



REPORT OF INDEPENDENT AUDITORS AND
CONTINUING CARE LIQUID RESERVE SCHEDULES WITH
SUPPLEMENTARY SCHEDULES

ATHERTON BAPTIST HOMES

December 31, 2020

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Report of Independent Auditors

The Members of the Board of Directors
Atherton Baptist Homes

Financial Statements

We have audited the accompanying financial statements of Atherton Baptist Homes, which comprise the continuing care liquid reserve schedules, Form 5–1 through Form 5–5, as of and for the year ended December 31, 2020.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserve of Atherton Baptist Homes as of and for the year ended December 31, 2020, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by Atherton Baptist Homes on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Supplementary Schedules to Forms 5-1 and 5-2, 5-4 and 5-5, Reconciliation to Audit Report, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic 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 audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of Atherton Baptist Homes and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Irvine, California
April 26, 2021

Continuing Care Liquid Reserve Schedules

Atherton Baptist Homes
Form 5-1
Long-Term Debt Incurred in Prior Fiscal Year
December 31, 2020

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	01/01/16	\$ 33,498	\$ 822	-	\$ 34,320
2	07/01/19	16,541	3,291	-	19,832
3	11/04/16	875,000	1,189,482	-	2,064,482
4					
5					
6					
7					
8					
	TOTAL:	\$ 925,039	\$ 1,193,595	-	\$ 2,118,634

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

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

PROVIDER: Atherton Baptist Homes

Atherton Baptist Homes
Form 5-2
Long-Term Debt Incurred During Fiscal Year
December 31, 2020

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (columns (c) x (d))
1	5/4/2020	\$ -	\$ 1,539,410	-	\$ -
2	7/1/2020	209	2,833	12	33,996
3					
4					
5					
6					
7					
8					
TOTAL:		\$ 209	\$ 1,542,243	12	\$ 33,996

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

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

NOTE: Atherton received forgiveness on 2/17/2021 for the Paycheck Protection Program Loan principal amount of \$1,539,410 and the accrued interest.

PROVIDER: Atherton Baptist Homes

Atherton Baptist Homes
Form 5-3
Calculation of Long-Term Debt Reserve Amount
December 31, 2020

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$ 2,118,634</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$ 33,996</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>\$ -</u>
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$ 2,152,630</u></u>

PROVIDER: Atherton Baptist Homes

Atherton Baptist Homes
Form 5-4
Calculation of Net Operating Expenses
December 31, 2020

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 22,970,784
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 1,193,804	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 2,656,777	
	d. Amortization	\$ (9,552)	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 2,195,810	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total Deductions		\$ 6,036,839
4	Net Operating Expenses		\$ 16,933,945
5	Divide Line 4 by 365 and enter the result.		\$ 46,394
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u>\$ 3,479,578</u>
PROVIDER:	<u>Atherton Baptist Homes</u>		
COMMUNITY:	<u>Atherton Baptist Homes</u>		

Atherton Baptist Homes
Form 5-5
Annual Reserve Certification
December 31, 2020

FORM 5-5

Provider Name: Atherton Baptist Elder Ministries
 Fiscal Year Ended: 12/31/2020

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2020 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	\$ 2,152,630
[2] Operating Expense Reserve Amount	\$ 3,479,578
[3] Total Liquid Reserve Amount:	\$ 5,632,208

Qualifying assets sufficient to fulfill the above requirements are held as follows:

	<u>Amount</u>	
<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$ 9,193,658
[5] Investment Securities		
[6] Equity Securities		\$ 10,274,938
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	\$ 2,566,936	(not applicable)
[10] Other:		\$ 2,616,669
CDs as short-term investments		
(describe qualifying asset)		
Listed for Reserve Obligation: [11]	\$ 2,566,936	[12] \$ 22,085,265
Reserve Obligation Amount: [13]	\$ 2,152,630	[14] \$ 3,479,578
Surplus/(Deficiency): [15]	\$ 414,306	[16] \$ 18,605,687

Signature:

 (Authorized Representative)

Date:

 Chief Financial Officer
 (Title)

Supplementary Schedules

Atherton Baptist Homes
Supplementary Schedule to Form 5-1 and 5-2
Reconciliation to Audit Report
December 31, 2020

Principal Paid During Fiscal Year

Principal payment on capital lease obligation per Form 5-1	\$ 50,039
Principal payment on long-term debt per audited statement of cash flows	<u>875,000</u>
Total per Form 5-1	<u><u>\$ 925,039</u></u>

Interest Paid During Fiscal Year

Interest paid on capital lease obligation per Form 5-1	\$ 4,113
Interest paid on capital lease obligation per Form 5-2	209
Interest paid on long-term debt	<u>1,189,482</u>
Total per Form 5-1 and 5-2 and per audited statement of cash flows	<u><u>\$ 1,193,804</u></u>

Principal Payment on Capital Lease Obligation Per Audited Statement of Cash Flows

Principal payment on capital lease obligation per Form 5-1	\$ 50,039
Total payment on capital lease obligation per Form 5-2	2,833
Less: interest payment on capital lease obligation per Form 5-2	<u>(209)</u>
Principal payment on capital lease obligation per audited statement of cash flows	<u><u>\$ 52,663</u></u>

Atherton Baptist Homes
Supplementary Schedule to Form 5-4
Reconciliation to Audit Report
December 31, 2020

Interest Paid on Long-Term Debt

Interest paid on capital lease obligations per Form 5-1	\$	4,113
Interest paid on capital lease obligations per Form 5-2		209
Interest payments due on Series 2016 Bonds per Form 5-1		<u>1,189,482</u>
Total per Form 5-4	\$	<u><u>1,193,804</u></u>

Operating Expenses During Fiscal Year

Operating expenses before depreciation	\$	20,314,007
Depreciation and amortization		<u>2,656,777</u>
Total per Form 5-4	\$	<u><u>22,970,784</u></u>

Amortization During Fiscal Year

Amortization of deferred financing costs, included in interest expense	\$	97,317
Amortization of bond premium		<u>(106,869)</u>
Total per Form 5-4	\$	<u><u>(9,552)</u></u>

Atherton Baptist Homes
Supplementary Schedule to Form 5-5
Reconciliation to Audit Report
December 31, 2020

Total cash and cash equivalents per audited statement of financial position	
Cash and cash equivalents	\$ 8,761,033
Add: money market	638,607
Less: general fund accounts	<u>(205,982)</u>
Total cash and cash equivalents per Form 5-5	<u>\$ 9,193,658</u>
 Total equity securities for operating reserve	
Short-term investments	\$ 6,856,431
Assets limited as to use, required for current liabilities	1,495,990
Assets limited as to use, noncurrent	7,817,058
Less: non-equity securities	<u>(5,894,541)</u>
Total equity securities per Form 5-5	<u>\$ 10,274,938</u>
 Total cash and investments per audited statement of financial position	
Cash and cash equivalents	\$ 8,761,033
Short-term investments	6,856,431
Assets limited as to use, required for current liabilities	1,495,990
Assets limited as to use, noncurrent	<u>7,817,058</u>
Total cash and investments	<u>\$ 24,930,512</u>
 Total cash available for debt service per Note 4 to the audited financial statements	
Assets held by bond indenture trustee, required for current liabilities	\$ 1,495,990
Assets held by bond indenture trustee, net of current portion	<u>1,070,946</u>
Total cash and investments available for debt service reserve	<u>\$ 2,566,936</u>
 Net cash available for operating reserve	
Total cash and investments	\$ 24,930,512
Less assets restricted by donor for capital expenditures per Note 4 to the audited financial statements	278,311
Less assets held by bond indenture trustee per Note 4 to the audited financial statements	<u>2,566,936</u>
Net cash and investments available for operating reserve	<u>\$ 22,085,265</u>
 Qualifying assets per Form 5-5	
Operating Reserve	\$ 22,085,265
Debt Service Reserve	<u>2,566,936</u>
Total Qualifying Assets	<u>\$ 24,652,201</u>