

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I Annual Report Identification Information	
For calendar plan year 2021 or fiscal plan year beginning <u>03/01/2021</u> and ending <u>02/28/2022</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	▶ ☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	▶ ☐

Part II Basic Plan Information—enter all requested information					
1a Name of plan <u>ROYAL OAKS 403B PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>002</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>03/01/2003</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>002</u>	1c Effective date of plan <u>03/01/2003</u>	
1b Three-digit plan number (PN) ▶	<u>002</u>				
1c Effective date of plan <u>03/01/2003</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>PEOPLE OF FAITH INC.</u> <u>ROYAL OAKS</u> <u>10015 W ROYAL OAK RD</u> <u>SUN CITY, AZ 85351</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>86-0410807</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>623-815-4145</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>623000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>86-0410807</u>	2c Plan Sponsor's telephone number <u>623-815-4145</u>	2d Business code (see instructions) <u>623000</u>	
2b Employer Identification Number (EIN) <u>86-0410807</u>					
2c Plan Sponsor's telephone number <u>623-815-4145</u>					
2d Business code (see instructions) <u>623000</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	12/07/2022	JANET ADAMS
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name PEOPLE OF FAITH INC c Plan Name ROYAL OAKS 403B PLAN		4b EIN 86-0410807 4d PN 002
5 Total number of participants at the beginning of the plan year		5 354
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).		
a(1) Total number of active participants at the beginning of the plan year.....		6a(1) 333
a(2) Total number of active participants at the end of the plan year		6a(2) 294
b Retired or separated participants receiving benefits.....		6b 0
c Other retired or separated participants entitled to future benefits		6c 31
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d 325
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e 0
f Total. Add lines 6d and 6e		6f 325
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g 172
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h 7
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2F 2G 2L 2M 2T 3D		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>2</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 03/01/2021 and ending 02/28/2022	
A Name of plan ROYAL OAKS 403B PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 PEOPLE OF FAITH INC.	D Employer Identification Number (EIN) 86-0410807

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
AMERICAN UNITED LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
35-0145825	60895	G77146	172	03/01/2021	02/28/2022

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	1138178
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	9413989

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GROUP ANNUITY CONTRACT**

b	Balance at the end of the previous year	7b	0
c	Additions: (1) Contributions deposited during the year	7c(1)	82806
	(2) Dividends and credits.....	7c(2)	0
	(3) Interest credited during the year.....	7c(3)	2405
	(4) Transferred from separate account.....	7c(4)	7810
	(5) Other (specify below)	7c(5)	1112891
	▶ TRANSFER FROM OUTSIDE SOURCE		
	(6) Total additions	7c(6)	1205912
d	Total of balance and additions (add lines 7b and 7c(6))	7d	1205912
e	Deductions:		
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	66864
	(2) Administration charge made by carrier.....	7e(2)	857
	(3) Transferred to separate account.....	7e(3)	13
	(4) Other (specify below)	7e(4)	0
	▶		
	(5) Total deductions	7e(5)	67734
f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	1138178

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	0
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
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For calendar plan year 2021 or fiscal plan year beginning 03/01/2021 and ending 02/28/2022	
A Name of plan ROYAL OAKS 403B PLAN	B Three-digit plan number (PN) ▶ 002
C Plan sponsor's name as shown on line 2a of Form 5500 PEOPLE OF FAITH INC.	D Employer Identification Number (EIN) 86-0410807

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRINCIPAL LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
42-0127290	61271	441463	0	03/01/2021	02/28/2022

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	0
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **CUSTODIAL GUARANTEED FUND CONTRACT**

b	Balance at the end of the previous year	7b	1215006
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c	Additions: (1) Contributions deposited during the year	7c(1)	3106	
	(2) Dividends and credits.....	7c(2)		
	(3) Interest credited during the year.....	7c(3)	15263	
	(4) Transferred from separate account.....	7c(4)		
	(5) Other (specify below)	7c(5)		

(6) Total additions	7c(6)	18369
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d	Total of balance and additions (add lines 7b and 7c(6))	7d	1233375
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e	Deductions:			
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	115895	
	(2) Administration charge made by carrier.....	7e(2)	356	
	(3) Transferred to separate account.....	7e(3)		
	(4) Other (specify below)	7e(4)	1117124	

▶ **OUTSIDE INVESTMENT TRANSFER 401K M EXCESS AGG CONTRIBUTION**

(5) Total deductions	7e(5)	1233375
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f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	0
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve	9a(3)		
(4) Earned ((1) + (2) - (3))		9a(4)	0
b Benefit charges (1) Claims paid	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2))		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges	9c(1)(G)		
(H) Total retention		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).)		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.

For calendar plan year 2021 or fiscal plan year beginning 03/01/2021 and ending 02/28/2022		
A Name of plan ROYAL OAKS 403B PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 PEOPLE OF FAITH INC.	D Employer Identification Number (EIN) 86-0410807	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
AMERICAN UNITED LIFE INSURANCE CO
35-0145825

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRINCIPAL LIFE INSURANCE COMPANY
42-0127290

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

LOWERY ASSET CONSULTING

35-2173939

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
26 27 28 50 51	NONE	15255	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

AMERICAN UNITED LIFE INSURANCE CO

35-0145825

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 38 50 64 66 67	NONE	830	Yes ☒ No ☐	Yes ☐ No ☒	4036	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 50 64	CONTRACT ADMINISTRATOR	1279	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
AMERICAN UNITED LIFE INSURANCE CO	66 67	4036
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
AMERICAN UNITED LIFE INSURANCE CO 35-0145825	ASSET CHARGE	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
For calendar plan year 2021 or fiscal plan year beginning 03/01/2021 and ending 02/28/2022		
A Name of plan ROYAL OAKS 403B PLAN	B Three-digit plan number (PN) ►	002
C Plan sponsor's name as shown on line 2a of Form 5500 PEOPLE OF FAITH INC.	D Employer Identification Number (EIN) 86-0410807	

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a 0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions		1b(1) 0	0
(2) Participant contributions.....		1b(2) 0	0
(3) Other		1b(3) 0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1) 0	0
(2) U.S. Government securities		1c(2) 0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A) 0	0
(B) All other.....		1c(3)(B) 0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred		1c(4)(A) 0	0
(B) Common		1c(4)(B) 0	0
(5) Partnership/joint venture interests		1c(5) 0	0
(6) Real estate (other than employer real property)		1c(6) 0	0
(7) Loans (other than to participants).....		1c(7) 0	0
(8) Participant loans		1c(8) 0	0
(9) Value of interest in common/collective trusts		1c(9) 0	0
(10) Value of interest in pooled separate accounts		1c(10) 0	0
(11) Value of interest in master trust investment accounts.....		1c(11) 0	0
(12) Value of interest in 103-12 investment entities		1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds)		1c(13) 8737681	9413989
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14) 1215006	1138178
(15) Other.....		1c(15) 0	0

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1) 0	0
(2)	Employer real property.....	1d(2) 0	0
e	Buildings and other property used in plan operation	1e 0	0
f	Total assets (add all amounts in lines 1a through 1e)	1f 9952687	10552167
Liabilities			
g	Benefit claims payable	1g 0	0
h	Operating payables	1h 0	0
i	Acquisition indebtedness.....	1i 0	0
j	Other liabilities.....	1j 33024	38429
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 33024	38429
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 9919663	10513738

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A) 385468	
	(B) Participants	2a(1)(B) 619030	
	(C) Others (including rollovers).....	2a(1)(C) 4854	
(2)	Noncash contributions.....	2a(2) 0	1009352
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)	
b	Earnings on investments:		
(1)	Interest:		17668
(A)	Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A) 0	
(B)	U.S. Government securities	2b(1)(B) 0	
(C)	Corporate debt instruments	2b(1)(C) 0	
(D)	Loans (other than to participants)	2b(1)(D) 0	
(E)	Participant loans.....	2b(1)(E) 0	
(F)	Other	2b(1)(F) 17668	
(G)	Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)	17668
(2)	Dividends: (A) Preferred stock.....	2b(2)(A) 0	0
	(B) Common stock	2b(2)(B) 0	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C) 0	
(D)	Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)	0
(3)	Rents	2b(3)	0
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A) 0	0
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B) 0	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A) 0	0
	(B) Other	2b(5)(B) 0	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		369074
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		1396094
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	751630	
(2) To insurance carriers for the provision of benefits.....	2e(2)	0	
(3) Other.....	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		751630
f Corrective distributions (see instructions).....	2f		33024
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees.....	2i(1)	0	
(2) Contract administrator fees.....	2i(2)	2110	
(3) Investment advisory and management fees.....	2i(3)	15255	
(4) Other.....	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		17365
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		802019
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		594075
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan.....	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTONLARSONALLEN LLP

(2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	X		
4m	X		
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	X		
4n	X		
5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.			
5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)			
5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)	
5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.			

