683,475	\$2,125,165	\$3,256,800	\$2,63,944
Less Interest Expense	\$(1,609,300)	\$(1,589,548)	\$(1,565,766)	\$(1,528,700)
Plus Contributions	\$165,678	\$118,018	\$35,205	\$194,469
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	\$(1,067,667)	\$1,602,472	\$1,784,195	\$2,373,057
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	\$307,520	\$2,256,107	\$3,510,434	\$4,002,770
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	0	0	0	0

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

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
CA Municipal Finance Author	\$37,366,058	4%	6/13/2019	7/1/2049	30 Years

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2024	2025	2026
Debt to Asset Ratio		.61	.57	.54
Operating Ratio		1.04	.95	1.02
Debt Service Coverage Ratio		.96	1.82	1.99
Days Cash On Hand Ratio		207	218	234

Provider Name: Town & Country

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

Residence/Service [Year]	2023	%	2024	%	2025	%	2026	%
Studio	\$3,835	5.75%	\$4,140	8.00%	\$4,350	5.00%	\$4,563	5.0%
One Bedroom	\$5,126	5.75%	\$5,525	8.00%	\$6,033	5.00%	\$6,318	5.0%
Two Bedroom	\$5,818	5.75%	\$7,840	8.00%	\$8,310	5.00%	\$8,688	5.0%
Cottage/House								
Assisted Living	\$6,475	5.75%	\$6,993	8.00%	\$7,683	5.00%	\$8,343	5.0%
Skilled Living	\$610	5.0%	\$641	4.80%	\$700	9.68%	\$762	5.0%
Special Care	\$7,608	6.0%	\$8,429	8.00%	\$9,681	5.00%	\$10,000	5.0%

Comments from Provider:

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

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

Operating Ratio

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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

[illegible]

LIC 9271 (6/21)

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2]**. Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.
2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.
3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.
4. Check *each* of the appropriate boxes.
5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: "projected costs, prior year per capita costs and economic indicators." Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

FORM 7-1**REPORT ON CCRC MONTHLY CARE FEES**

	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$4,200-9,610</u>	<u>\$6,365-8,570</u>	<u>\$6745-13,940</u>	<u>\$700-\$750</u>
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>
☐ Check here if monthly care fees at this community were <u>not</u> 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: <u>7/1/2025</u> (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: <u>3/28/2025</u> Method of Notice: <u>Written Letter</u> ☒ 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: <u>3/28/2025</u> ☒ At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase. ☒ The Provider distributed the documents to all residents by [Optional - check all that apply]: ☒ Emailed the documents to those residents for whom the provider had email addresses on file ☒ Placed hard copies in resident cubby ☐ Placed hard copies at designated locations ☐ Provided hard copies to residents upon request, and/or ☒ Other: [please describe] <u>Mailed</u> ☒ Date of Notice: <u>3/28/2025</u>				

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

Date of Notice: 2/28/2026

- ☒ 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.

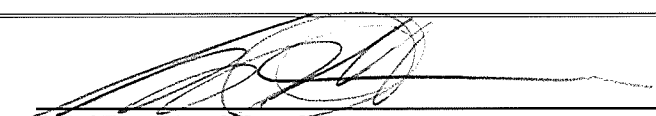
Date of Posting: 2/28/2026 **Location of Posting:** Outside Main Dining Room

- ☒ 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: 3/31/2026 **Location of Posting:** Mail Room

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: Town & Country **COMMUNITY:** Town & Country

KEY INDICATORS REPORTDate Prepared: 8/7/2026Provider Name: Town & Country

 Chief Executive Officer Signature

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

	2022	2023	2024	2025	2026	Projected 2027	Forecast				Preferred Trend Indicator
							2028	2029	2030	2031	
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	59.00%	65.00%	82.60%	85.6%	84.6%	87%	90%	93%	95%	97%	N/A
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	-5.94%	2.47%	6.54%	9.13%	7.80%	9.0%	10.0%	11%	12%	13%	↑
3. Net Operating Margin - Adjusted (%)	-5.94%	2.47%	6.54%	9.13%	7.80%	9.0%	10.0%	11%	12%	13%	↓
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments (\$000)	\$15,832	\$15,244	\$16,635	\$19,142	\$21,727	\$23,000	\$24,000	\$24,500	\$25,000	\$25,500	↑
5. Days Cash on Hand (Unrestricted)	237	206	207	218	234	237	240	243	246	248	↑
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees (\$000)	\$57	\$48	\$50	\$40	\$33	\$33	\$32	\$31	\$30	\$29	N/A
7. Net Annual E/F proceeds (\$000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
8. Unrestricted Net Assets (\$000)	\$19,718	\$18,757	\$19,278	\$20,947	\$23,029	\$24,000	\$25,000	\$26,000	\$27,000	\$28,000	N/A
9. Annual Capital Asset Expenditure (\$000)	\$6,433	\$1,105	\$1,209	\$1,025	\$1,227	\$1,000	\$1,000	\$1,500	\$1,500	\$1,500	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	.80	.59	.96	1.8	1.9	2.1	2.2	2.3	2.4	2.6	↑
11. Annual Debt Service Coverage (x)	.80	.59	.96	1.8	1.9	2.1	2.2	2.3	2.4	2.6	↑
12. Annual Debt Service/Revenue (%)	10.06%	8.19%	7.03%	6.26%	5.95%	5.75%	5.50%	5.25%	5.0%	4.75%	↓
13. Average Annual Effective Interest Rate (%)	4.20%	4.10%	4.20%	4.34%	4.45%	4.40%	4.40%	4.40%	4.40%	4.40%	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	41.31%	39.78%	44.9%	54.1%	63.2%	66%	70%	73%	76%	79%	↑
15. Average Age of Facility (years)	12	11	12.4	12.5	13.0	13.0	13	12	12	12	↓

