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Return of Organization Exempt From Income Tax

2012

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2012 calendar year, or tax year beginning **2012**, and ending **2012**

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization **Christian Care Inc.**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
1530 McLaughlin Avenue
 City, town or post office, state, and ZIP code
Muskegon, MI 49442

D Employer identification number
38-1367326

E Telephone number
231-777-3494

G Gross receipts \$ **5,342,796**

F Name and address of principal officer: **Janice Clark**
1530 McLaughlin Avenue, Muskegon MI 49444

H(a) Is this a group return for affiliates? Yes No
H(b) Are all affiliates included? Yes No
 If "No," attach a list. (see instructions)

J Tax-exempt status: 501(c)(3) 501(c) () ◀ (insert no.) 4947(a)(1) or 527

J Website: **www.christiancareinc.com**

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: **1918** **M** State of legal domicile: **MI**

H(c) Group exemption number ▶

Part I Summary

1 Briefly describe the organization's mission or most significant activities: <u>Providing residential and support services to the elderly in a Christian environment.</u>			
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
3 Number of voting members of the governing body (Part VI, line 1a)	3	14	
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	14	
5 Total number of individuals employed in calendar year 2012 (Part V, line 2a)	5	152	
6 Total number of volunteers (estimate if necessary)	6	20	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	
b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)		197,304	78,970
9 Program service revenue (Part VIII, line 2g)		5,211,221	5,263,030
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		2,469	796
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)			
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		5,410,994	5,342,796
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)			
14 Benefits paid to or for members (Part IX, column (A), line 4)			
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)		3,708,071	3,786,579
16a Professional fundraising fees (Part IX, column (A), line 11e)			
b Total fundraising expenses (Part IX, column (D), line 25)			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)		1,368,315	1,637,281
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)		5,076,386	5,423,860
19 Revenue less expenses. Subtract line 18 from line 12		334,608	(81,064)
		Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)		4,310,688	10,956,754
21 Total liabilities (Part X, line 26)		1,022,909	7,740,962
22 Net assets or fund balances. Subtract line 21 from line 20		3,287,779	3,215,792

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer: *Jan Thompson*
 Date: **5/29/13**
 Type or print name and title: **Jan Thompson Administrator**

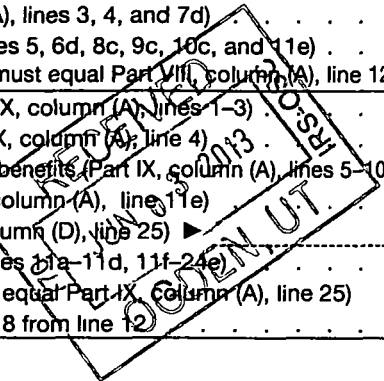
Paid Preparer Use Only

Print/Type preparer's name: _____ Preparer's signature: _____ Date: _____
 Check if self-employed PTIN: _____
 Firm's name: _____ Firm's EIN: _____
 Firm's address: _____ Phone no.: _____

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

JUN 26 2013

SCANNED



2/19/13

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

1 Briefly describe the organization's mission:

Provide for the physical, emotional and spiritual needs of the elderly in a loving, caring, dignified and Christian environment for individuals with financial hardships.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 2,152,211 including grants of \$) (Revenue \$ 2,342,371)

Assisted Living facility is a 105 bed home for the aged. During 2012 we served a total of 31,643 resident days, of which 35% were for income limited residents. We keep 33% of our beds available for residents who cannot afford to pay private pay rates. In future years we are expecting the number of income limited residents to increase substantially.

4b (Code:) (Expenses \$ 3,202,623 including grants of \$) (Revenue \$ 2,911,459)

Nursing facility is a 49 bed Skilled Nursing Facility. During 2012, 78% of our residents were income limited. We are in the process of building a new \$8.4 million dollar facility that should be completed in May of 2013.