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
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For calendar plan year 2021 or fiscal plan year beginning 03/01/2021 and ending 02/28/2022

A Name of plan ROYAL OAKS 403B PLAN	B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 PEOPLE OF FAITH INC.	D Employer Identification Number (EIN) 86-0410807

Part I	Distributions
--------	---------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 35-0145825 42-0127290 Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? If the plan is a defined benefit plan, go to line 8.	☐ Yes ☐ No ☐ N/A
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.	
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a
b Enter the amount contributed by the employer to the plan for this plan year	6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c
If you completed line 6c, skip lines 8 and 9.	
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes ☐ No ☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes ☐ No ☐ N/A

Part III	Amendments
----------	------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase ☐ Decrease ☐ Both ☐ No
--	--

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
---------	--

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes ☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes ☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**PEOPLE OF FAITH, INC. DBA: ROYAL OAKS
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED FEBRUARY 28, 2022 AND 2021



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PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
People of Faith, Inc. dba: Royal Oaks and Affiliates
Sun City, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of People of Faith, Inc. dba: Royal Oaks and Affiliates, which comprise the consolidated balance sheets as of February 28, 2022 and 2021, and the related consolidated statements of operations, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of People of Faith, Inc. dba: Royal Oaks and Affiliates as of February 28, 2022 and 2021, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Royal Oaks 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about People of Faith, Inc. dba: Royal Oaks and Affiliates ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

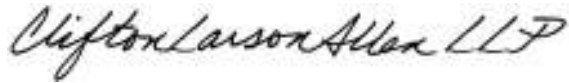
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 People of Faith, Inc. dba: Royal Oaks and Affiliates 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about People of Faith, Inc. dba: Royal Oaks and Affiliates 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the supplementary information on pages 33 through 40 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Phoenix, Arizona
May 25, 2022

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
FEBRUARY 28, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,432,720	\$ 4,415,718
Accounts Receivable	75,180	154,260
Entrance Fee Receivable	310,693	404,400
Current Assets Limited as to Use	11,132,725	5,236,829
Inventories	421,894	403,737
Prepaid Expenses and Other Assets	680,001	721,027
Total Current Assets	<u>16,053,213</u>	<u>11,335,971</u>
PROPERTY AND EQUIPMENT		
Land and Land Improvements	14,602,982	14,268,376
Building and Leasehold Improvements	100,307,851	97,888,649
Furniture, Equipment, and Vehicles	16,984,962	15,715,468
Construction in Progress	73,274,707	17,981,331
Total Property and Equipment	<u>205,170,502</u>	<u>145,853,824</u>
Less: Accumulated Depreciation	<u>(76,468,579)</u>	<u>(70,656,664)</u>
Property and Equipment, Net	128,701,923	75,197,160
OTHER ASSETS		
Investments	103,267,424	99,822,671
Assets Limited as to Use	31,941,022	84,638,861
Assets Held Under Split-Interest Agreements	2,187,315	2,148,199
Other Assets	196,729	163,913
Deferred Marketing Costs	64,312	56,457
Deferred Financing Costs	93,464	-
Lease Right of Use	461,682	639,594
Total Other Assets	<u>138,211,948</u>	<u>187,469,695</u>
Total Assets	<u><u>\$ 282,967,084</u></u>	<u><u>\$ 274,002,826</u></u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
FEBRUARY 28, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,160,000	\$ 1,115,000
Accounts Payable	941,019	610,070
Construction Payable	8,254,011	2,772,732
Accrued Payroll and Related Expenses	1,376,780	1,477,303
Accrued Expenses	237,257	281,018
Other Current Liabilities	15,623	105,275
Interest Payable	1,718,714	1,349,097
Estimated Refunds Payable	311,000	363,000
Current Portion of Liabilities Under Split-Interest Agreements	321,271	303,205
Total Current Liabilities	<u>14,335,675</u>	<u>8,376,700</u>
OTHER LIABILITIES		
Application Fees	173,500	201,500
Customer Deposits Payable	179,410	144,410
Lease Payable	501,591	687,739
Liabilities Under Split-Interest Agreements, Less Current Portion	1,866,044	1,844,994
Long-Term Debt, Less Current Maturities and Deferred		
Financing Costs, Net	128,931,908	130,502,689
Refundable Entrance Fee Liability	3,326,213	2,660,450
Unearned Entrance Fees, Less Estimated Refunds Payable	48,587,903	46,770,379
Total Other Liabilities	<u>183,566,569</u>	<u>182,812,161</u>
Total Liabilities	197,902,244	191,188,861
NET ASSETS		
Without Donor Restrictions	79,182,559	77,275,323
With Donor Restrictions	5,882,281	5,538,642
Total Net Assets	<u>85,064,840</u>	<u>82,813,965</u>
Total Liabilities and Net Assets	<u><u>\$ 282,967,084</u></u>	<u><u>\$ 274,002,826</u></u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED FEBRUARY 28, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES, GAINS (LOSSES), AND OTHER SUPPORT		
Resident Services	\$ 17,762,769	\$ 17,872,513
Health Care Service Revenue	2,524,299	2,312,021
Earned Entrance Fees	6,679,645	6,090,831
Rental of Facilities	24,149	19,645
Ancillary Services Revenue	907,573	490,702
Contributions	200,630	644,370
Contributions from Gift Annuities	112,809	158,881
Change in Value of Split-Interest Agreements	(156,138)	(104,063)
Net Assets Released from Restrictions Used for Operations	551,712	62,959
Total Operating Revenues and Other Support	<u>28,607,448</u>	<u>27,547,859</u>
EXPENSES		
Salaries and Wages	13,541,402	14,080,903
Employee Taxes and Benefits	3,107,318	3,537,727
Medical Supplies	128,079	239,821
Professional and Contracted Services	1,955,582	1,668,472
Property and Equipment Services	1,133,174	852,274
Depreciation and Amortization	5,911,606	5,584,006
Interest and Other Financing Costs	1,220,657	1,192,094
Other	1,815,218	1,883,125
Food	1,786,696	1,636,443
Utilities	1,300,263	1,231,339
Total Expenses	<u>31,899,995</u>	<u>31,906,204</u>
LOSS FROM OPERATIONS	(3,292,547)	(4,358,345)
OTHER INCOME (EXPENSE)		
Interest and Dividend Income	1,710,196	1,718,274
Realized Gain on Investments	4,883,750	2,285,059
Unrealized Gain on Investments	433,733	15,600,013
Investment Expenses	(476,157)	(332,637)
Marketing for Expansion	(1,408,934)	(1,123,985)
Total Other Income	<u>5,142,588</u>	<u>18,146,724</u>
EXCESS OF REVENUES OVER EXPENSES	1,850,041	13,788,379
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	<u>57,195</u>	<u>-</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 1,907,236</u>	<u>\$ 13,788,379</u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED FEBRUARY 28, 2022

	Program Expenses					General and Administrative	Total
	Independent Living	Assisted Living	Memory Care	Complete Supportive Living			
Salaries and Wages	\$ 4,711,216	\$ 2,130,493	\$ 2,912,753	\$ 2,334,976	\$ 1,451,964	\$	13,541,402
Employee Taxes and Benefits	1,043,271	474,065	651,738	523,545	414,699		3,107,318
Medical Supplies	2,073	31,974	35,093	58,939	-		128,079
Professional and Contracted Services	621,116	199,315	281,624	272,596	580,931		1,955,582
Property and Equipment Services	624,353	108,238	90,116	88,397	222,070		1,133,174
Depreciation and Amortization	3,065,200	523,492	799,272	291,328	1,232,314		5,911,606
Interest and Other Financing Costs	549,296	122,066	439,436	-	109,859		1,220,657
Other	910,745	137,406	163,589	156,120	447,358		1,815,218
Food	1,036,184	156,704	252,817	252,945	88,046		1,786,696
Utilities	894,357	168,167	95,419	71,361	70,959		1,300,263
Total Expenses	<u>\$ 13,457,811</u>	<u>\$ 4,051,920</u>	<u>\$ 5,721,857</u>	<u>\$ 4,050,207</u>	<u>\$ 4,618,200</u>	<u>\$</u>	<u>31,899,995</u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED FEBRUARY 28, 2021

	Program Expenses					General and Administrative	Total
	Independent Living	Assisted Living	Memory Care	Complete Supportive Living			
Salaries and Wages	\$ 4,809,308	\$ 2,380,192	\$ 3,031,462	\$ 2,449,707	\$	1,410,234	\$ 14,080,903
Employee Taxes and Benefits	1,167,793	577,103	744,831	606,220		441,780	3,537,727
Medical Supplies	365	83,894	72,379	83,183		-	239,821
Professional and Contracted Services	499,791	175,126	214,365	186,932		592,258	1,668,472
Property and Equipment Services	474,930	90,831	73,679	59,379		153,455	852,274
Depreciation and Amortization	2,757,561	514,048	755,506	376,753		1,180,138	5,584,006
Interest and Other Financing Costs	498,142	129,381	446,952	-		117,619	1,192,094
Other	917,666	140,968	150,007	133,634		540,850	1,883,125
Food	914,605	190,497	242,683	202,021		86,637	1,636,443
Utilities	851,442	154,906	87,895	65,733		71,363	1,231,339
Total Expenses	<u>\$ 12,891,603</u>	<u>\$ 4,436,946</u>	<u>\$ 5,819,759</u>	<u>\$ 4,163,562</u>	<u>\$</u>	<u>4,594,334</u>	<u>\$ 31,906,204</u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED FEBRUARY 28, 2022 AND 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Loss from Operations	\$ (3,292,547)	\$ (4,358,345)
Interest and Dividend Income	1,710,196	1,718,274
Realized Gain on Investments	4,883,750	2,285,059
Unrealized Gain on Investments	433,733	15,600,013
Investment Expenses	(476,157)	(332,637)
Marketing for Expansion	(1,408,934)	(1,123,985)
Net Assets Released from Restriction Used for		
Purchase of Property and Equipment	57,195	-
Increase in Net Assets without Donor Restrictions	1,907,236	13,788,379
NET ASSETS WITH DONOR RESTRICTIONS		
Interest and Dividend Income	96,712	81,112
Realized Gain on Investments	143,081	370,725
Unrealized Gain on Investments	221,083	298,714
Investment Expenses	(24,783)	(23,351)
Ancillary Services Revenue	-	2,062
Contributions	543,253	76,212
Contributions from Gift Annuities	6,046	1,308
Change in Value of Split-Interest Agreements	(32,846)	25,922
Net Assets Released from Restrictions	(608,907)	(62,959)
Increase in Net Assets with Donor Restrictions	343,639	769,745
CHANGE IN NET ASSETS	2,250,875	14,558,124
Net Assets - Beginning of Year	82,813,965	68,255,841
NET ASSETS - END OF YEAR	<u>\$ 85,064,840</u>	<u>\$ 82,813,965</u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED FEBRUARY 28, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,250,875	\$ 14,558,124
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	5,911,606	5,584,006
Capitalized Interest	(2,723,088)	(637,271)
Interest Expense - Amortization on Deferred Financing Costs	97,755	61,997
Amortization of Bond Premium	(508,536)	(360,613)
Net Realized Gain on Investments	(5,026,831)	(2,655,784)
Net Unrealized Gain on Investments	(654,816)	(15,898,727)
Amortization of Entrance Fees	(6,679,645)	(6,090,831)
Interest Accretion on Operating Lease Liability	12,971	16,448
Amortization of Operating Lease Liability	84,298	80,819
Payments on Operating Lease Liability	(103,504)	(100,491)
Change in Value of Split-Interest Agreements	188,984	78,141
Changes In:		
Accounts Receivable	79,080	173,736
Prepaid Expenses and Other Assets	(17,802)	(375,223)
Accounts Payable	330,949	91,705
Accrued Expenses	135,681	1,414,662
Liabilities Under Split-Interest Agreements	(188,984)	(78,141)
Net Cash Used by Operating Activities	<u>(6,811,007)</u>	<u>(4,137,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Sales of Investments	2,236,894	2,226,688
Net Sales (Purchases) of Assets Limited as to Use	39,648,792	(66,521,520)
Purchase of Property and Equipment	<u>(51,112,311)</u>	<u>(12,310,110)</u>
Net Cash Used by Investing Activities	<u>(9,226,625)</u>	<u>(76,604,942)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Application Fees and Customer Deposits Received	42,500	99,300
Application Fees and Customer Deposits Refunded	(35,500)	(135,400)
Entrance Fees Received, Net of Refunds	5,774,445	4,857,131
Entrance Fees Received for Expansion	3,430,194	1,838,984
Principal Payments on Direct Finance Leases	(101,692)	(100,739)
Principal Payments on Long-Term Debt	(1,115,000)	(1,070,000)
Proceeds from the Issuance of Long-Term Debt	-	91,370,000
Cost of Issuance of Long-Term Debt	(93,464)	(2,462,238)
Proceeds from Premium on Issuance of Long-Term Debt	-	8,775,207
Net Cash Provided by Financing Activities	<u>7,901,483</u>	<u>103,172,245</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(8,136,149)</u>	<u>22,429,860</u>
Cash and Cash Equivalents - Beginning of Year	<u>26,618,637</u>	<u>4,188,777</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 18,482,488</u></u>	<u><u>\$ 26,618,637</u></u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 3,432,720	\$ 4,415,718
Cash Portion of Assets Limited as to Use	15,049,768	22,202,919
Total Cash, Cash Equivalents and Restricted Cash	<u><u>\$ 18,482,488</u></u>	<u><u>\$ 26,618,637</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest Paid on Long-Term Debt	<u><u>\$ 5,523,092</u></u>	<u><u>\$ 1,440,392</u></u>
Property and Equipment Included in Accounts Payable	<u><u>\$ 4,990,527</u></u>	<u><u>\$ 2,772,732</u></u>