Town and Country Manor of The Christian and Missionary Alliance

**Independent Auditor's Report
and Financial Statements**

June 30, 2026 and 2025

Town and Country Manor of The Christian and Missionary Alliance
Contents
June 30, 2026 and 2025

Independent Auditor's Report.....	1
Financial Statements	
Balance Sheets	3
Statements of Operations	5
Statements of Changes in Net Assets	6
Statements of Cash Flows	7
Notes to Financial Statements	9

Independent Auditor's Report

Board of Directors
Town and Country Manor of The Christian and Missionary Alliance
Santa Ana, California

Opinion

We have audited the financial statements of Town and Country Manor of The Christian and Missionary Alliance (Town and Country) which comprise the balance sheets as of June 30, 2026 and 2025, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Town and Country as of June 30, 2026 and 2025, 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Town and Country 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 Town and Country's ability to continue as a going concern within one year after the date that these financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Town and Country'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 Town and Country'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.

Forvis Mazars, LLP

Colorado Springs, Colorado
September 21, 2026

Town and Country Manor of The Christian and Missionary Alliance
Balance Sheets
June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
ASSETS		
Current Assets		
Cash	\$ 1,669,255	\$ 2,275,555
Accounts receivable	2,112,010	2,142,061
Short-term investments	20,057,272	16,859,652
Assets limited as to use - current	1,503,883	1,478,356
Other receivables	992	23,650
Inventories	188,201	190,025
Prepaid expenses	543,601	527,478
Total Current Assets	<u>26,075,214</u>	<u>23,496,777</u>
Assets Limited as to Use		
Under bond indenture agreement	2,860,773	2,903,926
Externally restricted by donors	239,983	239,983
	3,100,756	3,143,909
Less amount required to meet current obligations	<u>1,503,883</u>	<u>1,478,356</u>
	1,596,873	1,665,553
Long-Term Investments	5,753	7,746
Property and Equipment, Net	32,770,490	33,812,405
Right-of-Use-Assets - Finance Lease	250,737	322,377
Other Assets	<u>1,426,336</u>	<u>1,491,307</u>
Total Assets	<u><u>\$ 62,125,403</u></u>	<u><u>\$ 60,796,165</u></u>

Town and Country Manor of The Christian and Missionary Alliance
Balance Sheets
June 30, 2026 and 2025

(Continued)

	<u>2026</u>	<u>2025</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	\$ 725,000	\$ 700,000
Current portion of finance lease liability	80,498	89,541
Accounts payable	671,633	659,450
Accrued expenses	2,779,415	2,425,660
Deferred revenue	124,625	130,326
Current portion of deferred revenue from advance fees	<u>28,084</u>	<u>32,886</u>
Total Current Liabilities	4,409,255	4,037,863
Long-Term Debt, Net	34,376,957	35,393,341
Finance Lease Liability	187,188	267,686
Deferred Revenue from Advance Fees, Less Current Portion	<u>122,137</u>	<u>149,870</u>
Total Liabilities	<u>39,095,537</u>	<u>39,848,760</u>
Net Assets		
Without donor restrictions	22,750,998	20,676,935
With donor restrictions	<u>278,868</u>	<u>270,470</u>
Total Net Assets	<u>23,029,866</u>	<u>20,947,405</u>
Total Liabilities and Net Assets	<u><u>\$ 62,125,403</u></u>	<u><u>\$ 60,796,165</u></u>

Town and Country Manor of The Christian and Missionary Alliance
Statements of Operations
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Revenues, Gains, and Other Support		
Without Donor Restrictions		
Patient service revenue	\$ 17,191,506	\$ 16,724,527
Resident services, including amortization of advance fees; 2026 - \$32,535 and 2025 - \$39,858	17,760,237	16,748,416
Contributions	194,469	35,205
Special event revenue	38,699	19,056
Other income	97,050	85,258
Net assets released from restrictions used for operations	<u>222,305</u>	<u>193,435</u>
Total Revenues, Gains, and Other Support		
Without Donor Restrictions	<u>35,504,266</u>	<u>33,805,897</u>
Expenses		
Salaries and wages	16,704,893	16,085,758
Employee benefits	3,211,891	3,116,887
Medical supplies and drugs	922,815	818,494
Professional and contracted services	5,906,499	5,207,109
Telephone and utilities	870,521	871,168
Insurance	447,545	415,023
Other	4,249,156	3,959,593
Depreciation and amortization of ROU asset	2,230,699	2,174,816
Interest (includes amortization of issue costs and premium)	<u>1,250,843</u>	<u>1,272,431</u>
Total Expenses	<u>35,794,862</u>	<u>33,921,279</u>
Operating Loss	<u>(290,596)</u>	<u>(115,382)</u>
Other Income		
Investment return, net	<u>2,364,659</u>	<u>1,795,216</u>
Excess of Revenues Over Expenses and Increase in Net Assets Without Donor Restrictions	<u>\$ 2,074,063</u>	<u>\$ 1,679,834</u>

