

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC.**

CONTINUING CARE CONTRACT
PROGRAM ANNUAL REPORT
DECEMBER 31, 2021

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

December 31, 2021

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SECTION 1

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	207
[2]	Number at end of fiscal year	210
[3]	Total Lines 1 and 2	417
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	208.5
All Residents		
[6]	Number at beginning of fiscal year	207
[7]	Number at end of fiscal year	210
[8]	Total Lines 6 and 7	417
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	208.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$21,293,484
[a]	Depreciation	2,847,395
[b]	Debt Service (Interest Only)	\$155,342
[2]	Subtotal (add Line 1a and 1b)	\$3,002,737
[3]	Subtract Line 2 from Line 1 and enter result.	\$18,290,747
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$18,290,747 x .001
[6]	Total Amount Due (multiply Line 5 by .001)	\$18,291

PROVIDER: Northern California Congregational Retirement Homes, Inc.
COMMUNITY: Carmel Valley Manor

SECTION 2

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

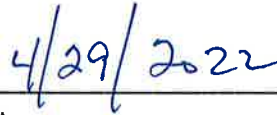
Certification by Chief Executive Officer

December 31, 2021

To the best of my knowledge, the accompanying Report on Examination of Continuing Care Reserve Report as of December 31, 2021 and Financial Report for the year ended December 31, 2021 are correct. The life care contract form in use for new residents has been approved by the Department of Social Services. The required liquid reserve has been approved by the department of Social Services. The required liquid reserve is properly maintained as of December 31, 2021. A refund reserve is not required.

A handwritten signature in blue ink, appearing to read "Jay Zimmer", is written over a horizontal line.

Mr. Jay Zimmer
President and CEO

A handwritten date "4/29/2022" in blue ink is written over a horizontal line.

Date

SECTION 3

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

Insurance Coverage

December 31, 2021

Type	Crime
Coverage	\$1,000,000 for Employee Dishonesty \$1,000,000 for Forgery \$1,000,000 for Other Fraud
Company	Federal Insurance Company/Chubb

Type	Management Liability
Coverage	\$5,000,000
Company	ARCH Specialty Insurance Company

Policy Number
ALCGL0006702

COMMON POLICY DECLARATIONS

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21

12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

Item 1. Named Insured and Mailing Address

NORTHERN CALIFORNIA CONGREGATIONAL
(SEE NAMED INSURED ENDORSEMENT)
8545 CARMEL VALLEY ROAD
CARMEL CA 92923

Agent Name and Address

AON AFFINITY LEADING AGE
1100 VIRGINIA DRIVE
SUITE 250
FORT WASHINGTON PA 19034

Agent No. AL002

Item 2. Policy Period

From: 05-01-2021

To: 05-01-2022

at 12:01 A.M., Standard Time at your mailing address shown above.

Item 3. Business Description:

Form of Business: SENIOR LIVING

Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)	Premium
Commercial Property Coverage Part	NOT COVERED
Commercial General Liability Coverage Part	\$ 81,020.00
Commercial Crime Coverage Part	NOT COVERED
Commercial Inland Marine Coverage Part	NOT COVERED
Commercial Auto (Business or Truckers) Coverage Part	NOT COVERED
Commercial Garage Coverage Part	NOT COVERED

Surplus Lines Tax: \$2,430.60

Stamping Fee: \$202.55

SL Broker Charge: \$300

Total Policy Premium

\$ 81,020.00

Item 5. Forms and Endorsements

Forms(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Countersigned:

Date: 06-15-21

By: _____

Authorized Representative

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.
FAIC-SKLBUS-CPD (6/01)

Policy Number
ALCGL0006702

DISCLOSURE NOTICE
TERRORISM RISK INSURANCE ACT OF 2002
REJECTION OF OUR OFFER OF COVERAGE

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

You have rejected our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002. Therefore, this policy does not provide such coverage. This policy contains one or more exclusions that apply to certified acts of terrorism.

If you were not made aware of our offer of coverage for certified acts of terrorism, or believe that this notice was included in this policy in error, please notify your agent or broker immediately.