See accompanying Notes to Consolidated Financial Statements.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

People of Faith, Inc. dba: Royal Oaks (the Corporation) is an Arizona nonprofit corporation that provides housing, health care, and other related services to residents through the operation of a retirement community (the Facility) comprised of 346 independent living units, 59 personal and supervisory care assisted living units, 56 memory care units, and a 60-bed directed care assisted living care center located in Sun City, Arizona.

The Corporation operates under the “life care” concept whereby residents enter into a Life Care Agreement, which requires payment of a one-time entrance fee and ongoing monthly service fees. Generally, these payments entitle residents to the use of and privileges of the “facility” for life, including priority access and service in the assisted living, common areas, and specific other services as described in the Life Care Agreement. The Life Care Agreement does not entitle the residents to an interest in the real estate or other property owned by the Corporation.

The accompanying financial statements include the accounts of the Foundation, an Arizona nonprofit corporation established to raise funds to support residents who become unable to pay their monthly service fees or any other charitable purposes of the Corporation.

Cactus Sky Holdings, LLC (Cactus Sky), is a limited liability company organized with People of Faith, Inc. as its sole member. The purpose of Cactus Sky is to purchase land for future development. Cactus Sky is funded by transfers from the Corporation. These funds are expected to be repaid to the Corporation through real estate transfers. Cactus Sky holds the real estate until the Corporation is ready to incorporate and develop the real estate for use in its operations, at which time Cactus Sky will transfer title of the real estate to the Corporation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of People of Faith, Inc. dba: Royal Oaks, People of Faith Foundation, Inc., and Cactus Sky Holdings, LLC (collectively, the Organization or Affiliates). Intercompany accounts and transactions have been eliminated in consolidation.

Tax Status

The Corporation and Foundation are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and a similar provision for state law. However, the Corporation and Foundation are subject to federal income tax on any unrelated business taxable income. These two organizations are not aware of any activities that would jeopardize their tax-exempt status. The Corporation is the sole member of Cactus Sky Holdings, LLC, which is considered a disregarded entity for income tax purposes.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Contributions received are recorded as an increase in net assets without restrictions or net assets with restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Those resources over which the boards of directors have discretionary control. Designated amounts represent those revenues that the board of directors has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or through the passage of time. Other donor-imposed restrictions are permanent in nature, where resources subject to a donor-imposed restriction shall be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for program purposes. The Organization had no permanently restricted activity for the years ended February 28, 2022 and 2021.

Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When donor restrictions are satisfied, net assets are released and reported as an increase in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as received are recorded as net assets without donor restrictions.

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 consolidated financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At times, such investments may be in excess of the FDIC insurance limit.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Organization reports accounts receivable for services rendered at net realizable amounts from residents and others. An allowance for doubtful accounts is provided based upon the review of outstanding receivables, historical collection information, and existing economic conditions. Accounts are individually analyzed on a monthly basis for collectability. Once accounts are deemed uncollectible, the accounts are written off. No allowance was deemed necessary by management for the years ended February 28, 2022 and 2021.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under bond indenture agreements and certain entrance fee deposits held in trust. Amounts required to meet current liabilities of the Organization are included in current assets.

Inventories

Supply inventories are stated at the lower of cost or market, determined using the first-in, first-out method.

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. The Organization classifies their investments as trading securities and accordingly investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess (deficit) of revenues over expenses unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are stated at cost and depreciated over their estimated useful lives by the straight-line method of depreciation. Expenditures that extend the estimated useful lives of assets and the betterments of such assets are capitalized. The Organization capitalizes property and equipment greater than \$500. Other expenditures for maintenance and repairs are charged to expense. 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.

For purposes of computing depreciation, the general range of estimated useful lives is as follows:

Buildings and Leasehold Improvements	5 to 30 Years
Furniture, Equipment, and Vehicles	3 to 20 Years
Land Improvements	4 to 30 Years

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Donations of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions, and are excluded from excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

Construction in Progress

Construction in progress as of February 28, 2022 is related to various campus improvements and construction related to Phase I of the Master Plan (see Note 11). The campus improvement projects are expected to be completed throughout the first half of fiscal year 2022-23 at an expected total cost of approximately \$450,000. The campus improvement projects are being funded internally through operating cash reserves. The construction of Phase I of the Master Plan is expected to continue through March 2023, and as of February 28, 2022, the estimated total cost to complete, including about \$5.2 million of contingencies, was \$64,617,979.

During the year ended February 28, 2022, the Corporation entered into a Guaranteed Maximum Price (GMP) construction contract for the construction of a new wellness and therapy building, the Vida Center. The GMP contract was \$8,376,118 and total project cost was estimated at \$10.2 million. Notice to proceed was provided to the general contractor in February 2022 and site work on the project began in March 2022.

Deferred Financing Costs

Long-Term Debt

Total financing costs of \$3,250,291 are included with long-term debt on the consolidated balance sheets, shown net of accumulated amortization of \$397,474 and \$299,719 as of February 28, 2022 and 2021, respectively. The deferred financing costs are being amortized using the effective interest method. Amortization expense for the years ended February 28, 2022 and 2021, was \$97,755 and \$61,997, respectively. Amortization expense is included in interest and other financing costs in the consolidated statements of operations and functional expenses.

Line of Credit

Total financing costs of securing Foundation line of credit of \$93,464 are included in deferred financing costs in the consolidated balance sheets (See Note 14). The deferred financing costs will be amortized using the effective interest method beginning in fiscal year 2023 over the two-year period of the underlying agreement. No amortization expense has been recorded for the year ended February 28, 2022.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Advance Fees

Entrance fees received are classified as nonrefundable or refundable based on the applicable contracts terms. Nonrefundable entrance fees are recorded as unearned entrance fees and are amortized to income using the straight line method over the estimated remaining life expectancy of each resident, or joint and last survivor life expectancy of each pair of residents occupying the same unit. Upon demise of a resident, no refund is owed and the amounts of unamortized entrance fees are recognized as revenue. Refundable entrance fees are recorded as refund liability and are not amortized. Upon termination of the contract, refundable entrance fees are refunded to the resident or resident's estate based on the terms, conditions, and restrictions indicated in the applicable contract.

The Corporation offers the following contracts to residents:

- Type A nonrefundable entrance fee contract
- Type A 50% refundable entrance fee contract
- Type A 90% refundable entrance fee contract
- Type B 90% refundable entrance fee contract

The Corporation requires a minimum 10% of the total entrance fee before a unit is considered reserved. Prior to occupancy, applicants who sign Life Care Agreements may, upon cancellation within a recession period, cancel their agreement and receive a refund of their deposit. If an applicant dies or becomes disabled prior to occupying a unit, or if a prospective resident's application is denied, all funds deposited will be refunded.

After the remaining 90% of the total entrance fee is paid, if a resident voluntarily terminates the Life Care Agreement and vacates the unit, the resident will receive a refund of the unamortized nonrefundable entrance fee subject to reductions and restrictions summarized below:

Contract Type	Type A Nonrefundable Contracted Prior to March 1, 2018	Type A Nonrefundable Contracted March 1, 2018 and Thereafter	Type A 50% Refundable Contract	Type A 90% Refundable Contract	Type B 90% Refundable Contract
Termination Fee	10%	10%	2%	4%	4%
Residency Fee per Month of Residency	1%	1.50%	2%	2%	2%
Reduction for Unpaid Balances through Termination Date	Yes	Yes	Yes	Yes	Yes
Re-Occupancy of Unit Required	No	No	Yes	Yes	Yes

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue from Advance Fees (Continued)

The amount of total unamortized nonrefundable entrance fees subject to the policies indicated above was \$42,804,516 and \$44,558,838 at February 28, 2022 and February 28, 2021, respectively. The amount of entrance fees subject to a refund was \$18,561,595 and \$20,548,658 at February 28, 2022 and 2021, respectively. Based on the policies above, the unamortized nonrefundable entrance fee is fully amortized as follows:

Contract Type	Type A Nonrefundable Contracted Prior to March 1, 2018	Type A Nonrefundable Contracted March 1, 2018 and Thereafter	Type A 50% Refundable Contract	Type A 90% Refundable Contract	Type B 90% Refundable Contract
Amortization Period (in Months)	90	60	24	3	3

The Corporation has estimated the amount of refunds to be paid based on historical experience. Refunds expected to be paid within one year are included in estimated refunds payable on the consolidated balance sheets.