Town and Country Manor of The Christian and Missionary Alliance
Statements of Changes in Net Assets
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Excess of Revenues Over Expenses and Increase in Net Assets Without Donor Restrictions	<u>\$ 2,074,063</u>	<u>\$ 1,679,834</u>
Net Assets With Donor Restrictions		
Contributions with donor restrictions	230,703	182,414
Net assets released from restriction	<u>(222,305)</u>	<u>(193,435)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>8,398</u>	<u>(11,021)</u>
Change in Net Assets	2,082,461	1,668,813
Net Assets, Beginning of Year	<u>20,947,405</u>	<u>19,278,592</u>
Net Assets, End of Year	<u><u>\$ 23,029,866</u></u>	<u><u>\$ 20,947,405</u></u>

Town and Country Manor of The Christian and Missionary Alliance
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash Flows from Operating Activities		
Cash received from residents and third-party payers for resident services	\$ 34,971,917	\$ 33,047,016
Contributions and special events	463,871	236,675
Other receipts from operations	91,785	157,284
Interest income received, net of investment fees	512,651	412,249
Cash paid to suppliers, employees and other	(31,895,240)	(30,325,115)
Cash paid for interest, net of amount capitalized	<u>(1,542,227)</u>	<u>(1,570,551)</u>
Net Cash Provided by Operating Activities	<u>2,602,757</u>	<u>1,957,558</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	(1,127,050)	(1,024,639)
Proceeds from disposition of property and equipment	8,000	-
Purchase of investments	(12,991,446)	(7,270,159)
Proceeds from sales of investments	11,647,827	7,289,932
Purchase of assets limited as to use	(4,482,822)	(5,070,919)
Redemption of assets limited as to use	<u>4,525,975</u>	<u>5,961,699</u>
Net Cash Used in Investing Activities	<u>(2,419,516)</u>	<u>(114,086)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(700,000)	(670,000)
Principal payments on finance lease liabilities	<u>(89,541)</u>	<u>(28,792)</u>
Net Cash Used in Financing Activities	<u>(789,541)</u>	<u>(698,792)</u>
Increase (Decrease) in Cash	(606,300)	1,144,680
Cash, Beginning of Year	<u>2,275,555</u>	<u>1,130,875</u>
Cash, End of Year	<u><u>\$ 1,669,255</u></u>	<u><u>\$ 2,275,555</u></u>

Town and Country Manor of The Christian and Missionary Alliance
Statements of Cash Flows
Years Ended June 30, 2026 and 2025

(Continued)

	<u>2026</u>	<u>2025</u>
Reconciliation of Change in Net Assets to		
Net Cash Used in Operating Activities		
Change in net assets	\$ 2,082,461	\$ 1,668,813
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,159,059	2,113,150
Amortization of ROU asset, deferred financing costs and premiums included in interest expense	(219,744)	(236,454)
Loss on sale/disposal of equipment	436	-
Net realized and unrealized gains on investments	(1,852,008)	(1,382,967)
Amortization of deferred revenue from advance fees	(32,535)	(39,858)
Changes in		
Accounts receivable	30,051	(362,418)
Other receivables	22,658	(23,650)
Inventories	1,824	(35,243)
Prepaid expenses and other assets	48,848	19,266
Accounts payable	13,653	165,365
Deferred revenue	(5,701)	72,026
Accrued expenses	353,755	(472)
Net Cash Provided by Operating Activities	<u><u>\$ 2,602,757</u></u>	<u><u>\$ 1,957,558</u></u>
Supplemental Disclosure of Cash Flows Information		
Property and equipment included in accounts payable	<u><u>\$ 4,520</u></u>	<u><u>\$ 5,990</u></u>
ROU assets obtained in exchange for new finance lease liabilities	<u><u>\$ -</u></u>	<u><u>\$ 321,578</u></u>
Interest paid for finance lease liabilities	<u><u>\$ 8,850</u></u>	<u><u>\$ 9,066</u></u>

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Town and Country Manor of The Christian and Missionary Alliance (Town and Country) is a not-for-profit organization that provides housing, health care, and other related services to residents through the operation of a retirement facility containing 117 residential units, 53 assisted living units, 68 memory care units, and a 95-bed health care facility providing skilled nursing care. Town and Country's sole member is The Christian and Missionary Alliance (the Denomination), a Colorado nonprofit corporation.

Use of Estimates

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

Cash

Town and Country considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts and assets limited as to use, are not considered to be cash and cash equivalents.

At June 30, 2026, Town and Country's cash accounts exceeded federally insured limits by approximately \$1,550,000.

Assets Limited as to Use

Assets limited as to use include (1) assets held by trustees and (2) assets restricted by donors. Amounts required to meet current liabilities of Town and Country are included in current assets.

Accounts Receivable

Accounts receivable reflects the outstanding amount of consideration to which Town and Country 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. As a service to the resident, Town and Country bills third-party payers directly and bills the resident when the resident's responsibility for co-pays, coinsurance and deductibles is determined. Resident accounts receivable are due in full when billed.

Contract Assets and Liabilities

Amounts related to services provided to patients and residents which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract assets consist primarily of healthcare services provided to patients who are still receiving inpatient care at the end of the year. Contract assets were insignificant at June 30, 2026 and 2025.

Amounts received related to services that have not yet been provided to patients and residents are contract liabilities. Contract liabilities consist of payments made by patients and third-party payors for services not yet performed. Contract liabilities are included as a liability on the balance sheets at June 30, 2026 and 2025.