Policy Number
ALCGL0006702

SCHEDULE OF FORMS AND ENDORSEMENTS

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21

12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

COMMON POLICY FORMS AND ENDORSEMENTS

00 ML0003 00	08-07	SERVICE OF SUIT
00 ML0065 00	06-07	U.S. TREASURY DEPARTMENT'S OFFICE
06 ML0002 00	12-14	ARCH INSURANCE GROUP
FAIC-SKLBUS-CPD	06-01	COMMON POLICY DECLARATIONS
DN-TERROR-REJECT	11-02	REJECT DISCLOSURE NOTICE-TERROR RISK ACT
FAIC-SKLBUS-FE	06-01	SCHEDULE OF FORMS AND ENDORSEMENTS
FAIC-SKLBUS-SNI	06-01	SCHEDULE OF NAMED INSURED(S)
FAIC-SKLBUS-SL	06-01	SCHEDULE OF LOCATIONS
INSTALL-FORM	01-02	INSTALLMENT SCHEDULE
IL 00 17	11-98	COMMON POLICY CONDITIONS
IL 00 21	09-08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDT
IL 02 70	12-19	CA CHANGES - CANCELLATION & NONRENEWAL

GENERAL LIABILITY FORMS AND ENDORSEMENTS

FAIC-SKLBUS-CGLDEC	06-01	COMM GENERAL LIABILITY COVERAGE SUPP DEC
00 GL0295 00	11-17	SOCIAL SERVICES PREMIER GL ENHANCEMENT
00 GL0574 00	10-09	LEAD EXCLUSION
00 GL0575 00	10-09	ASBESTOS EXCLUSION
00 GL0299 00	01-10	SEXUAL OR PHYSICAL ABUSE LIABILITY CM
CG 00 02	04-13	CGL COV FORM (CLAIMS MADE)
CG 21 32	05-09	COMMUNICABLE DISEASE EXCLUSION
FAIC-SKLBUS-SCGL	06-01	COMM GENERAL LIABILITY COVERAGE SCHEDULE
CG 00 52	08-92	CHANGES IN CGL-COVERAGE A-CLAIMS MADE
CG 04 35	12-07	EMPLOYEE BENEFITS LIABILITY COVERAGE
CG 21 01	11-85	EXCL-ATHLETIC OR SPORTS PARTICIPANTS
CG 21 07	05-14	EXCLUSION - ACCESS OR DISCLOSURE OF CONF
CG 21 47	12-07	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG 27 11	04-13	SUPP. EXT. REPORTING PERIOD- CLAIMS MADE
CG 28 35	01-96	SUPPL EXT RPTG PER ENDT FOR SPEC ACCID
OOGLO29800	07-10	SOCIAL SVCS PROFESSIONAL LIABILITY CM

FAIC-SKLBUS-FE (6/01)

Policy Number
ALCGL0006702

SCHEDULE OF NAMED INSURED(S)

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

FAIC-SKLBUS-CPD (cont.)

THE NAMED INSURED ON FORM FAIC-SKLBUS-CPD IS AMENDED TO READ:

NORTHERN CALIFORNIA
CONGREGATIONAL RETIREMENT
HOME, INC. DBA CARMEL VALLEY
MANOR

Policy Number
ALCGL0006702

SCHEDULE OF LOCATIONS

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	001	8545 CARMEL VALLEY ROAD, CARMEL, CA 93923	

Policy Number
ALCGL0006702

INSTALLMENT SCHEDULE

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21

12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

**IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS POLICY IS
PAYABLE ON INSTALLMENTS AS FOLLOWS:**

	DUE		PREMIUM	SURCHARGE	REVISED INSTALLMENT TOTAL
DEPOSIT	05/01/2021	\$	81,020.00		\$ 81,020.00

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

INSTALL-FORM (01/02)



Home Office Address:
3100 Broadway, Suite 511
Kansas City, MO 64111

Administrative Address:
One Liberty Plaza, 53rd Floor
New York, NY 10006
Tel: (800) 817-3252

ARCH CANOPY POLICY FOR NONPROFIT ORGANIZATIONSSM

NOTICE: THE LIABILITY COVERAGE PARTS OF THIS POLICY PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE PROVIDED, SUCH COVERAGE APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE INSURER NO LATER THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD. EACH APPLICABLE LIMIT OF LIABILITY SHALL BE REDUCED, AND MAY BE EXHAUSTED, BY DEFENSE COSTS PAYMENTS. IF ANY LIMIT OF LIABILITY IS EXHAUSTED, THE INSURER SHALL HAVE NO FURTHER LIABILITY FOR THE COVERAGE TO WHICH SUCH LIMIT APPLIES, INCLUDING LIABILITY FOR DEFENSE COSTS. ALL LOSS PAYMENTS, INCLUDING DEFENSE COSTS PAYMENTS, SHALL APPLY TO THE DEDUCTIBLE.

NOTICE: A DEFINITION OF CLAIM IS OUTLINED IN EACH COVERAGE PART AND IS CRITICAL TO COVERAGE AFFORDED. PLEASE READ THIS POLICY CAREFULLY.