4c (Code:) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **5,354,834**

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V	<input type="checkbox"/>	<input checked="" type="checkbox"/>
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X	<input type="checkbox"/>	<input checked="" type="checkbox"/>
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional	<input type="checkbox"/>	<input checked="" type="checkbox"/>
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14 a Did the organization maintain an office, employees, or agents outside of the United States?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If "Yes," complete Schedule F, Parts II and IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If "Yes," complete Schedule F, Parts III and IV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	<input type="checkbox"/>	<input checked="" type="checkbox"/>
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	<input type="checkbox"/>	<input checked="" type="checkbox"/>
20 a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<input type="checkbox"/>	<input type="checkbox"/>

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		✓
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>		✓
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>		✓
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i>		✓
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	✓
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	✓
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26	✓
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	✓
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	✓
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	✓
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	✓
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	✓
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	✓
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	✓
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	✓
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	✓
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	✓
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	✓
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	✓
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	✓
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	✓

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a through 14b regarding IRS filings and tax compliance.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		<input checked="" type="checkbox"/>
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		<input checked="" type="checkbox"/>
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<input checked="" type="checkbox"/>
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		<input checked="" type="checkbox"/>
6	Did the organization have members or stockholders?		<input checked="" type="checkbox"/>
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		<input checked="" type="checkbox"/>
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		<input checked="" type="checkbox"/>
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	<input checked="" type="checkbox"/>	
b	Each committee with authority to act on behalf of the governing body?		<input checked="" type="checkbox"/>
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		<input checked="" type="checkbox"/>

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		<input checked="" type="checkbox"/>
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?		<input checked="" type="checkbox"/>
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13		<input checked="" type="checkbox"/>
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done		
13	Did the organization have a written whistleblower policy?		<input checked="" type="checkbox"/>
14	Did the organization have a written document retention and destruction policy?		<input checked="" type="checkbox"/>
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
a	The organization's CEO, Executive Director, or top management official		<input checked="" type="checkbox"/>
b	Other officers or key employees of the organization		<input checked="" type="checkbox"/>
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		<input checked="" type="checkbox"/>
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed ►
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► **Jeff Younts 1530 McLaughlin, Muskegon MI 49442 (231) 777-3794**

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Janice Clarck ----- Administrator	40			✓				82,802	15,414	
(2) Sue Wilson ----- Administrator	40			✓				51,849	300	
(3) Becky Jopie ----- Director of Nursing	40			✓				63,369	0	
(4) Pam Mohrhardt ----- Director of Nursing	40			✓				48,765	300	
(5) Jess Noel ----- Assistant Director of Nursing	40			✓				77,849	20,317	
(6) Frank DeLong ----- Board President	1	✓								
(7) John Baker ----- Board Vice President	1	✓								
(8) Donald Stidham ----- Board Secretary	1	✓								
(9) Terry Fulk ----- Board Assistant Secretary	1	✓								
(10) Dave Siestema ----- Board Treasurer	1	✓								
(11) Bill Hyma ----- Board Assistant Treasurer	1	✓								
(12) Carol Schaalma ----- Board Member	1	✓								
(13) Richard LaFayette ----- Board Member	1	✓								
(14) Larry Welty ----- Board Member	1	✓								

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) Neal Barber Board Member	1	<input checked="" type="checkbox"/>								
(16) Jim Wagenmaker Board Member	1	<input checked="" type="checkbox"/>								
(17) Kathy Wagenmaker Board Member	1	<input checked="" type="checkbox"/>								
(18) Dick Briegel Board Member	1	<input checked="" type="checkbox"/>								
(19) Gloria Zylstra Board Member	1	<input checked="" type="checkbox"/>								
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b Sub-total							324,634	0	36,331	
c Total from continuation sheets to Part VII, Section A							0	0	0	
d Total (add lines 1b and 1c)							324,634	0	36,331	

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶

3 Did the organization list any **former** officer, director, or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*

	Yes	No
3	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5	<input type="checkbox"/>	<input checked="" type="checkbox"/>

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? *If "Yes," complete Schedule J for such individual*

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶

Part VIII Statement of Revenue

Check if Schedule O contains a response to any question in this Part VIII.