Inventories

Town and Country states supply inventories at the lower of cost, determined using the first-in, first-out method, or net realizable value.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Debt Investments

Debt securities held by Town and Country generally are classified and recorded in the financial statements as follows:

Classified as	Description	Recorded at
Trading	Securities that are bought and held principally for the purpose of selling in the near term and, therefore, held for only a short period of time	Fair value, with changes in fair value included in excess (deficiency) of revenues over expenses

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Equity Investments

Town and Country measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess (deficiency) of revenues over expenses. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Net Investment Return

Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of operations and changes in net assets as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Town and Country maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Expenditures for repairs that extend the estimated useful lives of assets and betterments of such assets are capitalized. Other expenditures for maintenance and repairs are charged to income. Upon disposal of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and a credit or charge to income reflecting the gain or loss on disposal, if any, is recorded.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	7 – 40 years
Building and improvements	10 – 40 years
Equipment and furniture	5 – 10 years

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Long-Lived Asset Impairment

Town and Country evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No impairment losses were recognized during the years ended June 30, 2026 and 2025.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Town and Country records these costs as direct deductions from the related debt consistent with debt premiums. Such costs are being amortized over the term of the respective debt using the effective interest method.

Refund Liabilities

The consideration that Town and Country has received from patients for which it does not expect to be entitled to is recorded as a refund liability in accounts payable on the balance sheets at June 30, 2026 and 2025.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Patient and Resident Service Revenue

Patient and resident service revenue is recognized as Town and Country satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which Town and Country expects to be entitled in exchange for providing patient and resident care. Town and Country determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors and implicit price concessions provided to uninsured patients.

Town and Country determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payor groups. Town and Country determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payors.

Advance Fees and Resident Services

Town and Country offers residents in the residential areas of the facility a Care and Resident Agreement (CRC) that requires an advance fee. Advance fees vary in amounts though they are required, at a minimum, to be 12 times the monthly fee for the unit. Advance fees paid by a resident upon admission are recorded as deferred revenue and are amortized into revenue over a time-based measure, which is the resident's life expectancy, as the performance obligations are satisfied throughout the contract period. Upon the demise of a resident, the amount of unamortized advance fees is recognized as income.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

The advance fee does have provisions for refund in the event the contract is terminated by the resident or by Town and Country. There is a cancellation period of 90 days after the resident occupies the unit. Town and Country may cancel the contract without cause after giving the resident 30 days' notice within the cancellation period. After the 90 days cancellation period, the resident has the right to cancel the contract for any reason giving 90 days written notice. Town and Country will refund the entrance fee at a rate of 1/60th for each month or partial month from the date the resident occupied the unit.

The CRC contract does not provide for any future care in the skilled nursing facility nor is there a provision for a discount in the skilled nursing facility and there is no refund of any of the entrance fee in the event of death. Town and Country also offers a monthly contract that does not have a provision for an advance fee.

It has been Town and Country's experience that refunds have been infrequent and not significant. At June 30, 2026 and 2025, the aggregate maximum refundable advance fees for CRC contracts were \$0 and \$6,248, respectively, before considering costs incurred.

Monthly maintenance fees are based upon the size of the resident's apartment and whether the apartment is occupied by one or two persons. The monthly maintenance fee is a recurring service fee, the payment of which entitles a resident to occupy a unit equipped with various amenities, safety features, parking, use of common areas and various resident services, including three meals per day, utilities, weekly maid service, unit maintenance, grounds maintenance, and scheduled transportation services. Town and Country is not obligated to provide future services to its residents. Should a resident require a higher level of care, any remaining advance fees are refunded and the use of the skilled nursing facilities is provided at current daily charges.

Contributions

Contributions are provided to Town and Country either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Town and Country overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e. the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations as net assets released from restrictions.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Excess of Revenues Over Expenses

The statements of operations include 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 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).

Income Taxes

Town and Country has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes pursuant to Section 501(a) of the IRC and is exempt from state franchise tax under similar provisions in the California Franchise Tax Code. However, Town and Country is subject to federal income tax on any unrelated business taxable income. Town and Country files tax returns in the U.S. federal jurisdiction.

Note 2. Investments and Investment Return

Assets Limited as to Use

Assets limited as to use, at June 30, 2026 and 2025 include:

	<u>2026</u>	<u>2025</u>
Externally restricted by donors - endowment		
Mutual funds invested in bonds	\$ 239,983	\$ 239,983
Held by trustee under indenture agreement		
Cash and cash equivalents	1,707,660	1,742,542
U.S. government agency obligations	1,153,113	1,161,384
	<u>2,860,773</u>	<u>2,903,926</u>
	<u>\$ 3,100,756</u>	<u>\$ 3,143,909</u>

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Other Investments

Other investments, at June 30, 2026 and 2025, include:

	<u>2026</u>	<u>2025</u>
Cash and cash equivalents	\$ 265,134	\$ 228,836
Money market mutual funds	519,577	832,115
Equity securities	1,178,937	1,078,443
Exchange traded funds invested in equities	6,345,466	5,475,056
Exchange traded funds invested in bonds	1,395,369	1,372,849
Corporate bonds	1,414,534	1,407,854
Mutual funds invested in equities	1,762,532	1,407,726
Mutual funds invested in bonds	2,254,641	880,075
Alternative investments	4,848,789	4,160,942
U.S. treasury note	<u>78,046</u>	<u>23,502</u>
	20,063,025	16,867,398
Less long-term investments	<u>(5,753)</u>	<u>(7,746)</u>
Total short-term investments	<u><u>\$ 20,057,272</u></u>	<u><u>\$ 16,859,652</u></u>

Investments in alternative investments which are not able to be converted into cash within a year are classified as long-term.