DECLARATIONS

Policy No.: NFP0132910-03

Item 1. Named Organization & Address:

Carmel Valley Manor Foundation
8545 Carmel Valley Road
Carmel, CA 93923

Item 2. Policy Period:

From: 05/01/2021
To: 05/01/2022
12:01 a.m. local time at the address stated in Item 1

Item 3. Policy Premium:

\$2,916.00

Taxes, Surcharges and other Assessments, if applicable

Premium Attributable to Terrorism Risk Insurance:

\$0

Included in Policy Premium



In Addition to Policy Premium



Item 4. Extended Reporting Period (Liability Coverage Parts only):

Additional Period: 1 year
Additional Premium: 50% of annual premium

Item 5. Notices to Insurer:Claims or Potential Claims:

Arch Insurance Company
 Executive Assurance Claims
 10909 Mill Valley Road, Suite 210
 P.O. Box 542033
 Omaha, NE 68154
 Phone: 877 688-ARCH (2724)
 Fax: 866 266-3630
 E-mail: Claims@ArchInsurance.com

All Other Notices:

Affinity Nonprofits
 Program Administrator
 2001 K Street, NW, Suite 625 North
 Washington, DC 20006
 Phone: 800-432-7465
 Fax: 800-701-1982
 Email: info@affinitynonprofits.com

Item 6. Coverage Elections:

Only those Coverage Parts, Insuring Agreements, and Options designated with an X are included under this policy.

<input type="checkbox"/>	Liability Coverage Parts Aggregate Limit of Liability Option:	N/A - Separate Limits
<input checked="" type="checkbox"/>	Defense Costs Outside the Aggregate Limit of Liability Option:	Unlimited

<input checked="" type="checkbox"/> Nonprofit Organization Liability Coverage Part:			
Limit of Liability: \$5,000,000			
Insuring Agreement	Sublimit of Liability	Deductible Each Claim	Pending and Prior Litigation Date
A. Insured Person Liability	\$5,000,000	None	02/22/2018
B. Organization Reimbursement	\$5,000,000	\$25,000	02/22/2018
C. Organization Liability	\$5,000,000	\$25,000	02/22/2018
D. Derivative Demands	\$250,000	None	02/22/2018
E. Crisis Management Costs for a Network Security Breach or Privacy Violation	\$250,000	None	02/22/2018

Extension	Sublimit of Liability
Excess Benefit Transaction Excise Tax	\$250,000
<input checked="" type="checkbox"/> Defense Costs Outside the Limit of Liability Option	Unlimited

<input type="checkbox"/> Employment Practices Liability Coverage Part:			
Limit of Liability:			
Insuring Agreement	Sublimit of Liability	Deductible Each Claim	Pending and Prior Litigation Date
A. Employment Practices Liability			
B. Third Party Liability			
<input type="checkbox"/> Defense Costs Outside the Limit of Liability Option			

<input checked="" type="checkbox"/> Fiduciary Liability Coverage Part:		
Limit of Liability	Deductible Each Claim	Pending and Prior Litigation Date
\$250,000	\$0	02/22/2018
<input type="checkbox"/> Defense Costs Outside the Limit of Liability Option		

<input type="checkbox"/> Crime Coverage Part:			
Insuring Agreement	Limit of Liability	Deductible	Options
<input type="checkbox"/> A. Employee Theft			<input type="checkbox"/> Loss Sustained or <input type="checkbox"/> Loss Discovered (If neither box above is designated with an X, this Policy shall be issued on a Loss Sustained basis) <input type="checkbox"/> Investigation Costs Coverage – Sublimit of Liability:
<input type="checkbox"/> B. Customer Property			
<input type="checkbox"/> C. Inside the Premises			
<input type="checkbox"/> D. Outside the Premises			
<input type="checkbox"/> E. Forgery or Alteration			
<input type="checkbox"/> F. Computer Fraud or Fraudulent Transfer Instructions			
<input type="checkbox"/> G. Currency Fraud			

<input type="checkbox"/> Kidnap, Ransom & Extortion Coverage Part:			
Insuring Agreement	Limit of Liability	Deductible	Options
<input type="checkbox"/> A. Kidnap, Ransom & Extortion			<input type="checkbox"/> F. Repatriation Costs Coverage – Limit of Liability: Deductible: <input type="checkbox"/> G. Recall Costs Coverage – Limit of Liability: Deductible:
<input type="checkbox"/> B. Custody			
<input type="checkbox"/> C. Claims Costs			
<input type="checkbox"/> D. Response Costs 1. R&R Sublimit			
<input type="checkbox"/> E. Personal Injury Benefits 1. Death: 2. Mutilation: 3. Other Injury:			

Security Consultant: Control Risks Group
 United States: 1-800-831-1985
 Global: +44 20 7939 8900

Item 7. Endorsements: See attached schedule of endorsements and notices.