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	78,970				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f		78,970				
Program Service Revenue		Business Code					
	2a Resident Care	623000	2,374,417	2,374,417			
	b Medicaid	623000	2,295,191	2,295,191			
	c Resident Entry Fee	623000	11,250	11,250			
	d Medicare	623000	73,387	73,387			
	e Hospice Medicaid	623000	508,785	508,785			
	f All other program service revenue .						
g Total. Add lines 2a-2f		5,263,030					
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		796			796	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6a Gross rents	(i) Real					
		(ii) Personal					
	b Less: rental expenses						
	c Rental income or (loss)						
	d Net rental income or (loss)						
	7a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other					
	b Less: cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss)						
	8a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses	b				
		c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses		b					
c Net income or (loss) from gaming activities							
10a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold	b					
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11a							
b							
c							
d All other revenue							
e Total. Add lines 11a-11d							
12 Total revenue. See instructions.			5,342,796	5,263,030		796	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	846,213	516,972	329,241	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,354,293	2,204,333	149,960	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	5,300		5,300	
9 Other employee benefits	332,505	147,995	184,510	
10 Payroll taxes	248,268	211,028	37,240	
11 Fees for services (non-employees):				
a Management				
b Legal	12,403		12,403	
c Accounting	23,300		23,300	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	20,902	20,902		
12 Advertising and promotion	4,947		4,947	
13 Office expenses	218,550	136,176	82,374	
14 Information technology	19,289	9,645	9,644	
15 Royalties				
16 Occupancy	752,664	670,479	82,185	
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	11,320	11,320		
20 Interest	2,567		2,567	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	160,117		160,117	
23 Insurance	109,204	52,286	56,918	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a Pre Hire Screening	9,386	9,386		
b Bad Debt Expense	25,000	25,000		
c SWAP Contract	148,998		148,998	
d Loss on Disposal of Building	118,634		118,634	
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	5,423,860	4,015,522	1,408,338	
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response to any question in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash—non-interest-bearing	505,420	1	696,093
	2 Savings and temporary cash investments	492,035	2	500,009
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	398,263	4	417,781
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges		9	27,958
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 12,891,067		
	b Less: accumulated depreciation	10b 3,576,154	2,914,970	10c 9,314,913
	11 Investments—publicly traded securities		11	
	12 Investments—other securities. See Part IV, line 11		12	
	13 Investments—program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)		4,310,688	16	10,956,754
Liabilities	17 Accounts payable and accrued expenses	450,483	17	164,734
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	440,611	23	7,228,289
	24 Unsecured notes and loans payable to unrelated third parties	131,815	24	347,939
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25		1,022,909	26
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	3,287,779	27	3,215,792
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances		3,287,779	33	3,215,792
34 Total liabilities and net assets/fund balances		4,310,688	34	10,956,754

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	5,342,796
2	Total expenses (must equal Part IX, column (A), line 25)	2	5,423,860
3	Revenue less expenses. Subtract line 2 from line 1	3	(81,064)
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	3,287,779
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	9,077
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,215,792

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

- 1** Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . .
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a	✓	
2b	✓	
2c		✓
3a		✓
3b		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Name of the organization Christian Care Inc	Employer identification number 38-1367326
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state:
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III—Functionally integrated d Type III—Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

	Yes	No
11g(i)		
 - (ii) A family member of a person described in (i) above?

	Yes	No
11g(ii)		
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(iii)		
- h Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
 (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test—2012. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 33 1/3% support test—2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
17a 10%-facts-and-circumstances test—2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions	<input type="checkbox"/>	

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")	8,253	21,925	38,922	197,304	90,220	356,624
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	5,022,807	4,973,197	4,846,727	5,211,221	5,251,780	25,305,732
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	5,031,060	4,995,122	4,885,649	5,408,525	5,342,000	25,662,356
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						25,662,356

Section B. Total Support

Calendar year (or fiscal year beginning in) ►	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6	5,031,060	4,995,122	4,885,649	5,408,525	5,342,000	25,662,356
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	6,196	4,053	3,225	2,469	796	16,739
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	6,196	4,053	3,225	2,469	796	16,739
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)	5,037,256	4,999,175	4,888,874	5,410,994	5,342,796	25,679,095
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ► <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	99.93 %
16 Public support percentage from 2011 Schedule A, Part III, line 15	16	99.88 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	.07 %
18 Investment income percentage from 2011 Schedule A, Part III, line 17	18	.12 %
19a 33 1/3% support tests—2012. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► <input checked="" type="checkbox"/>		
b 33 1/3% support tests—2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ► <input type="checkbox"/>		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ► <input type="checkbox"/>		