Residents who desire to move into the Facility and have signed the Life Care Agreement may defer up to 90% of the entrance fee. Residents who utilize this deferral will begin to pay interest at a rate of 4% per annum beginning the 91st day and 12% per annum after one year. This deferred entrance fee is included with the unearned entrance fees on the consolidated balance sheets.

Resident Fees

In addition to entrance fees, resident fees are monthly fees paid by residents related to their residential units, the Organization recognizes these fees in the period earned. The cost of services provided to residents is expensed in the periods such services are rendered.

Application Fees and Customer Deposits

Application fees consist of deposits by individuals who have been placed on a priority list for a resident unit and are fully refundable.

Obligation to Provide Future Services

The Corporation has calculated the present value of the net cost of future services and use of facilities to be provided to current residents and compared that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services) with the corresponding charge to income. The obligation is discounted at 5.5% for the years ended February 28, 2022 and February 28, 2021. The Corporation's calculation indicated no liability needed to be recorded as of February 28, 2022 and 2021.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

The Organization provides services to residents who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Royal Oaks does not pursue collections of amounts determined to qualify as charity care and they are not reported as revenue. The amount of costs incurred under the charity care policy as of February 28, 2022 and 2021, were approximately \$100,000 and \$108,000, respectively.

In addition, the Foundation may subsidize monthly service fees for qualifying residents. The percentage subsidized in the years ended February 28, 2022 and 2021, ranged from 3-6%. The resident subsidies for the years ended February 28, 2022 and 2021, were approximately \$481,000 and \$509,000, respectively.

Contributions

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. Gifts received with donor stipulations are reported as contributions with donor restrictions. When a donor restriction expires; that is, when a time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released from restriction and recognized as revenue. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

Net Assets with Donor Restrictions

Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Advertising Expense

Advertising expenses approximated \$696,000 and \$339,000 for the fiscal years ended February 28, 2022 and 2021, respectively. Advertising costs are expensed when incurred.

Expense Allocations

The costs of providing various programs have been summarized on a functional basis in the consolidated statements of functional expenses. Whenever feasible, expenses are charged directly to the appropriate program. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Excess of Revenues Over Expenses

Excess of revenues over expenses exclude transfers to and from related parties for other than goods and services and contributions of long-lived assets acquired using contributions, which were restricted by donors, which is consistent with industry practice.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Organization may be required to record at fair value other assets on a nonrecurring basis in accordance with accounting principles generally accepted in the United States of America. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets.

The Organization also adopted the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value, however may elect to measure newly acquired financial instruments at fair value.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain items in the prior year consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on the Organization's overall net assets.

Subsequent Events

In preparing these consolidated financial statements, the Organization has considered events and transactions that have occurred through May 25, 2022, the date the consolidated financial statements were available for issuance.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows:

	2022	2021
Financial Assets:		
Cash and Cash Equivalents	\$ 3,432,720	\$ 4,415,718
Accounts Receivable	75,180	154,260
Entrance Fee Receivable	310,693	404,400
Assets Limited as to Use	43,073,747	89,875,690
Investments	103,267,424	99,822,671
Total Financial Assets	<u>150,159,764</u>	<u>194,672,739</u>
Less Assets Unavailable for General Expenditure Within One Year Due to:		
Contractual or Donor-Imposed Restrictions:		
Restricted by Donor With Time or Purpose Restrictions	(5,882,281)	(5,538,642)
Restricted for Future Debt Service	(9,440,502)	(13,469,728)
Restricted by Bond Indenture	(25,540,004)	(72,956,552)
Entrance Fees in Escrow	(8,088,413)	(3,438,635)
Employee Flexible Spending Account	(4,683)	(10,775)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 101,203,881</u>	<u>\$ 99,258,407</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition, the Corporation has assets that are restricted by contractual agreements and bond indentures and are not available for general expenditures. The Corporation has monthly sinking fund requirements in accordance with its bond indenture. Those assets are restricted for semi-annual payments to bond holders during the year. The Corporation also has unspent bond proceeds in various trustee accounts. The bond proceeds are restricted to eligible expenditures described in the applicable bond indenture. The Corporation receives entrance fee deposits from potential future residents. These entrance fee deposits are held in a separate escrow and are fully refundable upon cancellation within a rescission period. The Corporation withholds authorized amounts from applicable employees for a Flexible Spending Account program. These withholdings are deposited in a separate account and are only available to employees participating in the program for eligible medical and child care expenditures.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Corporation maintains cash and cash equivalents in demand accounts for immediate outlays. Excess cash is invested in the operating reserve account and invested in accordance with a board-approved investment policy statement. Management is authorized to draw from the operating reserve as needed to meet obligations.

Additionally, the Corporation initially provides funding for the Foundation operational needs during the fiscal year. The Foundation will transfer cash near end of fiscal year each year to repay the Corporation. During the year, the Foundation portfolios are invested and managed in accordance with applicable investment policy statements.

The purpose of Cactus Sky is for future development of the Corporation. Financial assets of Cactus Sky are cash and short-term investments. Cactus Sky does not maintain a demand bank account. If necessary, the Corporation will provide funding for operational activity of Cactus Sky during the fiscal year.

The Foundation maintains a \$10-million line of credit, as discussed in more detail in Note 14. As of February 28, 2022, \$10 million remained available.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and Assets Limited as to Use

Investments at February 28, 2022 and 2021 are carried at market value as follows:

	2022	2021
Short-Term Funds and Money Markets	\$ 23,249,835	\$ 28,225,726
Government Securities	9,330,278	8,700,588
Corporate Bonds	25,878,742	51,022,460
Foreign Bonds	7,869,750	24,076,249
Domestic Equity Securities - Small-Cap	4,963,814	20,274,874
Domestic Equity Securities - Large-Cap	53,833,612	33,265,285
Foreign Equity Securities	1,775,122	3,718,368
Mutual Funds - Fixed Income	4,943,150	5,123,989
Mutual Funds - Equity	16,684,183	17,439,021
Total Investments and Assets Limited as to Use	148,528,486	191,846,560
Less: Assets Limited as to Use	(43,073,747)	(89,875,690)
Less: Assets Held Under Split-Interest Agreement	(2,187,315)	(2,148,199)
Total Investments	<u>\$ 103,267,424</u>	<u>\$ 99,822,671</u>

Management's policy and intent is to hold all investments as long-term.

Net Investment Income

Total investment income is comprised of the following:

	2022	2021
Interest and Dividend Income	\$ 1,806,908	\$ 1,799,386
Net Realized Gain	5,026,831	2,655,784
Net Unrealized Gain	654,816	15,898,727
Investment Expenses	(500,940)	(355,988)
Total Net Investment Income	<u>\$ 6,987,615</u>	<u>\$ 19,997,909</u>

Total investment return is reflected in the consolidated statements of operations and changes in net assets as follows:

	2022	2021
Net Assets without Donor Restrictions	\$ 6,551,522	\$ 19,270,709
Net Assets with Donor Restrictions	436,093	727,200
Total	<u>\$ 6,987,615</u>	<u>\$ 19,997,909</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

Split Interest Agreements

The Organization has established a gift annuity program whereby donors may contribute assets to the Organization in exchange for the rights to receive a fixed dollar annual return during their lifetime. A portion of the transfer is considered to be a charitable contribution. The difference between the amounts provided for the gift annuity and the present value of the liability for future payments is recognized as contributions with donor restrictions at the date of the gift if specified by the donor on the contribution component. The Organization uses published mortality rate tables adopted by the Internal Revenue Service (IRS) to estimate this liability under the split-interest agreements future payments. The annuity liability is revalued annually based upon computed present values and at February 28, 2022 and 2021 is \$2,187,315 and \$2,148,199, respectively.

Entrance Fee Escrow Account

Pursuant to Arizona Revised Statutes Code Section 20-1804, the Organization has established an entrance fee escrow account in which any entrance fee received by the Corporation is held prior to occupancy. The entrance fee is released to the Corporation at such time as the living unit becomes available for occupancy and the total amount of the entrance fee is received from the new resident.

The Corporation has assets limited as to use for the entrance fee escrow account at February 28, 2022 and 2021, in the amounts of \$8,088,413 and \$3,438,635, respectively.

NOTE 4 LONG-TERM DEBT

Long-term debt is comprised of the following at February 28:

	2022	2021
Bonds Payable, Series 2016	\$ 30,280,000	\$ 31,395,000
Bonds Payable, Series 2020A	90,770,000	90,770,000
Bonds Payable, Series 2020B	600,000	600,000
Total	121,650,000	122,765,000
Add: Unamortized Premium on Series 2016 Bonds	2,773,225	3,071,112
Add: Unamortized Premium on Series 2020 Bonds	8,521,500	8,732,149
Less: Deferred Financing Costs, Net	(2,852,817)	(2,950,572)
Less: Current Maturities	(1,160,000)	(1,115,000)
Total Long-Term Debt, Less Current Maturities	<u>\$ 128,931,908</u>	<u>\$ 130,502,689</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

Bonds Payable

On October 1, 2016, the Corporation, through the Industrial Development Authority of the City of Glendale, Arizona, issued \$35,105,000 Senior Living Revenue Bonds, Series 2016. The proceeds were used to redeem the previously outstanding bonds. The Series 2016 bonds mature May 15, 2017 through 2039 with interest rates varying from 1.00% to 5.00%. The bonds are collateralized by land, property, and equipment.

On December 16, 2020, the Corporation, through the Industrial Development Authority of the City of Glendale, Arizona, issued \$90,770,000 Senior Living Revenue Bonds, Series 2020A (Series 2020A). The proceeds are being used for construction of new independent living units and common buildings on the Royal Oaks campus (Inspirata Pointe Project). The Series 2020A bonds mature May 15, 2026 through 2056 with interest rates varying from 4.00% to 5.00%. The bonds are collateralized by land, property, and equipment.

During the fiscal year ending February 28, 2022 and 2021, the amount drawn on the Series 2020B bonds was \$600,000. As of February 28, 2022 and 2021, the outstanding balance and undrawn amount were \$600,000 and \$45,400,000, respectively. The Series 2020B bonds mature December 1, 2025 through December 1, 2027.