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

PI-CYB-002 (08/12)

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company
CYBER SECURITY LIABILITY INSURANCE DECLARATIONS

Policy Number: PHSD1625801

**NOTICE: COVERAGES E., F., AND G. ARE CLAIMS MADE AND REPORTED
COVERAGES – PLEASE READ THE ENTIRE POLICY CAREFULLY.**

ITEM 1: POLICY PERIOD

Policy Period: From: 05/01/2021 To: 05/01/2022
(12:01 A.M. standard time at the address of the **Named Insured**)

ITEM 2: INSURED DETAILS

Name of Insured: Northern California Congregational
Retirement Homes, Inc, dba: Carmel
Valley Manor

Address: 8545 Carmel Valley Rd
Carmel, CA 93923-9556

ITEM 3: PREMIUM DETAILS

Policy Premium: \$ 11,765.00

ITEM 4: COVERAGE LIMITS

INSURING AGREEMENTS	PER LOSS OR CLAIM LIMIT OF LIABILITY
A. Loss of Digital Assets	\$ 250,000
B. Non-Physical Business Interruption and Extra Expense	\$ 250,000
C. Cyber Extortion Threat	\$ 1,000,000
D. Security Event Costs	\$ 500,000
E. Network Security and Privacy Liability Coverage	\$ 1,000,000
F. Employee Privacy Liability Coverage	\$ 1,000,000
G. Electronic Media Liability Coverage	\$ N/A
H. Cyber Terrorism Coverage	\$ 1,000,000
POLICY AGGREGATE LIMIT OF INSURANCE:	\$ 1,000,000
Special Expenses Aggregate Limit	\$ 250,000

Policy Number
ALAUT0006602

COMMON POLICY DECLARATIONS
ARCH INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21

12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

Item 1. Named Insured and Mailing Address

NORTHERN CALIFORNIA CONGREGATIONAL
(SEE NAMED INSURED ENDORSEMENT)
8545 CARMEL VALLEY ROAD
CARMEL CA 93923

Agent Name and Address

AON AFFINITY LEADING AGE
1100 VIRGINIA DRIVE
SUITE 250
FORT WASHINGTON PA 19034

Agent No. AL002

Item 2. Policy Period

From: 05-01-2021

To: 05-01-2022

at 12:01 A.M., Standard Time at your mailing address shown above.

Item 3. Business Description:

Form of Business: SENIOR LIVING

Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)

Premium

Commercial Property Coverage Part	NOT COVERED
Commercial General Liability Coverage Part	NOT COVERED
Commercial Crime Coverage Part	NOT COVERED
Commercial Inland Marine Coverage Part	NOT COVERED
Commercial Auto (Business or Truckers) Coverage Part	\$ 14,272.00
Commercial Garage Coverage Part	NOT COVERED

Total Policy Premium \$ 14,272.00

Item 5. Forms and Endorsements

Forms(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Countersigned:

Date: 06-14-21

By:

Authorized Representative

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.
FAIC-SKLBUS-CPD (6/01)

Policy Number
ALAUT0006602

DISCLOSURE NOTICE
TERRORISM RISK INSURANCE ACT OF 2002
REJECTION OF OUR OFFER OF COVERAGE
ARCH INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

You have rejected our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002. Therefore, this policy does not provide such coverage. This policy contains one or more exclusions that apply to certified acts of terrorism.

If you were not made aware of our offer of coverage for certified acts of terrorism, or believe that this notice was included in this policy in error, please notify your agent or broker immediately.

Policy Number
ALAUT0006602

SCHEDULE OF FORMS AND ENDORSEMENTS

ARCH INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21

12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

COMMON POLICY FORMS AND ENDORSEMENTS

00 ML0065 00	06-07	U.S. TREASURY DEPARTMENT'S OFFICE
05 ML0002 05A	12-14	CALIFORNIA SIGNATURE PAGE
FAIC-SKLBUS-CPD	06-01	COMMON POLICY DECLARATIONS
DN-TERROR-REJECT	11-02	REJECT DISCLOSURE NOTICE-TERROR RISK ACT
FAIC-SKLBUS-FE	06-01	SCHEDULE OF FORMS AND ENDORSEMENTS
FAIC-SKLBUS-SNI	06-01	SCHEDULE OF NAMED INSURED(S)
INSTALL-FORM	01-02	INSTALLMENT SCHEDULE
IL 00 17	11-98	COMMON POLICY CONDITIONS
IL 00 21	09-08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDT
IL 02 70	12-19	CA CHANGES - CANCELLATION & NONRENEWAL