**SCHEDULE D
(Form 990)**

Supplemental Financial Statements

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**
▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization

Employer identification number

Christian Care Inc

38-1367326

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? <input type="checkbox"/> Yes <input type="checkbox"/> No		

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).
 Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area
 Protection of natural habitat Preservation of a certified historic structure
 Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements	2a
b Total acreage restricted by conservation easements	2b
c Number of conservation easements on a certified historic structure included in (a)	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶

4 Number of states where property subject to conservation easement is located ▶

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 ▶ \$

(ii) Assets included in Form 990, Part X ▶ \$

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 ▶ \$

b Assets included in Form 990, Part X ▶ \$

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a Public exhibition
 - b Scholarly research
 - c Preservation for future generations
 - d Loan or exchange programs
 - e Other
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No
- b If "Yes," explain the arrangement in Part XIII and complete the following table:
- | | Amount |
|---|--------|
| c Beginning balance | 1c |
| d Additions during the year | 1d |
| e Distributions during the year | 1e |
| f Ending balance | 1f |
- 2a Did the organization include an amount on Form 990, Part X, line 21? Yes No
- b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment ▶ %
 - b Permanent endowment ▶ %
 - c Temporarily restricted endowment ▶ %
- The percentages in lines 2a, 2b, and 2c should equal 100%.
- 3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- | | Yes | No |
|---|--------|----|
| (i) unrelated organizations | 3a(i) | |
| (ii) related organizations | 3a(ii) | |
| b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? | 3b | |
- 4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		237,944		237,944
b Buildings		4,153,957	2,873,914	1,280,043
c Leasehold improvements		303,857	129,291	174,566
d Equipment		599,525	555,564	43,961
e Other		7,595,784	17,385	7,578,399
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				9,314,913

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶		

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements		1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d		2e
3	Subtract line 2e from line 1		3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b		4c
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)		5

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements		1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII.)	2d	
e	Add lines 2a through 2d		2e
3	Subtract line 2e from line 1		3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII.)	4b	
c	Add lines 4a and 4b		4c
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)		5

Part XIII Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

Name of the organization

Christian Care Inc

Employer identification number

38-1367326

Form 990 Part VI, Line 8b: Prior to monthly Board Meeting, there is a Finance Committee attended by both administrators, CFO, Board

President, Board Vice President, Board Treasurer and review the prior months financial statements. Finance Committee does not have

voting power.

Form 990 Part VI, Line 11b: 990 is prepared by CFO, and reviewed by administrators, signed and processed. Copies are provided to

Finance Committee members.

Form 990 Part VI, Line 19: Organization makes it governing documents and financial statements available upon request. Upon request CFO

is notified and copies are provided.

Form 990 Part XI, Line 9: During 2012 it was found a \$9,077 adjusting journal entry from 2011 relating to FF&E had not been made. Journal

entry was made in 2012 to compensate.

Christian Care, Inc.

**Financial Report
December 31, 2012**

Christian Care, Inc.

Contents

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Independent Auditor's Report

To the Board of Directors
Christian Care, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Christian Care, Inc. (the "Organization"), which comprise the balance sheet as of December 31, 2012 and 2011 and the related statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Care, Inc. as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

March 15, 2013



Christian Care, Inc.