Investment Return

Total investment return comprised of the following:

	<u>2026</u>	<u>2025</u>
Interest and dividend income	\$ 512,651	\$ 412,249
Net realized and unrealized gains on trading securities	<u>1,852,008</u>	<u>1,382,967</u>
	<u><u>\$ 2,364,659</u></u>	<u><u>\$ 1,795,216</u></u>

Total investment return is reflected in statements of operations as net assets without donor restrictions – other income.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Note 3. Concentration of Credit Risk

Town and Country grants credit without collateral to its residents, many of whom are insured under third-party payer agreements. The mix of accounts receivable from residents and third-party payers at June 30, are as follows:

	<u>2026</u>	<u>2025</u>
Private Insurance and Managed Care	41%	29%
Medicare	30%	34%
Medi-Cal	21%	25%
Hospice	2%	10%
Private Pay	6%	2%
	<u>100%</u>	<u>100%</u>

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2026</u>	<u>2025</u>
Land and improvements	\$ 2,048,447	\$ 2,084,455
Buildings and improvements	54,650,340	54,100,907
Equipment and furniture	3,999,851	4,004,693
	60,698,638	60,190,055
Less accumulated depreciation	<u>(27,978,696)</u>	<u>(26,400,627)</u>
	32,719,942	33,789,428
Construction-in-progress	50,548	22,977
Property and equipment, net	<u>\$ 32,770,490</u>	<u>\$ 33,812,405</u>

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Note 5. Other Assets

Other assets consisted of the following at June 30:

	<u>2026</u>	<u>2025</u>
Prepaid insurance (A)	\$ 1,426,336	\$ 1,491,307
Total other assets	<u>\$ 1,426,336</u>	<u>\$ 1,491,307</u>

(A) In June 2019, the California Municipal Finance Authority issued Insured Revenue Bonds, Series 2019 whose proceeds were then loaned to Town and Country (see Note 6). As a part of that transaction, an amount of \$1,949,130 was paid to Cal-Mortgage for insurance to be provided over the life of the bonds. The amount is being recorded as expense on a straight-line basis over 30 years. At June 30, 2026 and 2025, approximately \$64,971 is the current portion and recorded in prepaid expenses, on the balance sheets.

Note 6. Long-Term Debt

Long-term debt is comprised of the following at June 30:

	<u>2026</u>	<u>2025</u>
California Municipal Finance Authority Insured Revenue Bonds, Series 2019 (A)	<u>\$ 31,190,000</u>	<u>\$ 31,890,000</u>
Total long-term debt	31,190,000	31,890,000
Unamortized premium	4,524,693	4,861,717
Unamortized debt issuance costs	(612,736)	(658,376)
Current maturities	<u>(725,000)</u>	<u>(700,000)</u>
Long-term debt, less current maturities	<u>\$ 34,376,957</u>	<u>\$ 35,393,341</u>

(A) In June 2019, the California Municipal Finance Authority (the Issuer) issued \$34,385,000 of Insured Revenue Bonds, Series 2019. The proceeds were loaned to Town and Country pursuant to a loan agreement dated June 1, 2019 between the Issuer and Town and Country. The proceeds of the Series 2019 Bonds were used to refund the Series 2013 Bonds and provide additional funding for a capital project.

Principal balances are bifurcated into multiple tranches consisting of serial bonds that are due annually beginning in 2021 through 2030 with each tranche having a fixed interest rate of 4% and term bonds due in 2031 and 2050 with a fixed interest rate of 5.0%. The Series 2019 Bonds are collateralized by Town and Country's real property, under terms of the deed of trust. Interest payments are due monthly into an interest fund held by trustee, which is paid out semiannually to bond holders on January 1 and July 1, commencing January 1, 2020.

Town and Country is required to maintain certain operational and financial covenants.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Aggregate annual maturities requirements of long-term debt at June 30, 2026 are as follows:

	<u>Bonds</u>
2027	\$ 725,000
2028	755,000
2029	785,000
2030	815,000
2031	850,000
Thereafter	<u>27,260,000</u>
	<u><u>\$ 31,190,000</u></u>

Note 7. Leases

Accounting Policies

Town and Country determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Town and Country determines lease classification as operating or finance at the lease commencement date.

Town and Country combines lease and nonlease components, such as other maintenance costs, in calculating the ROU assets and lease liabilities for its equipment leases.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Town and Country has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that Town and Country is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Town and Country has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

Town and Country has entered into the following lease arrangements:

Finance Lease

These leases consist of equipment for the use of copying. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

All Leases

Town and Country has no material related-party leases. Town and Country's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Quantitative Disclosures

The lease cost and other required information for the years ended June 30, 2026 and 2025 are:

	<u>2026</u>	<u>2025</u>
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	\$ 71,639	\$ 61,666
Interest on lease liabilities	8,850	9,066
Total lease cost	<u>\$ 80,489</u>	<u>\$ 70,732</u>
	<u>2026</u>	<u>2025</u>
Other information		
Weighted-average remaining lease term		
Finance leases	4.41 years	4.26 years
Weighted-average discount rate		
Finance leases	2.84%	2.77%

Future minimum lease payments and reconciliation to the balance sheets at June 30, 2026, are as follows:

	<u>Finance Leases</u>
2027	\$ 88,539
2028	78,318
2029	78,318
2030	<u>39,159</u>
Total future undiscounted lease payments	284,334
Less imputed interest	<u>16,648</u>
Lease liabilities	<u>\$ 267,686</u>