AUTOMOBILE FORMS AND ENDORSEMENTS

00 CA0101 00	04-09	SOCIAL SERVICE AUTO ENHANCEMENT
AU-DEC C/W	10-13	BUSINESS AUTO COVERAGE FORM DECLARATIONS
CA 00 01	10-13	BUSINESS AUTO COVERAGE FORM
CA 01 43	05-17	CALIFORNIA CHANGES
CA 03 05	10-13	CA CHANGES-WAIVER OF COLLISION DED
CA 21 54	11-16	CA UM COVERAGE - BODILY INJURY
CA 04 24	10-13	CA - AUTO MEDICAL PAYMENTS COVERAGE

Policy Number
ALAUT0006602

SCHEDULE OF NAMED INSURED(S)

ARCH INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

FAIC-SKLBUS-CPD (cont.)

THE NAMED INSURED ON FORM FAIC-SKLBUS-CPD IS AMENDED TO READ:

NORTHERN CALIFORNIA
CONGREGATIONAL RETIREMENT
HOMES, INC. DBA CARMEL VALLEY
MANOR

Policy Number
ALAUT0006602

INSTALLMENT SCHEDULE

ARCH INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS POLICY IS
PAYABLE ON INSTALLMENTS AS FOLLOWS:

	DUE		PREMIUM	SURCHARGE	REVISED INSTALLMENT TOTAL
DEPOSIT	05/01/2021	\$	14,272.00		\$ 14,272.00

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

INSTALL-FORM (01/02)

INSURED COPY

Policy Number
ALFXS0006702

COMMON POLICY DECLARATIONS

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21

12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

Item 1. Named Insured and Mailing Address

NORTHERN CALIFORNIA CONGREGATIONAL
(SEE NAMED INSURED ENDORSEMENT)
8545 CARMEL VALLEY ROAD
CARMEL CA 93923

Agent Name and Address

AON AFFINITY LEADING AGE
1100 VIRGINIA DRIVE
SUITE 250
FORT WASHINGTON PA 19034

Agent No. AL002

Item 2. Policy Period From: 05-01-2021 To: 05-01-2022

at 12:01 A.M., Standard Time at your mailing address shown above.

Item 3. Business Description:

Form of Business: SENIOR LIVING

Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

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Commercial General Liability Coverage Part	NOT COVERED
Commercial Crime Coverage Part	NOT COVERED
Commercial Inland Marine Coverage Part	NOT COVERED
Commercial Auto (Business or Truckers) Coverage Part	NOT COVERED
Commercial Garage Coverage Part	NOT COVERED

COMMERCIAL EXCESS LIABILITY COVERAGE PART \$ 70,000.00

Surplus Lines Tax: \$2,100

Stamping Fee: \$175

SL Broker Charge: \$300

Total Policy Premium \$ 70,000.00

Item 5. Forms and Endorsements

Forms(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Countersigned:

Date: 06-15-21

By:

Authorized Representative

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

FAIC-SKLBUS-CPD (6/01)

Policy Number
ALFXS0006702

DISCLOSURE NOTICE
TERRORISM RISK INSURANCE ACT OF 2002
REJECTION OF OUR OFFER OF COVERAGE

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

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SCHEDULE OF FORMS AND ENDORSEMENTS

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

COMMON POLICY FORMS AND ENDORSEMENTS

00 ML0065 00	06-07	U.S. TREASURY DEPARTMENT'S OFFICE
06 ML0002 00	12-14	ARCH INSURANCE GROUP
FAIC-SKLBUS-CPD	06-01	COMMON POLICY DECLARATIONS
DN-TERROR-REJECT	11-02	REJECT DISCLOSURE NOTICE-TERROR RISK ACT
FAIC-SKLBUS-FE	06-01	SCHEDULE OF FORMS AND ENDORSEMENTS
FAIC-SKLBUS-SNI	06-01	SCHEDULE OF NAMED INSURED(S)
FAIC-SKLBUS-SL	06-01	SCHEDULE OF LOCATIONS
INSTALL-FORM	01-02	INSTALLMENT SCHEDULE

EXCESS POLICY FORMS AND ENDORSEMENTS

CX DS 01	09-08	EXCESS LIABILITY DECLARATION
CX 00 01	04-13	COMM EXCESS LIAB COVG FORM
CX 21 01	09-08	NUCLEAR ENERGY LIAB EXCL BROAD FM
CX 21 17	04-13	EXCLUSION - COMMUNICABLE DISEASE
CX 02 26	09-12	CA CHANGES - CANC AND NON RENL

Policy Number
ALFXS0006702

SCHEDULE OF NAMED INSURED(S)

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

FAIC-SKLBUS-CPD (cont.)