Balance Sheet

	December 31, 2012	December 31, 2011
Assets		
Current Assets		
Cash	\$ 233,335	\$ 269,932
Residents accounts receivable - Net (Note 3)	330,921	271,704
Pledges receivable - Net (Note 4)	30,000	30,000
Prepaid expenses	27,958	-
Total current assets	622,214	571,636
Assets Limited as to Use (Note 2)	962,773	737,998
Property and Equipment - Net (Note 5)	9,216,400	2,924,046
Pledges Receivable - Net (Note 4)	56,860	94,940
Other Assets	98,518	-
Total assets	<u>\$ 10,956,765</u>	<u>\$ 4,328,620</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 460,787	\$ 106,638
Retainage payable	573,342	-
Estimated third-party payor settlements (Note 8)	84,946	136,385
Accrued compensated absences	194,720	198,174
Accrued liabilities and other	86,599	66,314
Funds held for residents	11,394	8,855
Total current liabilities	1,411,788	516,366
Bond Payable (Note 6)	5,886,703	313,099
Estimated Third-party Payor Settlements (Note 8)	35,324	49,719
Other Long-term Liabilities	126,525	20,846
Fair Value of Interest Rate Swap Agreement (Note 7)	280,812	131,815
Net Assets		
Unrestricted	3,135,673	3,171,835
Temporarily restricted	79,940	124,940
Total net assets	3,215,613	3,296,775
Total liabilities and net assets	<u>\$ 10,956,765</u>	<u>\$ 4,328,620</u>

Christian Care, Inc.

Statement of Activities

	Year Ended	
	December 31, 2012	December 31, 2011
Operating Revenue		
Net service revenue	\$ 5,163,629	\$ 5,103,660
Quality assurance supplement	435,741	447,955
Other operating revenue	11,250	15,050
Total operating revenue	5,610,620	5,566,665
Operating Expenses		
Salaries and wages	3,218,545	3,117,092
Employee benefits and payroll taxes	662,509	655,235
Operating supplies and expenses	514,746	507,716
Professional services and consultant fees	94,757	83,183
Repairs and maintenance	93,264	87,148
Utilities	189,983	196,533
Depreciation and amortization	160,117	138,843
Interest	2,567	1,021
Insurance	50,671	71,404
Provision for bad debts	25,000	7,364
Property impairment	118,634	-
Quality assurance provider tax	347,590	355,445
Other	144,168	79,126
Total operating expenses	5,622,551	5,300,110
Operating (Loss) Income	(11,931)	266,555
Other Income (Loss)		
Interest income (Note 2)	796	2,469
Contributions	78,970	72,364
Change in fair value of interest rate swap agreement (Note 7)	(148,997)	(131,815)
Total other loss	(69,231)	(56,982)
(Decrease) Increase in Unrestricted Net Assets	\$ (81,162)	\$ 209,573

Christian Care, Inc.

Statement of Changes in Net Assets

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net Assets - January 1, 2011	\$ 2,962,262	\$ -	\$ 2,962,262
Increase in unrestricted net assets	209,573	-	209,573
Restricted contributions	<u>-</u>	<u>124,940</u>	<u>124,940</u>
Net Assets - December 31, 2011	3,171,835	124,940	3,296,775
Decrease in unrestricted net assets	(81,162)	-	(81,162)
Net assets released from restriction - Unrestricted	<u>45,000</u>	<u>(45,000)</u>	<u>-</u>
Decrease in net assets	<u>(36,162)</u>	<u>(45,000)</u>	<u>(81,162)</u>
Net Assets - December 31, 2012	<u>\$ 3,135,673</u>	<u>\$ 79,940</u>	<u>\$ 3,215,613</u>

Christian Care, Inc.

Statement of Cash Flows

	Year Ended	
	December 31, 2012	December 31, 2011
Cash Flows from Operating Activities		
(Decrease) increase in unrestricted net assets	\$ (81,162)	\$ 209,573
Adjustments to reconcile (decrease) increase in unrestricted net assets to net cash from operating activities:		
Depreciation	142,732	138,843
Provision for bad debts	25,000	7,364
Amortization of bond issuance cost	17,385	-
Change in fair value of interest rate swap agreement	148,997	131,815
Impairment loss	118,634	-
Changes in assets and liabilities which (used) provided cash:		
Resident accounts receivable	(84,217)	(44,168)
Other current assets	10,122	-
Accounts payable	(6,758)	47,327
Funds held for residents	2,539	1,724
Estimated third-party payor settlements	(65,834)	(31,782)
Accrued liabilities and other	16,831	(17,923)
Net cash provided by operating activities	244,269	442,773
Cash Flows from Investing Activities		
Purchase of property and equipment	(56,091)	(190,492)
Net change in assets limited as to use	(224,775)	(216,084)
Net cash used in investing activities	(280,866)	(406,576)
Cash Flows from Financing Activities - Payments on line of credit		
	-	(160,000)
Net Decrease in Cash	(36,597)	(123,803)
Cash - Beginning of year	269,932	393,735
Cash - End of year	<u>\$ 233,335</u>	<u>\$ 269,932</u>
Significant Noncash Transactions		
Capital assets obtained with debt	\$ 5,945,133	\$ 333,945
Other assets obtained with debt	115,903	-
Increase in retainage payable	552,496	20,846

Cash paid for interest was \$64,981 and \$3,065 for the years ended December 31, 2012 and 2011, respectively.