On December 16, 2020, the Corporation, through the Industrial Development Authority of the City of Glendale, Arizona, issued \$46,000,000 Senior Living Revenue Bonds, Series 2020B (Series 2020B). These were placed with a regional banking institution. The debt proceeds are being used for the construction of the Inspirata Pointe Project. Subsequent to original funding of the 2020B reserve account of \$600,000, the proceeds are accessed as construction draws once the Series 2020A bonds have been fully expended for the Inspirata Pointe Project. The bonds are collateralized by land, property, and equipment.

Interest on the 2020B bonds is variable and calculated as 1 month LIBOR plus 1.7% (Applicable Spread) times 1.00 minus the United States corporate tax rate (Applicable Factor, .79 at February 28, 2022 and 2021, respectively). The Applicable Spread may increase up to 4.0% depending on certain levels of days cash on hand covenants. The Applicable Factor may change due to changes in United States tax law or changes to the Corporation's tax-exempt status. The Corporation was in compliance with applicable Series 2020B days cash on hand and tax-exempt covenants as of February 28, 2022 and 2021.

The scheduled maturities of long-term debt as of February 28, 2022, under bond agreements are as follows:

<u>Year Ending February 28,</u>	<u>Amount</u>
2023	\$ 1,160,000
2024	1,205,000
2025	1,255,000
2026	1,305,000
2027	1,690,000
Thereafter	115,035,000
Total	<u>\$ 121,650,000</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 4 LONG-TERM DEBT (CONTINUED)

Restrictive Covenants

The provisions of the bonds payable described above contain various restrictive covenants that limit the occurrence of additional debt and require certain measures of financial performance be satisfied as long as the bonds are outstanding. Management believes the Corporation is in compliance with such covenants at February 28, 2022 and 2021.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets restricted by donors for various purposes, as stated in the consolidated balance sheets, are available as follows at February 28, 2022 and 2021:

	2022	2021
Capital Improvements/General Fund	\$ 3,966,627	\$ 3,562,943
Health Care Center	183,090	183,090
Employee Scholarships	465,990	527,284
Chapel	390,030	395,850
Assisted Living	763,941	763,378
Library	41,583	49,886
Life Enrichment Audio / Visual	-	50,000
Employee Appreciation Fund	36,905	-
Vida Center	8,375	-
Campus Pride	7,450	-
Future of Health and Wellness	7,179	-
Woodshop/Wooden Toys	3,596	2,349
Other	7,515	3,862
Total Net Assets with Donor Restrictions	<u>\$ 5,882,281</u>	<u>\$ 5,538,642</u>

Net assets were released from donor restrictions by incurring expenses and capital additions which satisfied the restricted purposes in the amounts of \$608,907 and \$62,959 for the years ended February 28, 2022 and 2021, respectively.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 6 RETIREMENT PLANS

Qualified Plans

The Organization offers a 403(b) plan to substantially all of its employees. The 403(b) plan allows the Organization to contribute up to 10% of the eligible employee's annual compensation, depending on the length of employment. Participants hired prior to March 1, 2017, are immediately vested in their employee and employer contributions plus actual earnings thereon. Effective March 1, 2017, vesting in the Organization's matching portion of their accounts, plus actual earnings thereon, is based on years of credited service. A participant is 100% vested after five years of credited service. Matching contributions made to those employees with an employment commencement date on and after March 1, 2017 are subject to the vesting noted above. Matching contributions made to those employees with an employment commencement date prior to March 1, 2017 are 100% vested when made. Notwithstanding the above, a participant is fully vested upon reaching normal retirement age, death, or permanent disability. Total employer contributions to the 403(b) plan for the years ended February 28, 2022 and 2021 were \$427,094 and \$385,417, respectively.

Nonqualified Plans

The Organization has a deferred compensation plan funded by eligible members of management. The plan allows for eligible members to defer the lesser of (i) IRS maximum deferral amounts or (ii) 100% of the participant's includible compensation. The investments and the related liability are recorded on the Organization's consolidated balance sheets at February 28, 2022 and 2021.

The Organization has a nonqualified executive plan and an incentive plan. The investments and related liabilities are recorded on the Organization's consolidated balance sheets as assets limited as to use and accrued expenses at February 28, 2022 and 2021.

NOTE 7 FAIR VALUES MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

Assets Limited as to Use and Investments

The fair values of the assets limited as to use and investments are estimated based on quoted market prices for those or similar investments.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 7 FAIR VALUES MEASUREMENTS (CONTINUED)

Assets Limited as to Use and Investments (Continued)

The following tables present the fair value hierarchy for the balances of the assets of the Organization measured at fair value on a recurring basis as of February 28, 2022 and 2021:

	2022			
	Total	Level 1	Level 2	Level 3
Short-Term Funds and				
Money Markets	\$ 23,249,835	\$ 23,249,835	\$ -	\$ -
Government Securities	9,330,278	9,330,278	-	-
Corporate Bonds	25,878,742	-	25,878,742	-
Foreign Bonds	7,869,750	7,869,750	-	-
Domestic Equity Securities -				
Small-Cap	4,963,814	4,963,814	-	-
Domestic Equity Securities -				
Large-Cap	53,833,612	53,833,612	-	-
Foreign Equity Securities	1,775,122	1,775,122	-	-
Mutual Funds - Fixed Income	4,943,150	4,943,150	-	-
Mutual Funds - Equity	16,684,183	16,684,183	-	-
Total	<u>\$ 148,528,486</u>	<u>\$ 122,649,744</u>	<u>\$ 25,878,742</u>	<u>\$ -</u>

	2021			
	Total	Level 1	Level 2	Level 3
Short-Term Funds and				
Money Markets	\$ 28,225,726	\$ 28,225,726	\$ -	\$ -
Government Securities	8,700,588	8,700,588	-	-
Corporate Bonds	51,022,460	-	51,022,460	-
Foreign Bonds	24,076,249	24,076,249	-	-
Domestic Equity Securities -				
Small-Cap	20,274,874	20,274,874	-	-
Domestic Equity Securities -				
Large-Cap	33,265,285	33,265,285	-	-
Foreign Equity Securities	3,718,368	3,718,368	-	-
Mutual Funds - Fixed Income	5,123,989	5,123,989	-	-
Mutual Funds - Equity	17,439,021	17,439,021	-	-
Total	<u>\$ 191,846,560</u>	<u>\$ 140,824,100</u>	<u>\$ 51,022,460</u>	<u>\$ -</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 8 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.

Professional Liability Coverage Claims

The Organization pays fixed premiums for annual professional liability insurance coverage under a claims-made policy. Under such policy, only claims made and reported to the insurer are covered during the policy term, regardless of when the incident giving rise to the claim occurred. The Organization is not aware of any unasserted claims or unreported incidents which are probable to be paid as of February 28, 2022.

Self-Insured Health Plan

The Organization has a partially self-insured plan for employee health insurance benefits which are managed by a third-party administrator. The Organization has entered into a stop-loss agreement with an insurance company to limit its losses of individual claims. Under the terms of the agreement, the insurance company will reimburse the Organization 100% of the costs of annual claims in excess of \$125,000 per individual, up to \$5,000,000 per aggregate. The liability on the plan at February 28, 2022 and 2021 was \$135,220 and \$174,688, respectively, and is included in accrued expenses on the consolidated balance sheets.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Litigation

The Organization is subject to asserted and unasserted claims encountered in the normal course of business. The Organization's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise in judgment. In assessing loss contingencies related to legal proceedings that are pending against the Organization or unasserted claims that may result in such proceedings that are pending against the Organization, the Organization legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Organization's financial condition or results of operations.

Health Care

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 10 AMOUNT DUE FROM CACTUS SKY

In August, 2020, Cactus Sky filed special warranty deeds with Maricopa County to convey sole ownership of certain parcels of land with a book value of approximately \$6.7 million to the Corporation for development in the Master Plan Project, reducing the amount due from Cactus Sky. The total amount due from Cactus Sky to the Corporation was \$1,593,520 and \$2,337,850 at February 28, 2022 and 2021, respectively.

NOTE 11 ROYAL OAKS MASTER PLAN

The Corporation closed on the financing for Phase I of its Master Plan in December 2020. The first phase of the 20-year plan includes Inspirata Pointe at Royal Oaks (Project). This phase will grow the current campus and enhance the amenities offered to residents. The campus will grow with the addition of 8.1 acres to the west of the current campus. On this new property, the Corporation will construct 156 new independent living units consisting of 15 new floor plans, with patios or balconies on all units, and smart home upgrades available. The new units will be comprised of 2-story villa-style homes; a 3-story apartment building; and a 4-story apartment building. The villa homes will each have a private garage to accommodate a car and golf cart. An underground parking garage will be available for the 3-story and 4-story apartment buildings.

The Project also includes a new culinary center offering 3 new dining venues, which will anchor the west end of a new amenity “main street” projected in future phases. The new culinary building will provide a distinct dining environment and experience for each new venue. The Indigo Kitchen will be a casual dining experience with both indoor and outdoor seating, hearth oven and display kitchen. Copper Skye, a full bar and lounge with both indoor and outdoor seating, will provide relaxed viewing of televised entertainment and sporting events. Azul will be an intimate, elevated dining experience for formal occasions and celebrations, with an internationally-experienced-chef-driven menu.

Subsequent to February 28, 2022, the Corporation was able to acquire certificate of occupancy on April 22, 2022 of 16 Villa units.

Corporation’s management estimates the following updated timeline for the Project as summarized below:

	Estimated Start	Estimated End
Route Utilities on Current Campus to Accommodate Expansion	October - 20	December - 20
Site Preparation / Mobilization	November - 20	December - 20
Construction Underground Garage	February - 21	September - 21
Construction Villas	March - 21	April - 22
Construction 4-Story Apartment Building	April - 21	March - 23
Construction 3-Story Apartment Building	September - 21	November - 22
Construction Culinary Building	September - 21	November - 22
Fill-up	February - 22	May - 25

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 11 ROYAL OAKS MASTER PLAN (CONTINUED)

After completion of Phase I, the Corporation intends to implement Phase II of the Master Plan. Management of the Corporation will evaluate the financial feasibility of Phase II of the Master Plan at that time. The Corporation's decision to implement any additional phases of the Master Plan will depend on factors such as the ability of the Obligated Group to meet the additional indebtedness tests in the Master Indenture and other financial covenants, interest rates, construction costs, market demand for future units, the level of pre-sales for apartments in any phase of the Master Plan, other market conditions and the overall financial feasibility of the Master Plan. The Master Plan is subject to change in response to market conditions. Management, the Master Planning Committee and the Board of Trustees will continue to monitor the healthcare environment both locally and nationally and will modify the Master Plan accordingly. There can be no assurance that any additional phases will be constructed or, if constructed, what sources of funds will be used to fund these construction and renovation projects. Due to the uncertainty of future market conditions, potential changes to the Master Plan and the cost of future funding sources, it is not possible for management of the Corporation to provide an accurate estimate of the cost of future phases of the Master Plan.