Note 8. Patient and Resident Service Revenue

Patient care service revenue is reported at the amount that reflects the consideration to which Town and Country expects to be entitled to in exchange for providing patient care. These amounts are due from patients, 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, Town and Country bills the patients, and third-party payors monthly after the services are performed or the patient is discharged from the facility and patient accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Resident care service revenue is reported at the amount that reflects the consideration to which Town and Country expects to be entitled in exchange for standing ready to provide services to the life care residents. The nonrefundable portion of the entrance payment is recognized straight-line over the expected life of the resident(s), which is when the performance obligation is satisfied. The monthly service fees are billed monthly and are recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by Town and Country. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. Town and Country 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. Town and Country measures the performance obligation from patient services to the point when it is no longer required to provide services to that patient or resident, which is generally at the time of discharge. Town and Country measures performance obligations for resident service. Town and Country measures performance obligations for resident service revenue and resident fees revenue as a series of distinct services that are considered one performance obligation which is satisfied over time.

Transaction Price

Town and Country determines the transaction price based on standard charges for services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payors, and implicit price concessions provided to uninsured patients. Town and Country determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. Town and Country determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Third-Party Payors

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

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

Medi-Cal. Reimbursements for Medi-Cal services are generally paid under a retrospective cost-reimbursement methodology, adjusted by case mix data. Town and Country is reimbursed a tentative rate with final settlement determined after submission of an annual cost report by Town and Country and audits thereof by the Medi-Cal fiscal intermediary. Any changes between the tentative and final settlement, Town and Country consider this variable consideration and include in the transaction price based on dates of services.

Other. Payment agreements with certain commercial insurance carriers provide for payment based on per diem amounts or other payment terms within contracts with commercial payors.

Laws and regulations concerning government programs, including Medicare and Medi-Cal, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various 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 Town and Country'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 Town and Country. In addition, the contracts Town and Country has with commercial payors also provide for retroactive audit and review of claims.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Town and Country estimates the transaction price for patients 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 based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as credit loss expense.

Revenue Composition

Town and Country has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by payor and service line. Tables providing details of these factors are presented below.

The composition of patient service revenue and resident services for the years ended June 30, 2026 and 2025 are as follows:

	<u>2026</u>	<u>2025</u>
Patient Service Revenue		
Medicare	\$ 7,504,452	\$ 7,310,049
Managed Care	3,110,205	2,616,638
Medi-Cal	6,031,174	5,463,738
Hospice	230,648	866,880
Private Pay	<u>315,027</u>	<u>467,222</u>
	<u>\$ 17,191,506</u>	<u>\$ 16,724,527</u>
	<u>2026</u>	<u>2025</u>
Resident Services		
Private Pay	<u>\$ 17,760,237</u>	<u>\$ 16,748,416</u>

Revenue from patients' deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of patient service revenue based on service lines for the years ended June 30, 2026 and 2025 is all skilled nursing care.

The composition of resident service revenue at June 30, 2026 and 2025 is residential care.

The timing of revenue for patient service revenue and resident services at June 30, 2026 and 2025 is transferred over time.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Financing Component

Town and Country has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to Town and Country's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payer pays for that service will be one year or less.

However, Town and Country does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Costs

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

Note 9. Functional Expenses

Town and Country provides health care services primarily to residents within its geographic area. Certain costs attributable to more than one function have been allocated among the health care services, general and administrative and fundraising functional expense classifications based on time and effort, square footage and other methods. The following tables present the natural classification of expenses by function as follows:

	2026			
	Program	General and Administrative	Fundraising	Total
Salaries and wages	\$ 14,416,547	\$ 2,125,589	\$ 162,757	\$ 16,704,893
Employee benefits	2,661,516	516,539	33,836	3,211,891
Medical supplies and drugs	922,815	-	-	922,815
Professional and contracted services	5,124,659	770,794	11,046	5,906,499
Telephone and utilities	826,886	43,635	-	870,521
Insurance	447,545	-	-	447,545
Other	3,539,453	653,384	56,319	4,249,156
Depreciation and amortization of ROU asset	2,086,927	143,772	-	2,230,699
Interest (includes amortization of issue costs and premium)	1,187,034	63,809	-	1,250,843
Total expenses	<u>\$ 31,213,382</u>	<u>\$ 4,317,522</u>	<u>\$ 263,958</u>	<u>\$ 35,794,862</u>

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

	2025			
	Program	General and Administrative	Fundraising	Total
Salaries and wages	\$ 13,930,569	\$ 2,001,372	\$ 153,817	\$ 16,085,758
Employee benefits	2,615,138	473,866	27,883	3,116,887
Medical supplies and drugs	818,494	-	-	818,494
Professional and contracted services	4,628,378	564,546	14,185	5,207,109
Telephone and utilities	826,209	44,959	-	871,168
Insurance	415,023	-	-	415,023
Other	3,217,249	709,690	32,654	3,959,593
Depreciation and amortization of ROU asset	2,038,326	136,490	-	2,174,816
Interest (includes amortization of issue costs and premium)	1,207,451	64,980	-	1,272,431
Total expenses	<u>\$ 29,696,837</u>	<u>\$ 3,995,903</u>	<u>\$ 228,539</u>	<u>\$ 33,921,279</u>

Note 10. Pension Plan

Town and Country sponsors a defined contribution plan for which all employees with at least two years of service and 1,000 hours of service per year are eligible. Town and Country makes a matching contribution amount equal to 25% of each participant's salary deferrals, limited to salary deferrals up to 4% of the participant's total compensation. Town and Country may also make a discretionary contribution each year. During 2026 and 2025, a 2% discretionary contribution was made. Town & Country incurred approximately \$196,000 and \$214,000 in matching and discretionary contributions, for fiscal years ended June 30, 2026 and 2025, respectively.