Note 1 - Nature of Business and Significant Accounting Policies

Christian Care, Inc. (the "Organization") is a not-for-profit corporation, incorporated under the laws of the State of Michigan on December 27, 1921 to operate a retirement community for the elderly. The Organization provides housing, health care, and other related services to residents from Muskegon, Michigan through operation of a retirement facility with a capacity of 49 healthcare beds and 105 residential beds.

Accrual Basis - The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurements and matching criteria are met.

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

Cash - The Organization maintains demand deposits in a bank, which may, at times, exceed amounts insured by the Federal Deposit Insurance Corporation; however, management believes credit risk related to these investments is minimal.

Resident Funds - The Organization maintains various bank accounts for deposits and disbursements for the residents' personal expenses. These funds are included with cash and cash equivalents.

Accounts Receivable - Accounts receivable for residents, insurance companies, and governmental agencies are based on net charges. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible.

Pledges Receivable - Pledges of cash and other assets, including unconditional promises to give in the future, are reported as revenue when granted or received, measured at fair value. Contributions with donor-imposed time or purpose restrictions are reported as restricted support. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

Assets Limited as to Use - Assets limited as to use primarily include funds reserved for debt service and designated assets set aside by the board of directors for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment purchases are recorded at cost. Donated property and equipment are recorded at the estimated fair market value at the time of donation. Depreciation is computed principally on the straight-line basis over the estimated useful lives of the assets. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The costs of maintenance and repairs are charged to expense when incurred.

Interest Rate Swap - The Organization entered into an interest rate swap agreement to reduce economic risks associated with variability in cash outflows for interest required under provisions of variable rate debt. Interest rate swaps are recognized as assets or liabilities at fair value. Realized gains and losses on interest rate swaps are classified as a component of income from operations and are presented as part of interest expense in the statement of activities. Unrealized changes in the fair value of the interest rate swap are included in nonoperating income or loss and presented as part of the performance indicator in the statement of activities.

Fair Value of Financial Instruments - The fair value of financial instruments, including cash, accounts receivable, accounts payable, and debt, approximates carrying values. Assets limited as to use are recorded at fair value under generally accepted accounting principles. The fair value of debt approximates carrying value because of the variable rate nature of the instrument. The interest rate swap is recorded at fair value on the Organization's balance sheet.

Service Revenue - The Organization's principal activity is operating a long-term healthcare facility for the elderly. Revenue is derived from participation in the Medicaid and Medicare programs, as well as from private-pay residents. Revenue is recorded at standard billing rates and differences between billing rates and amounts paid under these programs are recorded as contractual adjustments. Amounts earned under the Medicaid program represented approximately 47 percent and 51 percent of revenue earned for the years ended December 31, 2012 and 2011, respectively.

The payment methodology and amounts earned related to the program are based on costs that are subject to review and final approval by Medicaid. Any adjustment that is a result of this final review and approval will be recorded in the period in which the adjustment is made. In the opinion of management, adequate provision has been made for any adjustments that may result from such third-party review.

Medicaid reimburses the Organization for resident routine service costs, on a per diem basis, prospectively determined.

Note I - Nature of Business and Significant Accounting Policies (Continued)

Laws and regulations governing the Medicaid program is complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicaid program.

Quality Assurance Assessment Program - The Organization's Medicaid revenue has been partially funded by a program called quality assurance assessment program (QAAP).

The Organization received Medicaid revenue related to the QAAP of approximately \$436,000 and \$448,000 based on the number of Medicaid resident days of service provided during the years ended December 31, 2012 and 2011, respectively. The State pays facilities based on an estimated number of days of service provided monthly, with settlements provided annually based on actual Medicaid resident days of service. The Organization had estimated settlements payable of approximately \$37,000 and \$118,000 as of December 31, 2012 and 2011, respectively.