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE

Resident and Client Services Revenue

Resident and client services revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing resident care. These amounts are due from residents and others. Generally, the Corporation bills residents several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to housing residents receiving services in the facility. The Corporation considers daily services provided to residents, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (for example, gift shop, salon, transportation, and cafeteria meals) and the Corporation does not believe it is required to provide additional goods or services related to that sale.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 12 RESIDENT AND CLIENT SERVICES REVENUE (CONTINUED)

Resident and Client Services Revenue (Continued)

Because all of its performance obligations relate to contracts with a duration of less than one year, the Corporation has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by subsidies in accordance with the Corporation's policy provided to residents. The Organization determines its subsidies based its policy, and historical experience. Subsidies are reimbursed by the Foundation so that there is no net reduction in price.

The Corporation has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by service line. The composition of resident services revenue by service line for the years ended February 28, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Independent Living	\$ 14,047,939	\$ 14,186,681
Assisted Living	6,239,129	5,997,853
Total	<u>\$ 20,287,068</u>	<u>\$ 20,184,534</u>

The opening and closing balances in deferred revenue and accounts receivable were as follows:

	<u>Deferred Revenue</u>	<u>Accounts Receivable</u>
Balance as of March 1, 2020	\$ 47,358,895	\$ 1,369,026
Balance as of February 28, 2021	46,770,379	558,660
Balance as of February 28, 2022	48,587,903	385,873

Financing Component

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a resident and the time that the resident pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with residents 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

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration. Contract acquisition costs included in Deferred Marketing Costs on the consolidated balance sheets for the years ended February 28, 2022 and 2021 were \$64,312 and \$56,457, respectively.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 13 LEASES

The Organization determines if an arrangement is a lease at inception. Both operating and finance leases are included in right-of-use (ROU) assets and lease liability in the consolidated balance sheets.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease Organization's operating leases term.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease term.

The Corporation leases copier and printer equipment as well as office space for marketing the campus expansion for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through May 2026 and provide for renewal options ranging from one to five years. In the normal course of business, it is expected that these leases will not be renewed. The leases provide for increases in future minimum annual rental payments based on defined increases in the lease agreements. Additionally, the agreements generally require the Corporation to pay real estate taxes, insurance, and repairs which are considered variable lease costs, and excluded from the lease liability.

The following tables provide quantitative information concerning the Organization's leases:

	Operating ROU Asset	Finance ROU Asset	Total ROU Asset
Balance March 1, 2021	\$ 328,162	\$ 311,432	\$ 639,594
ROU Assets Obtained in Exchange for New Lease Liabilities	-	6,078	6,078
Amortization of ROU Assets	(84,299)	(99,691)	(183,990)
Balance February 28, 2022	<u>\$ 243,863</u>	<u>\$ 217,819</u>	<u>\$ 461,682</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 28, 2022 AND 2021

NOTE 13 LEASES (CONTINUED)

Amortization of operating ROU assets of \$84,299 is included as a nonoperating expense (Marketing for Expansion) on the consolidated statements of operations. The amortization of the finance ROU assets of \$99,691 is included with Depreciation and Amortization on the consolidated statements of operations.

	Operating Lease Liability	Finance Lease Liability	Total Lease Liability
Balance March 1, 2021	\$ 365,127	\$ 322,612	\$ 687,739
New Lease Liabilities	-	6,078	6,078
Interest Accretion on Lease Liabilities	12,971	11,259	24,230
Payments Under Leases	<u>(103,504)</u>	<u>(112,952)</u>	<u>(216,456)</u>
Balance February 28, 2022	<u>\$ 274,594</u>	<u>\$ 226,997</u>	<u>\$ 501,591</u>

Interest accretion of operating ROU assets of \$12,971 is included as a nonoperating expense (Marketing for Expansion) on the consolidated statements of operations. Interest accretion of finance ROU assets of \$11,259 is included with Interest and Other Financing Costs on the consolidated statement of operations.

A maturity analysis of annual undiscounted cash flows for lease liabilities as of February 28, 2022, is as follows:

<u>Year Ending February 28,</u>	Operating Leases	Finance Leases	Total Leases
2023	\$ 106,601	\$ 83,634	\$ 190,235
2024	109,784	70,274	180,058
2025	73,724	70,274	143,998
2026	-	17,569	17,569
Total Lease Payments	<u>\$ 290,109</u>	<u>\$ 241,751</u>	<u>\$ 531,860</u>

NOTE 14 LINE OF CREDIT

During the fiscal year ended February 28, 2022, the Foundation obtained a two-year bank commitment for a \$10,000,000 line of credit, secured by investment accounts, with a maturity date of February 14, 2024. The purpose is to provide working capital and to finance charitable contributions. Interest is based on Daily Simple SOFR index plus 1.25% locked for the maturity of each underlying loan. No amounts were outstanding under the line as of February 28, 2022.

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING BALANCE SHEET
FEBRUARY 28, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents
Accounts Receivable
Entrance Fee Receivable
Due from Foundation
Current Assets Limited as to Use
Inventories
Prepaid Expenses
Total Current Assets

PROPERTY AND EQUIPMENT

Land and Land Improvements
Building and Leasehold Improvements
Furniture, Equipment, and Vehicles
Construction in Progress
Total Property and Equipment
Less: Accumulated Depreciation
Property and Equipment, Net

OTHER ASSETS

Investments
Assets Limited as to Use
Assets Held Under Split-Interest Agreements
Due from Cactus Sky
Deferred Marketing Costs
Deferred Financing Costs
Lease Right of Use
Other Assets
Total Other Assets

Total Assets

	Corporation	Foundation	Cactus Sky	Consolidated
\$	3,401,895	\$ 30,825	\$ -	\$ 3,432,720
	75,180	-	-	75,180
	310,693	-	-	310,693
	38,527	(38,527)	-	-
	11,132,725	-	-	11,132,725
	421,894	-	-	421,894
	678,553	-	1,448	680,001
	16,059,467	(7,702)	1,448	16,053,213
	14,602,982	-	-	14,602,982
	100,307,851	-	-	100,307,851
	16,984,962	-	-	16,984,962
	73,274,707	-	-	73,274,707
	205,170,502	-	-	205,170,502
	(76,468,579)	-	-	(76,468,579)
	128,701,923	-	-	128,701,923
	71,093,744	29,144,333	3,029,347	103,267,424
	31,941,022	-	-	31,941,022
	-	2,187,315	-	2,187,315
	1,593,520	-	(1,593,520)	-
	64,312	-	-	64,312
	93,464	-	-	93,464
	461,682	-	-	461,682
	196,729	-	-	196,729
	105,444,473	31,331,648	1,435,827	138,211,948
\$	250,205,863	\$ 31,323,946	\$ 1,437,275	\$ 282,967,084

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING BALANCE SHEET (CONTINUED)
FEBRUARY 28, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current Maturities of Long-Term Debt				
Accounts Payable				
Construction Payable				
Accrued Payroll and Related Expenses				
Accrued Expenses				
Other Current Liabilities				
Interest Payable				
Estimated Refunds Payable				
Current Portion of Liabilities Under Split-Interest Agreements				
Total Current Liabilities				

OTHER LIABILITIES

Application Fees				
Customer Deposits Payable				
Lease Payable				
Refundable Entrance Fee Liability				
Liabilities Under Split-Interest Agreements, Less Current Portion				
Long-Term Debt, Less Current Maturities and Deferred Financing Costs, Net				
Unearned Entrance Fees, Less Estimated Refunds Payable				
Total Other Liabilities				
Total Liabilities				

NET ASSETS

Net Assets without Donor Restrictions				
Net Assets with Donor Restrictions				
Total Net Assets				
Total Liabilities and Net Assets				

	Corporation	Foundation	Cactus Sky	Consolidated
	\$	\$	\$	\$
	1,160,000	-	-	1,160,000
	922,742	18,277	-	941,019
	8,254,011	-	-	8,254,011
	1,376,780	-	-	1,376,780
	235,995	-	1,262	237,257
	15,623	-	-	15,623
	1,718,714	-	-	1,718,714
	311,000	-	-	311,000
	<u>13,994,865</u>	<u>321,271</u>	<u>-</u>	<u>321,271</u>
		339,548	1,262	14,335,675
	173,500	-	-	173,500
	179,410	-	-	179,410
	501,591	-	-	501,591
	3,326,213	-	-	3,326,213
	-	1,866,044	-	1,866,044
	128,931,908	-	-	128,931,908
	<u>48,587,903</u>	<u>-</u>	<u>-</u>	<u>48,587,903</u>
	<u>181,700,525</u>	<u>1,866,044</u>	<u>-</u>	<u>183,566,569</u>
	195,695,390	2,205,592	1,262	197,902,244
	54,510,473	23,236,073	1,436,013	79,182,559
	-	5,882,281	-	5,882,281
	<u>54,510,473</u>	<u>29,118,354</u>	<u>1,436,013</u>	<u>85,064,840</u>
	<u>\$ 250,205,863</u>	<u>\$ 31,323,946</u>	<u>\$ 1,437,275</u>	<u>\$ 282,967,084</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING BALANCE SHEET
FEBRUARY 28, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents
Accounts Receivable
Entrance Fee Receivable
Due from Foundation
Current Assets Limited as to Use
Inventories
Prepaid Expenses and Other Assets
Total Current Assets

PROPERTY AND EQUIPMENT

Land and Land Improvements
Building and Leasehold Improvements
Furniture, Equipment, and Vehicles
Construction in Progress
Total Property and Equipment
Less: Accumulated Depreciation
Property and Equipment, Net

OTHER ASSETS

Investments
Assets Limited as to Use
Assets Held Under Split-Interest Agreements
Due from Cactus Sky
Deferred Marketing Costs
Lease Right of Use
Other Assets
Total Other Assets