THE NAMED INSURED ON FORM FAIC-SKLBUS-CPD IS AMENDED TO READ:

NORTHERN CALIFORNIA
CONGREGATIONAL RETIREMENT
HOMES, INC. DBA CARMEL VALLEY
MANOR

Policy Number
ALFXS0006702

SCHEDULE OF LOCATIONS

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE

Agent No. AL002

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	001	8545 CARMEL VALLEY ROAD, CARMEL, CA 93923	

Policy Number
ALFXS0006702

INSTALLMENT SCHEDULE

ARCH SPECIALTY INSURANCE COMPANY

Named Insured NORTHERN CALIFORNIA

Effective Date: 05-01-21
12:01 A.M., Standard Time

Agent Name AON AFFINITY LEADING AGE


Agent No. AL002

IT IS HEREBY AGREED AND UNDERSTOOD THAT THIS POLICY IS
PAYABLE ON INSTALLMENTS AS FOLLOWS:

	DUE		PREMIUM	SURCHARGE	REVISED INSTALLMENT TOTAL
DEPOSIT	05/01/2021	\$	70,000.00		\$ 70,000.00

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

INSTALL-FORM (01/02)

 TDC NATIONAL ASSURANCE COMPANY The Doctors Company Group	Underwritten by: TDC National Assurance Company 5885 Meadows Road, Suite 300 Lake Oswego, OR 97035 Servicing Address: 29 Mill Street Unionville, CT 06085
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DECLARATIONS

FOLLOW FORM EXCESS POLICY

PORTIONS OF THIS POLICY APPLY ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED AND REPORTED TO US DURING THE POLICY PERIOD. DEFENSE COSTS ARE PART OF AND NOT IN ADDITION TO THE LIMITS OF LIABILITY. PLEASE READ THIS POLICY CAREFULLY.

Policy Number: LTX-00798-21-02	
ITEM 1. INSURED Name and Principal Address: Northern California Congregational Retirement Homes Inc dba Carmel Valley Manor 8545 Carmel Valley Road Carmel, CA 93923	ITEM 2. POLICY PERIOD: (a) Inception Date 05/01/2021 (b) Expiration Date 05/01/2022 Both dates at 12:01 a.m. at the Principal Address in ITEM 1
ITEM 3. LIMITS OF LIABILITY (A) Each claim Limit of Liability \$5,000,000 (B) Policy Aggregate Limit of Liability \$5,000,000	
ITEM 4. UNDERLYING INSURANCE See Endorsement No. 1 - Schedule of Underlying Insurance	
ITEM 5. PREMIUM: \$58,500 <input checked="" type="checkbox"/> Gross Premium: We will pay a percentage of the Premium shown above as brokerage commission. Consult your broker for information concerning commission. <input type="checkbox"/> Net Premium: The premium shown above is net, and we will pay no brokerage commission of any kind thereon.	

CA Surplus Lines Tax & Fee Breakdown

Premium:	\$	58,500.00
Company Fee:	\$	
Inspection Fee:	\$	
3% State Tax:	\$	1,755.00
.250% Stamping Fee:	\$	146.25
Broker Fee:	\$	175.00

ITEM 6. ALL NOTICES REQUIRED TO BE GIVEN TO US UNDER SECTION V. REPORTING OF CLAIMS AND CIRCUMSTANCES OF THIS POLICY MUST BE ADDRESSED TO:

Nancy Morel
TDC Specialty Underwriters, Inc., in California: dba Insurance City Solutions, License
Number: 0L85833
NoticeOfLoss@TDCSpecialty.com

ALL OTHER NOTICES REQUIRED TO BE GIVEN TO US UNDER THIS POLICY MUST BE ADDRESSED TO:

TDC Specialty Underwriters, Inc., in California: dba Insurance City Solutions, License
Number: 0L85833
29 Mill Street, Suite 1.6
Unionville, CT 06085

ITEM 7. POLICY FORM AND ENDORSEMENTS ATTACHED AT ISSUANCE:

HXF-000001-08-16
HXE-000010-07-17
HXE-000003-04-16
HXE-000008-08-16
HXE-000012-09-16
HXE-000018-11-16
HXE-000026-04-17
HXE-000069-03-20
HXE-000072-08-20
HXE-000083-02-21

These Declarations, the completed signed Application, and the Policy (together with any and all endorsements thereto) shall constitute the entire agreement between **us** and the **insured(s)**.