The Organization was assessed a "provider tax" based on the historical number of non-Medicare resident days of service provided of approximately \$348,000 and \$355,000 during the years ended December 31, 2012 and 2011, respectively. The State bills for the tax on a monthly basis throughout the year without settlement to the actual number of non-Medicare resident days.

Operating Revenue and Expenses - The Organization's statement of activities distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with all expenses incurred to provide healthcare services, other than financing costs. Nonexchange revenue, including interest and contributions received for purposes other than capital asset acquisition, is reported as nonoperating revenue. Operating expenses are all expenses incurred to provide healthcare services.

Performance Indicator - The performance indicator for these financial statements is the change in unrestricted net assets as reflected in the statement of activities. Changes in unrestricted net assets which are excluded from the performance indicator are consistent with industry practice include, when applicable, net assets released from restriction.

Income Taxes - The Organization is a not-for-profit as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Christian Care, Inc.

Notes to Financial Statements December 31, 2012 and 2011

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to December 31, 2009.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including March 15, 2013, which is the date the financial statements were available to be issued.

Reclassification - Certain prior year amounts have been reclassified to conform to the current year presentation, including the reclassification of \$20,846 previously reported as retainage payable to other long-term liabilities.

Note 2 - Assets Limited as to Use

Assets limited as to use consist of the following:

	2012	2011
Board-designated for capital improvements:		
Cash and cash equivalents	\$ 462,773	\$ 179,202
Certificate of deposit	-	58,796
Total board-designated for capital improvements	462,773	237,998
Funds reserved for debt service - Cash and cash equivalents	500,000	500,000
Total assets limited as to use	\$ 962,773	\$ 737,998

Investment income amounted to \$796 and \$2,469 for the years ended December 31, 2012 and 2011, respectively.

Christian Care, Inc.

Notes to Financial Statements December 31, 2012 and 2011

Note 3 - Resident Accounts Receivable

The details of resident accounts receivable are set forth below:

	<u>2012</u>	<u>2011</u>
Resident accounts receivable	\$ 374,853	\$ 301,518
Less allowance for uncollectible accounts	<u>(43,932)</u>	<u>(29,814)</u>
Net resident accounts receivable	<u>\$ 330,921</u>	<u>\$ 271,704</u>

The Organization provides services without collateral to its residents, most of whom are local residents and insured under third-party payor agreements. The mix of receivables from residents and third-party payors is as follows:

	<u>2012</u>	<u>2011</u>
Medicaid	49 %	55 %
Medicare	13	-
Hospice	8	24
Private and other payors	<u>30</u>	<u>21</u>
Total	<u>100 %</u>	<u>100 %</u>

Note 4 - Pledges Receivable

The Organization executed a capital campaign for the new construction described in Note 5 below. A 4.55 percent discount rate has been applied to discount the gross receivable to present value. The details of pledges receivable at December 31, 2012 and 2011 are set forth below:

	<u>2012</u>	<u>2011</u>
Donations due within one year	\$ 30,000	\$ 30,000
Donations due after one year	<u>60,000</u>	<u>105,000</u>
Gross donations receivable	90,000	135,000
Less discount for present value	<u>3,140</u>	<u>10,060</u>
Net	<u>\$ 86,860</u>	<u>\$ 124,940</u>

Christian Care, Inc.

Notes to Financial Statements December 31, 2012 and 2011

Note 5 - Property and Equipment

Property and equipment and depreciable lives are summarized as follows:

	2012	2011	Depreciable Life - Years
Land	\$ 212,944	\$ 237,944	-
Buildings	4,153,954	4,356,180	15-40
Building improvements	214,146	101,634	10-40
Major and minor moveable equipment	49,000	49,000	5
Furniture and fixtures	546,610	554,496	3-15
Construction in progress	7,479,881	928,570	-
Total cost	12,656,535	6,227,824	
Accumulated depreciation	3,440,135	3,303,778	
Net carrying amount	\$ 9,216,400	\$ 2,924,046	

Depreciation expense on property and equipment totaled \$142,732 and \$138,843 in 2012 and 2011, respectively.