Total Assets

	Corporation	Foundation	Cactus Sky	Consolidated
	\$	\$	\$	\$
Cash and Cash Equivalents	4,264,272	151,446	-	4,415,718
Accounts Receivable	154,260	-	-	154,260
Entrance Fee Receivable	404,400	-	-	404,400
Due from Foundation	26,654	(26,654)	-	-
Current Assets Limited as to Use	5,236,829	-	-	5,236,829
Inventories	403,737	-	-	403,737
Prepaid Expenses and Other Assets	718,550	1,029	1,448	721,027
Total Current Assets	11,208,702	125,821	1,448	11,335,971
Land and Land Improvements	14,268,376	-	-	14,268,376
Building and Leasehold Improvements	97,888,649	-	-	97,888,649
Furniture, Equipment, and Vehicles	15,715,468	-	-	15,715,468
Construction in Progress	17,981,331	-	-	17,981,331
Total Property and Equipment	145,853,824	-	-	145,853,824
Less: Accumulated Depreciation	(70,656,664)	-	-	(70,656,664)
Property and Equipment, Net	75,197,160	-	-	75,197,160
Investments	69,243,325	27,553,862	3,025,484	99,822,671
Assets Limited as to Use	84,638,861	-	-	84,638,861
Assets Held Under Split-Interest Agreements	-	2,148,199	-	2,148,199
Due from Cactus Sky	2,337,850	-	(2,337,850)	-
Deferred Marketing Costs	56,457	-	-	56,457
Lease Right of Use	639,594	-	-	639,594
Other Assets	163,913	-	-	163,913
Total Other Assets	157,080,000	29,702,061	687,634	187,469,695
Total Assets	\$ 243,485,862	\$ 29,827,882	\$ 689,082	\$ 274,002,826

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING BALANCE SHEET (CONTINUED)
FEBRUARY 28, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

	Corporation	Foundation	Cactus Sky	Consolidated
Current Maturities of Long-Term Debt	\$ 1,115,000	\$ -	\$ -	\$ 1,115,000
Accounts Payable	584,727	25,343	-	610,070
Construction Payable	2,772,732	-	-	2,772,732
Accrued Payroll and Related Expenses	1,477,303	-	-	1,477,303
Accrued Expenses	279,756	-	1,262	281,018
Other Current Liabilities	105,275	-	-	105,275
Interest Payable	1,349,097	-	-	1,349,097
Estimated Refunds Payable	363,000	-	-	363,000
Current Portion of Liabilities Under Split-Interest Agreements	-	303,205	-	303,205
Total Current Liabilities	<u>8,046,890</u>	<u>328,548</u>	<u>1,262</u>	<u>8,376,700</u>

OTHER LIABILITIES

Application Fees	201,500	-	-	201,500
Customer Deposits Payable	144,410	-	-	144,410
Lease Payable	687,739	-	-	687,739
Refundable Entrance Fee Liability	2,660,450	-	-	2,660,450
Liabilities Under Split-Interest Agreements, Less Current Portion	-	1,844,994	-	1,844,994
Long-Term Debt, Less Current Maturities and Deferred Financing Costs, Net	130,502,689	-	-	130,502,689
Unearned Entrance Fees, Less Estimated Refunds Payable	46,770,379	-	-	46,770,379
Total Other Liabilities	<u>180,967,167</u>	<u>1,844,994</u>	<u>-</u>	<u>182,812,161</u>
Total Liabilities	189,014,057	2,173,542	1,262	191,188,861

NET ASSETS

Net Assets without Donor Restrictions	54,471,805	22,115,698	687,820	77,275,323
Net assets with Donor Restrictions	-	5,538,642	-	5,538,642
Total Net Assets	<u>54,471,805</u>	<u>27,654,340</u>	<u>687,820</u>	<u>82,813,965</u>
Total Liabilities and Net Assets	<u>\$ 243,485,862</u>	<u>\$ 29,827,882</u>	<u>\$ 689,082</u>	<u>\$ 274,002,826</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED FEBRUARY 28, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

OPERATING REVENUES, GAINS (LOSSES), AND OTHER SUPPORT

Resident Services	
Health Care Service Revenue	
Earned Entrance Fees	
Rental of Facilities	
Ancillary Services Revenue	
Contributions	
Contributions from Foundation	
Contributions from Gift Annuities	
Change in Value of Split-Interest Agreements	
Net Assets Released from Restrictions Used for Operations	
Total Operating Revenues and Other Support	
Net Assets Released from Donor Restrictions	

EXPENSES

Salaries and Wages	
Employee Taxes and Benefits	
Medical Supplies	
Professional and Contracted Services	
Property and Equipment Services	
Depreciation and Amortization	
Interest and Other Financing Costs	
Other	
Food	
Utilities	
Total Expenses	

INCOME (LOSS) FROM OPERATIONS

INVESTMENT INCOME (EXPENSE)

Interest and Dividend Income	
Realized Gain (Loss) on Investments	
Unrealized Gain (Loss) on Investments	
Investment Expenses	
Total Investment Income (Expense)	

EXCESS (DEFICIT) OF REVENUES OVER EXPENSES

NONOPERATING ITEMS

Marketing for Expansion	
Net Assets Released from Restrictions Used for Purchase of Property and Equipment	

CHANGE IN NET ASSETS BEFORE TRANSFERS

TRANSFER FROM FOUNDATION FOR PROPERTY AND EQUIPMENT

TRANSFER FROM CORPORATION TO CACTUS SKY

TOTAL CHANGE IN NET ASSETS

Net Assets - Beginning of Year

NET ASSETS - END OF YEAR

	Corporation	Foundation	Cactus Sky	Consolidated
	\$	\$	\$	\$
	18,343,469	(580,700)	-	17,762,769
	2,524,299	-	-	2,524,299
	6,679,645	-	-	6,679,645
	24,149	-	-	24,149
	905,493	-	2,080	907,573
	4,096	739,787	-	743,883
	591,440	(591,440)	-	-
	-	118,855	-	118,855
	-	(188,984)	-	(188,984)
	-	551,712	-	551,712
	29,072,591	49,230	2,080	29,123,901
	-	(608,907)	-	(608,907)
	13,365,448	175,954	-	13,541,402
	3,089,814	17,504	-	3,107,318
	128,079	-	-	128,079
	1,908,301	47,281	-	1,955,582
	1,133,174	-	-	1,133,174
	5,911,606	-	-	5,911,606
	1,220,657	-	-	1,220,657
	1,640,726	174,310	182	1,815,218
	1,786,696	-	-	1,786,696
	1,300,263	-	-	1,300,263
	31,484,764	415,049	182	31,899,995
	(2,412,173)	(974,726)	1,898	(3,385,001)
	1,249,788	490,408	66,712	1,806,908
	2,727,862	2,329,542	(30,573)	5,026,831
	379,370	306,121	(30,675)	654,816
	(370,152)	(121,619)	(9,169)	(500,940)
	3,986,868	3,004,452	(3,705)	6,987,615
	1,574,695	2,029,726	(1,807)	3,602,614
	(1,408,934)	-	-	(1,408,934)
	-	57,195	-	57,195
	165,761	2,086,921	(1,807)	2,250,875
	622,907	(622,907)	-	-
	(750,000)	-	750,000	-
	38,668	1,464,014	748,193	2,250,875
	54,471,805	27,654,340	687,820	82,813,965
	\$ 54,510,473	\$ 29,118,354	\$ 1,436,013	\$ 85,064,840

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PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS
YEAR ENDED FEBRUARY 28, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

OPERATING REVENUES, GAINS (LOSSES) AND OTHER SUPPORT

	Corporation	Foundation	Cactus Sky	Consolidated
Resident Services	\$ 18,488,989	\$ (616,476)	\$ -	\$ 17,872,513
Health Care Service Revenue	2,312,021	-	-	2,312,021
Earned Entrance Fees	6,090,831	-	-	6,090,831
Rental of Facilities	19,645	-	-	19,645
Ancillary Services Revenue	490,543	2,221	-	492,764
Contributions	2,630	717,952	-	720,582
Contributions from Foundation	813,904	(813,904)	-	-
Contributions from Gift Annuities	-	160,189	-	160,189
Change in Value of Split-Interest Agreements	-	(78,141)	-	(78,141)
Net Assets Released from Restrictions Used for Operations	-	62,959	-	62,959
Total Operating Revenues and Other Support	28,218,563	(565,200)	-	27,653,363
Net Assets Released From Donor Restrictions	-	(62,959)	-	(62,959)

EXPENSES

Salaries and Wages	13,932,089	148,814	-	14,080,903
Employee Taxes and Benefits	3,525,010	12,717	-	3,537,727
Medical Supplies	239,821	-	-	239,821
Professional and Contracted Services	1,553,575	114,897	-	1,668,472
Property and Equipment Services	852,274	-	-	852,274
Depreciation and Amortization	5,584,006	-	-	5,584,006
Interest and Other Financing Costs	1,192,094	-	-	1,192,094
Other	1,774,714	77,890	30,521	1,883,125
Food	1,636,443	-	-	1,636,443
Utilities	1,217,976	-	13,363	1,231,339
Total Expenses	31,508,002	354,318	43,884	31,906,204
Loss From Operations	(3,289,439)	(982,477)	(43,884)	(4,315,800)

INVESTMENT INCOME (EXPENSE)

Interest and Dividend Income	1,246,278	487,295	65,813	1,799,386
Realized Gain (Loss) on Investments	1,923,978	739,499	(7,693)	2,655,784
Unrealized Gain (Loss) on Investments	10,587,019	5,339,333	(27,625)	15,898,727
Investment Expenses	(242,562)	(104,269)	(9,157)	(355,988)
Total Investment Income (Expense)	13,514,713	6,461,858	21,338	19,997,909

EXCESS (DEFICIT) OF REVENUES OVER EXPENSES

NONOPERATING ITEMS

Marketing for Expansion	(1,123,985)	-	-	(1,123,985)
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TOTAL CHANGE IN NET ASSETS

Net Assets - Beginning of Year	9,101,289	5,479,381	(22,546)	14,558,124
	45,370,516	22,174,959	710,366	68,255,841