TDC National Assurance Company

By:



Its Authorized Representative

06/22/2021

Date:

Underwritten by Scottsdale Indemnity Company

A Stock Company
Home Office:
One Nationwide Plaza • Columbus, Ohio 43215
Administrative Office:
8877 North Gainey Center Drive • Scottsdale, Arizona 85258
1-800-423-7675

EXCESS INSURANCE POLICY

UNLESS OTHERWISE PROVIDED IN THE FOLLOWED POLICY, THIS POLICY APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD OR EXTENDED REPORTING PERIOD. THE LIMIT OF LIABILITY SHALL BE REDUCED BY PAYMENT OF DEFENSE COSTS.

DECLARATIONS

Item 1.	Named Insured & Mailing Address:	Carmel Valley Manor Foundation 8545 Carmel Valley Road Carmel, CA 93923	Policy No: Agent No: Renewal No:	EKI3378193 29406 EKI3330399
Item 2.	Aggregate Limit of Liability: \$5,000,000 all Claims (inclusive of Defense Costs)			
Item 3.	Policy Period: From <u>5/1/2021</u> to <u>5/1/2022</u> 12:01 A.M. local time at Named Insured's Mailing Address.			
Item 4.	Followed Policy			
	Issuing Insurer:	ARCH Insurance Company		
	Limit of Liability:	\$5,000,000	Policy No.:	NFP0132910-03
	Deductible(s)/ Retention(s):	\$25,000		
Item 5.	Schedule of Underlying Policies:			
		Issuing Insurer	Policy No.	Limits of Liability
		Deductible(s)/ Retention(s)		
	Primary Policy:	ARCH Insurance Company	NFP0132910-03	\$5,000,000
				\$25,000
Item 6.	Premium:	\$2,887	Terrorism Premium:	\$29
			Total Premium:	\$2,916
Item 7.	Forms and Endorsements Effective at Inception: XMI-D-1 (08/07), NOTX0015CA (02/00), EKI-351 (1-15), XMI-P-1 (08/07), XMI-58 (01/08), XMI-183 (05/12), XMI-78 (09/10), XMI-59 (02/08)			
Item 8.	Notices to Company:			
	<u>Notice of Claims to:</u> Scottsdale Indemnity Company Attention: Claims Manager 7 World Trade Center, 37th Floor 250 Greenwich Street New York, NY 10007		<u>Other Notices to:</u> Scottsdale Indemnity Company Attention: Claims Manager 7 World Trade Center, 37th Floor 250 Greenwich Street New York, NY 10007	

DECLARATIONS

COMMERCIAL EXCESS LIABILITY POLICY

XLS0113649
Renewal of Number



SCOTTSDALE INSURANCE COMPANY®

Policy Number
XLS0119319

Home Office:
One Nationwide Plaza Columbus, Ohio 43215
Administrative Office:
8877 North Gainey Center Drive Scottsdale, Arizona 85258
1-800-423-7675
A STOCK COMPANY

ITEM 1. NAMED INSURED AND MAILING ADDRESS:

NORTHERN CALIFORNIA CONGREGATIONAL
(SEE SCHEDULE OF NAMED INSURED)
8545 CARMEL VALLEY RD
CARMEL CA 93923

AGENT NAME AND ADDRESS:

WORLDWIDE FACILITIES INC
725 S FIGUEROA ST STE 1900
LOS ANGELES CA 90017-5496

Agent No. 04783 Program No. NONE

ITEM 2. POLICY PERIOD

From: 05-01-2021

To: 05-01-2022

12:01 A.M. Standard Time at your mailing address.

In return for the payment of the premium, and subject to all the terms of this policy, we agree to provide you with the insurance as stated in this policy.

ITEM 3. THE NAMED INSURED IS: ☐ Individual ☐ Partnership ☒ Corporation ☐ Joint Venture ☐ Other

ITEM 4. LIMIT OF INSURANCE:

A. Each Occurrence

\$ 5,000,000

B. Aggregate

\$ 5,000,000

ITEM 5. SCHEDULE OF CONTROLLING UNDERLYING INSURANCE:

See Schedule of Controlling Underlying Insurance

ITEM 6. PREMIUM COMPUTATION:

Flat Premium

\$ 8,750

Subject to Adjustment:

Estimated Deposit Premium

\$

Estimated Exposure Base:

Rate: Per:

Policy Minimum Premium

\$

Audit Period: ☐ Annual ☒ Other: WAIVED

ITEM 7. ENDORSEMENTS ATTACHED TO THE POLICY AT INCEPTION:

See Schedule of Forms and Endorsements

THIS COMMERCIAL EXCESS LIABILITY DECLARATIONS WITH THE COVERAGE FORM AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE-NUMBERED POLICY.