Note 11. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2026	2025
Subject to expenditure for specified purpose		
Employee appreciation	\$ 15,697	\$ 13,077
Employee fund	22,938	16,163
Resident benevolent fund	250	1,247
Endowments		
Subject to spending policy and appropriation		
Investments to be held in perpetuity, the income is expendable	239,983	239,983
	<u>\$ 278,868</u>	<u>\$ 270,470</u>

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Net Assets Without Donor Restrictions

Net assets without donor restrictions as of June 30, 2026 and 2025 are undesignated.

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	<u>2026</u>	<u>2025</u>
Satisfaction of purpose restriction		
Resident benevolent fund	\$ 148,907	\$ 122,890
Employee appreciation	70,898	63,520
Employee fund	<u>2,500</u>	<u>7,025</u>
	<u>\$ 222,305</u>	<u>\$ 193,435</u>

Note 12. Related-Party Transactions

Town and Country is leasing a portion of land to the Denomination upon which the lessee has built a church, known as Community Bible Church of The Christian and Missionary Alliance d/b/a Celebration Church. The lease expires in 2037 with annual rentals of \$1. The lessee is responsible for all maintenance, utilities, insurance, and upkeep of the property. In the event of the sale of the land by Town and Country prior to the expiration of the lease term, the lessee is entitled to receive the portion of the proceeds equivalent to the appraised value of the structure. Residents of Town and Country are entitled to use the premises for scheduled events.

Note 13. Endowment

Town and Country's governing body is subject to Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, Town and Country classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, Town and Country considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of Town and Country and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of Town and Country
7. Investment policies of Town and Country

Town and Country's endowment consists of funds established to support general operations. The endowment includes donor-restricted endowment funds.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

The composition of net assets by type of endowment fund at June 30, 2026 and 2025, was:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ -</u>	<u>\$ 239,983</u>	<u>\$ 239,983</u>

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>\$ -</u>	<u>\$ 239,983</u>	<u>\$ 239,983</u>

Changes in endowment net assets for the years ended June 30, 2026 and 2025 were:

	2026		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 239,983	\$ 239,983
Investment return, net	-	40,887	40,887
Appropriations of endowment assets for expenditures	<u>-</u>	<u>(40,887)</u>	<u>(40,887)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 239,983</u>	<u>\$ 239,983</u>

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 239,983	\$ 239,983
Investment return, net	-	38,440	38,440
Appropriations of endowment assets for expenditures	<u>-</u>	<u>(38,440)</u>	<u>(38,440)</u>
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 239,983</u>	<u>\$ 239,983</u>

Investment and Spending Policies

Town and Country has adopted investment and spending policies for endowment assets that attempt to achieve a balanced return of income and modest growth of principal. Endowment assets include those assets of donor-restricted endowment funds Town and Country must hold in perpetuity. Under Town and Country's policies, endowment assets are invested into securities that can be transacted quickly and efficiently for Town and Country, with minimal impact on market price.

To satisfy its long-term rate of return objectives, Town and Country relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Town and Country targets a diversified asset allocation that balances several different investment types including domestic bonds, mutual funds and hedge funds. This is intended to achieve its long-term return objectives within prudent risk constraints.

Town and Country has a spending policy of appropriating for expenditure each year net investment return. In establishing this policy, Town and Country considered the long-term expected return on its endowment.

Underwater Endowments

The governing body of Town and Country has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Town and Country considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund, and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

Town and Country has interpreted UPMIFA to permit not spending from underwater funds in accordance with the prudent measures required under the law.

At June 30, 2026 and 2025, Town and Country has no underwater endowments.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Note 14. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2026 and 2025, comprise the following:

	<u>2026</u>	<u>2025</u>
Financial assets at year-end		
Cash	\$ 1,669,255	\$ 2,275,555
Investments	20,063,025	16,867,398
Accounts receivable	2,112,010	2,142,061
Other receivables	992	23,650
Assets limited as to use	<u>3,100,756</u>	<u>3,143,909</u>
Total financial assets	<u>26,946,038</u>	<u>24,452,573</u>
Less amounts not available to be used within one year		
Funds held by trustees	2,860,773	2,903,926
Donor-imposed restrictions		
Externally restricted by donors	278,868	270,470
Long-term investments	<u>5,753</u>	<u>7,746</u>
Financial assets not available to be used within one year	<u>3,145,394</u>	<u>3,182,142</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 23,800,644</u>	<u>\$ 21,270,431</u>

Town and Country has assets limited to use for debt service, capital projects, and endowments. These assets limited to use are not available for general expenditure within the next year; however, a portion is available for the current portion of debt service.