NET ASSETS - END OF YEAR

	\$ 54,471,805	\$ 27,654,340	\$ 687,820	\$ 82,813,965
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PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Corporation	Foundation	Cactus Sky	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Total Change in Net Assets	\$ 38,668	\$ 1,464,014	\$ 748,193	\$ 2,250,875
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	5,911,606	-	-	5,911,606
Capitalized Interest, Net	(2,723,088)	-	-	(2,723,088)
Interest Expense - Amortization on Deferred Finance Costs	97,755	-	-	97,755
Amortization on Bond Discount/Premium, Net	(508,536)	-	-	(508,536)
Realized (Gain) Loss on Investments	(2,727,862)	(2,329,542)	30,573	(5,026,831)
Unrealized (Gain) Loss on Investments	(379,370)	(306,121)	30,675	(654,816)
Amortization of Entrance Fees	(6,679,645)	-	-	(6,679,645)
Interest Accretion on Operating Lease Liability	12,971	-	-	12,971
Amortization of Operating Lease Liability	84,298	-	-	84,298
Payments on Operating Lease Liability	(103,504)	-	-	(103,504)
Change in Value of Split-Interest Agreements	-	188,984	-	188,984
(Increase) Decrease in:				
Accounts Receivable	79,080	-	-	79,080
Prepaid Expenses and Other Assets	(18,831)	1,029	-	(17,802)
Intercompany	732,457	11,873	(744,330)	-
Increase (Decrease) in:				
Accounts Payable	338,015	(7,066)	-	330,949
Accrued Expenses	135,681	-	-	135,681
Liabilities Under Split-Interest Agreements	-	(188,984)	-	(188,984)
Net Cash Provided (Used) by Operating Activities	(5,710,305)	(1,165,813)	65,111	(6,811,007)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	1,256,813	1,045,192	(65,111)	2,236,894
Net Sales of Assets Limited as to Use	39,648,792	-	-	39,648,792
Purchase of Property and Equipment	(51,112,311)	-	-	(51,112,311)
Net Cash Provided (Used) by Investing Activities	(10,206,706)	1,045,192	(65,111)	(9,226,625)
CASH FLOWS FROM FINANCING ACTIVITIES				
Application Fees and Customer Deposits Received	42,500	-	-	42,500
Application Fees and Customer Deposits Refunded	(35,500)	-	-	(35,500)
Proceeds from Entrance Fees, Net of Refunds	5,774,445	-	-	5,774,445
Entrance Fees Received for Expansion	3,430,194	-	-	3,430,194
Principal Payments on Long-Term Debt	(1,115,000)	-	-	(1,115,000)
Cost of Issuance of Long-Term Debt	(93,464)	-	-	(93,464)
Principal Payments on Direct Finance Leases	(101,692)	-	-	(101,692)
Net Cash Provided by Financing Activities	7,901,483	-	-	7,901,483
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,015,528)	(120,621)	-	(8,136,149)
Cash and Cash Equivalents - Beginning of Year	26,467,191	151,446	-	26,618,637
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 18,451,663</u>	<u>\$ 30,825</u>	<u>\$ -</u>	<u>\$ 18,482,488</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH				
Cash and Cash Equivalents	\$ 3,401,895	\$ 30,825	\$ -	\$ 3,432,720
Cash Portion of Assets Limited as to Use	15,049,768	-	-	15,049,768
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 18,451,663</u>	<u>\$ 30,825</u>	<u>\$ -</u>	<u>\$ 18,482,488</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid for Interest	<u>\$ 5,523,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,523,092</u>

PEOPLE OF FAITH, INC. DBA: ROYAL OAKS AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED FEBRUARY 28, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Corporation	Foundation	Cactus Sky	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Total Change in Net Assets	\$ 9,101,289	\$ 5,479,381	\$ (22,546)	\$ 14,558,124
Adjustments to Reconcile Total Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	5,584,006	-	-	5,584,006
Capitalized Interest	(637,271)	-	-	(637,271)
Interest Expense - Amortization on Deferred Finance Costs	61,997	-	-	61,997
Amortization on Bond Discount/Premium, Net	(360,613)	-	-	(360,613)
Realized Gain on Investments	(1,923,978)	(739,499)	7,693	(2,655,784)
Unrealized (Gain) Loss on Investments	(10,587,019)	(5,339,333)	27,625	(15,898,727)
Amortization of Entrance Fees	(6,090,831)	-	-	(6,090,831)
Interest Accretion on Operating Lease Liability	16,448	-	-	16,448
Amortization of Operating Lease Liability	80,819	-	-	80,819
Payments on Operating Lease Liability	(100,491)	-	-	(100,491)
Liabilities Under Split-Interest Agreements	-	78,141	-	78,141
(Increase) Decrease in:				
Accounts Receivable	173,736	-	-	173,736
Prepaid Expenses and Other Assets	(374,194)	(1,029)	-	(375,223)
Intercompany	(75,249)	23,858	51,391	-
Increase (Decrease) in:				
Accounts Payable	78,982	12,723	-	91,705
Accrued Expenses	1,414,649	-	13	1,414,662
Liabilities Under Split-Interest Agreements	-	(78,141)	-	(78,141)
Net Cash Provided (Used) by Operating Activities	(3,637,720)	(563,899)	64,176	(4,137,443)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales (Purchases) of Investments, Net	1,719,388	571,476	(64,176)	2,226,688
Net Purchases of Assets Limited as to Use	(66,521,520)	-	-	(66,521,520)
Purchase of Property and Equipment	(12,310,110)	-	-	(12,310,110)
Net Cash Provided (Used) by Investing Activities	(77,112,242)	571,476	(64,176)	(76,604,942)
CASH FLOWS FROM FINANCING ACTIVITIES				
Application Fees and Customer Deposits Received	99,300	-	-	99,300
Application Fees and Customer Deposits Refunded	(135,400)	-	-	(135,400)
Proceeds from Entrance Fees, Net of Refunds	4,857,131	-	-	4,857,131
Entrance Fees Received for Expansion	1,838,984	-	-	1,838,984
Principal Payments on Long-Term Debt	(1,070,000)	-	-	(1,070,000)
Proceeds from the Issuance of Long-Term Debt	91,370,000	-	-	91,370,000
Cost of Issuance of Long-Term Debt	(2,462,238)	-	-	(2,462,238)
Proceeds from Premium on Issuance of Long-Term Debt	8,775,207	-	-	8,775,207
Principal Payments on Direct Finance Leases	(100,739)	-	-	(100,739)
Net Cash Provided by Financing Activities	103,172,245	-	-	103,172,245
NET INCREASE IN CASH AND CASH EQUIVALENTS	22,422,283	7,577	-	22,429,860
Cash and Cash Equivalents - Beginning of Year	4,044,908	143,869	-	4,188,777
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 26,467,191</u>	<u>\$ 151,446</u>	<u>\$ -</u>	<u>\$ 26,618,637</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH				
Cash and Cash Equivalents	\$ 4,264,272	\$ 151,446	\$ -	\$ 4,415,718
Cash Portion of Assets Limited as to Use	22,202,919	-	-	22,202,919
Total Cash, Cash Equivalents and Restricted Cash	<u>\$ 26,467,191</u>	<u>\$ 151,446</u>	<u>\$ -</u>	<u>\$ 26,618,637</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash Paid for Interest	<u>\$ 1,440,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,440,392</u>
Transfer of Land and Improvements from Cactus Sky to Corporation	<u>\$ 6,731,915</u>	<u>\$ -</u>	<u>\$ (6,731,915)</u>	<u>\$ -</u>

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:	ROYAL OAKS 403B PLAN		
Employer Identification Number:	86-0410807		
For plan year (beginning/ending):	03/01/2021 TO 02/28/2022	Plan number:	002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	AB	AB LARGE CAP GROWTH Z MUTUAL FUND SHARES	0	456,053
	AMERICAN FUNDS	AMERFDS EUROPAC GRTH R6 MUTUAL FUND SHARES	0	419,460
*	AMERICAN UNITED LIFE INS CO	AUL STABLE VALUE ACCOUNT	0	1,138,178
	BARON	BARON EMERGING MARKETS R6 MUTUAL FUND SHARES	0	204
	FRANKLIN/TEMPLETON	FRANKLIN SMALL CAP VALUE R6 MUTUAL FUND SHARES	0	509,069
	INVESCO	INVESCO GLOBAL R6 MUTUAL FUND SHARES	0	297,419
	BLACKROCK	ISHARES MSCI TOTAL INTL IDX K MUTUAL FUND SHARES	0	1,840
	JPMORGAN	JPMORGAN CORE PLUS BOND R6 MUTUAL FUND SHARES	0	850,392
	JPMORGAN	JPMORGAN EQUITY INCOME R6 MUTUAL FUND SHARES	0	82,348
	PIMCO	PIMCO REAL RETURN INSTL MUTUAL FUND SHARES	0	212,334
	T. ROWE PRICE	TROWEPRICE RET I 2005 I MUTUAL FUND SHARES	0	74,803
	T. ROWE PRICE	TROWEPRICE RET I 2010 I MUTUAL FUND SHARES	0	175,593
	T. ROWE PRICE	TROWEPRICE RET I 2020 I MUTUAL FUND SHARES	0	580,445
	T. ROWE PRICE	TROWEPRICE RET I 2025 I MUTUAL FUND SHARES	0	66,143
	T. ROWE PRICE	TROWEPRICE RET I 2030 I MUTUAL FUND SHARES	0	1,021,935
	T. ROWE PRICE	TROWEPRICE RET I 2035 I MUTUAL FUND SHARES	0	185,789
	T. ROWE PRICE	TROWEPRICE RET I 2040 I MUTUAL FUND SHARES	0	697,325
	T. ROWE PRICE	TROWEPRICE RET I 2045 I MUTUAL FUND SHARES	0	1,437
	T. ROWE PRICE	TROWEPRICE RET I 2050 I MUTUAL FUND SHARES	0	393,518
	T. ROWE PRICE	TROWEPRICE RET I 2055 I MUTUAL FUND SHARES	0	49,666
	T. ROWE PRICE	TROWEPRICE RET I 2060 I MUTUAL FUND SHARES	0	110,046
	VANGUARD	VANGUARD 500 INDEX ADM MUTUAL FUND SHARES	0	2,294,786
	VANGUARD	VANGUARD MID CAP INDEX ADM MUTUAL FUND SHARES	0	334,191
	VANGUARD	VANGUARD SMALL CAP INDEX ADM MUTUAL FUND SHARES	0	372,618
	VICTORY	VICTORY RS SMCAP GR R6 MUTUAL FUND SHARES	0	226,575