Construction in progress consists primarily of costs incurred related to the construction of a new facility. Total costs of the new facility are expected to be approximately \$9,100,000. At December 31, 2012 and 2011, there are remaining commitments on these contracts of approximately \$2,500,000 and \$6,900,000, respectively. Future commitments are expected to be funded from bond proceeds, as described in Note 6. The new facility is expected to be completed in March 2013.

Construction in progress includes capitalized interest of \$67,025 and \$2,044 as of December 31, 2012 and 2011, respectively.

Note 6 - Bond Payable

The Organization entered into a construction loan agreement with a local bank, secured by certain land, building, and investments. On March 9, 2012, the Organization issued a Series 2012 draw down revenue bond with proceeds not to exceed \$8,435,000 and a maturity date of March 9, 2017. The Organization has borrowed \$5,886,703 as of December 31, 2012 and \$313,099 as of December 31, 2011. The outstanding balance of the debt drawn accrues interest at the one-month LIBOR plus 345 basis points, an effective rate of 3.66 percent and 3.73 percent as of December 31, 2012 and 2011, respectively.

Christian Care, Inc.

Notes to Financial Statements December 31, 2012 and 2011

Note 6 - Bond Payable (Continued)

Under the terms of the bond agreement, the Organization is required to maintain certain deposits with a trustee. As part of the bond issuance, proceeds of \$500,000 were deposited in an escrow account to fund future capital expenditures. These deposits are included with assets limited as to use. The revenue note indenture also places limits on the incurrence of additional borrowings and requires the Organization satisfy certain measures of financial performance as long as the loan is outstanding.

The Organization follows the policy of capitalizing interest as a component of the cost of assets constructed for its facility.

Minimum principal payments on long-term debt to maturity as of December 31, 2012 are as follows:

2013	\$	-
2014		105,639
2015		163,268
2016		169,227
2017		175,403
Thereafter		<u>5,273,166</u>
Total	\$	<u>5,886,703</u>

Note 7 - Derivative Financial Instruments

The Organization is exposed to certain risks in the normal course of its business operations. The Organization manages risks related to the variability of future cash flows through the use of derivatives. In 2011, the Organization entered into an interest rate swap agreement. The interest rate swap agreement is used by the Organization to manage the risk associated with interest rates on variable rate borrowings. The interest rate swap agreement used by the Organization does not qualify for hedge accounting. The interest rate swap agreement is reported in the balance sheet at fair value and all gains and losses recognized on the interest rate swap agreement are included in the performance indicator.

The Organization held the interest rate swap agreement on which the Organization receives fixed rates of 3.59 percent and pays a variable rate of the sum of 10 basis points plus 65 percent of the one-month LIBOR plus 345 basis points, resulting in an effective rate of 3.69 percent and 3.73 percent as of December 31, 2012 and 2011, respectively.

Note 7 - Derivative Financial Instruments (Continued)

As of December 31, 2012 and 2011, the interest rate swaps had a total notional amount of \$8,435,000, expiring at various dates through November 2016. Losses recognized on the interest rate swaps of \$148,997 and \$131,815 have been recognized in other income (loss) for the years ended December 31, 2012 and 2011, respectively. The Organization has recorded the fair value of the interest rate swap agreement, which resulted in a liability of \$280,812 and \$131,815 at December 31, 2012 and 2011, respectively.

Note 8 - Estimated Third-party Payor Settlements

The Organization has agreements with third-party payors which provide payments to the Organization at amounts different from its established rate, which could cause future settlements.

Cost report settlements payable result from the adjustment of interim payments to final reimbursement under third-party payors which and are subject to audit by each responsible intermediary. These audits may result in changes to these estimated cost report settlement balances and will be adjusted in future periods as final settlements are determined.

Note 9 - Functional Expenses

The Organization provides general healthcare services to residents within its geographic location including residential care and assisted living. Expenses related to providing these services for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Program services	\$ 4,588,035	\$ 4,275,470
General and administrative	1,034,516	1,024,640
Total	<u>\$ 5,622,551</u>	<u>\$ 5,300,110</u>