Town and Country's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments are restricted for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of Town and Country's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Note 15. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

	2026			
	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Money market mutual funds	\$ 519,577	\$ 519,577	\$ -	\$ -
U.S. government agency obligations	1,153,113	1,153,113	-	-
Equity securities	1,178,937	1,178,937	-	-
Exchange traded funds				
invested in equities	6,345,466	6,345,466	-	-
Exchange traded funds				
invested in bonds	1,395,369	1,395,369	-	-
Corporate bonds	1,414,534	1,414,534	-	-
Mutual funds invested in equities	1,762,532	1,762,532	-	-
Mutual funds invested in bonds	2,494,624	2,494,624	-	-
U.S. treasury note	78,046	78,046	-	-
Total assets in the fair value hierarchy	16,342,198	16,342,198	-	-
Alternative investments measured at net asset value (A)	4,848,789	-	-	-
Investments at fair value	<u>\$ 21,190,987</u>	<u>\$ 16,342,198</u>	<u>\$ -</u>	<u>\$ -</u>

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

	2025			
	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market mutual funds	\$ 832,115	\$ 832,115	\$ -	\$ -
U.S. government agency obligations	1,161,384	1,161,384	-	-
Equity securities	1,078,443	1,078,443	-	-
Exchange traded funds invested in equities	5,475,056	5,475,056	-	-
Exchange traded funds invested in bonds	1,372,849	1,372,849	-	-
Corporate bonds	1,407,854	1,407,854	-	-
Mutual funds invested in equities	1,407,726	1,407,726	-	-
Mutual funds invested in bonds	1,120,058	1,120,058	-	-
U.S. treasury note	23,502	23,502	-	-
Total assets in the fair value hierarchy	13,878,987	13,878,987	-	-
Alternative investments measured at net asset value (A)	4,160,942	-	-	-
Investments at fair value	<u>\$ 18,039,929</u>	<u>\$ 13,878,987</u>	<u>\$ -</u>	<u>\$ -</u>

(A) Certain 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. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheets.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2026.

Investments and Assets Limited as to Use

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At June 30, 2026 and 2025, no investments were classified within Level 2 or Level 3 of the hierarchy.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Alternative Investments

Investments in certain entities measured at fair value using the net asset value per share as a practical expedient consist of the following:

	2026			
	Net Asset Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Equity long/short hedge funds (A)	\$ 57,531	None	Semi-annual	105 days
Middle market hedge funds (B)	-	None	Quarterly/ Monthly	30 days
Private lending hedge funds (C)	1,279,316	None	Quarterly/ Semi-annual	30 days
Multistrategy hedge funds (D)	1,440,226	None	Quarterly/ Monthly	30 days
Private market hedge funds (E)	753,515	None	Monthly	30 days
Infrastructure fund (F)	523,484	None	Quarterly	30 days
Asset-based finance fund (G)	786,248	None	Quarterly	30 days
Other (H)	8,469	None	Quarterly	30 days
Total	<u>\$ 4,848,789</u>			

	2025			
	Net Asset Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Equity long/short hedge funds (A)	\$ 77,489	None	Semi-annual	105 days
Middle market hedge funds (B)	1,433,197	None	Quarterly/ Monthly	30 days
Private lending hedge funds (C)	692,742	None	Quarterly	30 days
Multistrategy hedge funds (D)	1,276,221	None	Quarterly/ Monthly	30 days
Private market hedge funds (E)	681,293	None	Monthly	30 days
Total	<u>\$ 4,160,942</u>			

(A) This class includes investments in hedge funds that invest both long and short primarily in U.S. common stocks and private investment companies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks and from a net-long position to a net-short position. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Investments representing approximately 10% of the value of the investments in this class cannot be redeemed because of a one-year hold-back period.

(B) This class includes investments in hedge funds that invest in middle market companies, including companies in special situations, portfolio companies, and emerging markets. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. During 2026, these investments were redeemed at net asset value.

- (C) This class includes investments in hedge funds that invest in private lending. In 2026, the investments include a portfolio of loans to core-middle market sponsor backed companies. During 2025, a majority of the investments were targeted at stressed sector/rescue lending, situational lending, sponsor-related financings, and secondary private loans and loan portfolios and during 2026, these investments were redeemed at net asset value. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (D) This class includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolio includes direct equity, direct credit, US common stock, and asset-based financing. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (E) This class includes investments in hedge funds that invest in private markets. Most of the investments are targeted at direct private equity opportunities predominantly through secondaries and co-investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (F) This class includes investments directly in infrastructure business and assets. The fund will target a diversified portfolio including transportation, digital and energy infrastructure assets through a combination of direct equity investments, secondary fund interests and infrastructure credit investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (G) This class includes investments primarily in diversified alternative credit strategies, including asset-backed securities, consumer and commercial lending, leasing assets, real estate-related credit investments, and other private credit investments. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.
- (H) Other insignificant alternative investments that the fair values of the investments in this class have been estimated using the net asset value per share of the investments.

Note 16. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient and resident service revenue as described in Notes 1 and 8.

Town and Country Manor of The Christian and Missionary Alliance
Notes to Financial Statements
June 30, 2026 and 2025

Professional Liability Coverage and Claims

Town and Country purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. Town and Country also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy. Such estimates are based on Town and Country's own claims experience. Accordingly, no accrual for claims has been included in the financial statements for 2026 or 2025. It is reasonably possible that this estimate could change materially in the near term.

Litigation

Town and Country is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. Some of these allegations are in areas not covered by Town and Country's commercial insurance, for example, allegations regarding employment practices or performance of contracts. Town and Country evaluates such allegations by conducting investigations to determine the validity of each potential claim. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the balance sheets, change in net assets and cash flows of Town and Country. Events could occur that would change this estimate materially in the near term.

Investments

Town and Country invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheets.

Note 17. Subsequent Events

Subsequent events have been evaluated through September 21, 2026, which is the date the financial statements were issued.