Home Office Address:
3100 Broadway, Suite 511
Kansas City, MO 64111

Administrative Address:
One Liberty Plaza, 53rd Floor
New York, NY 10006
Tel: (800) 817-3252

ARCH CANOPY POLICY FOR NONPROFIT ORGANIZATIONSSM

NOTICE: THE LIABILITY COVERAGE PARTS OF THIS POLICY PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE PROVIDED, SUCH COVERAGE APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD AND REPORTED TO THE INSURER NO LATER THAN 60 DAYS AFTER THE END OF THE POLICY PERIOD. EACH APPLICABLE LIMIT OF LIABILITY SHALL BE REDUCED, AND MAY BE EXHAUSTED, BY DEFENSE COSTS PAYMENTS. IF ANY LIMIT OF LIABILITY IS EXHAUSTED, THE INSURER SHALL HAVE NO FURTHER LIABILITY FOR THE COVERAGE TO WHICH SUCH LIMIT APPLIES, INCLUDING LIABILITY FOR DEFENSE COSTS. ALL LOSS PAYMENTS, INCLUDING DEFENSE COSTS PAYMENTS, SHALL APPLY TO THE DEDUCTIBLE.

NOTICE: A DEFINITION OF CLAIM IS OUTLINED IN EACH COVERAGE PART AND IS CRITICAL TO COVERAGE AFFORDED. PLEASE READ THIS POLICY CAREFULLY.

DECLARATIONS

Policy No.: NFP0126693-04

Item 1. Named Organization & Address:

Carmel Valley Manor
8545 Carmel Valley Road
CARMEL, CA 93923

Item 2. Policy Period:

From: 05/01/2021
To: 05/01/2022
12:01 a.m. local time at the address stated in Item 1

Item 3. Policy Premium:

\$36,326.00

Taxes, Surcharges and other Assessments, if applicable

Premium Attributable to Terrorism Risk Insurance:

\$0

Included in Policy Premium

☒

In Addition to Policy Premium

☐

Item 4. Extended Reporting Period (Liability Coverage Parts only):

Additional Period: 1 year
Additional Premium: 50% of annual premium

Item 5. Notices to Insurer:

Claims or Potential Claims:

Arch Insurance Company
Executive Assurance Claims
10909 Mill Valley Road, Suite 210
P.O. Box 542033
Omaha, NE 68154
Phone: 877 688-ARCH (2724)
Fax: 866 266-3630
E-mail: Claims@ArchInsurance.com

All Other Notices:

Affinity Nonprofits
Program Administrator
2001 K Street, NW, Suite 625 North
Washington, DC 20006
Phone: 800-432-7465
Fax: 800-701-1982
Email: info@affinitynonprofits.com

Item 6. Coverage Elections:

Only those Coverage Parts, Insuring Agreements, and Options designated with an X are included under this policy.

<input checked="" type="checkbox"/> Liability Coverage Parts Aggregate Limit of Liability Option:	\$5,000,000
<input type="checkbox"/> Defense Costs Outside the Aggregate Limit of Liability Option:	

<input checked="" type="checkbox"/> Nonprofit Organization Liability Coverage Part:			
Limit of Liability: \$5,000,000			
Insuring Agreement	Sublimit of Liability	Deductible Each Claim	Pending and Prior Litigation Date
A. Insured Person Liability	\$5,000,000	None	10/19/1994
B. Organization Reimbursement	\$5,000,000	\$25,000	10/19/1994
C. Organization Liability	\$5,000,000	\$25,000	10/19/1994
D. Derivative Demands	\$250,000	None	10/19/1994
E. Crisis Management Costs for a Network Security Breach or Privacy Violation	\$100,000	None	10/19/1994

Extension	Sublimit of Liability
Excess Benefit Transaction Excise Tax	\$100,000
<input type="checkbox"/> Defense Costs Outside the Limit of Liability Option	

<input checked="" type="checkbox"/> Employment Practices Liability Coverage Part:			
Limit of Liability: \$5,000,000			
Insuring Agreement	Sublimit of Liability	Deductible Each Claim	Pending and Prior Litigation Date
A. Employment Practices Liability	\$5,000,000	\$50,000	10/19/1994
B. Third Party Liability	\$5,000,000	\$50,000	10/19/1994
<input type="checkbox"/> Defense Costs Outside the Limit of Liability Option			

<input checked="" type="checkbox"/> Fiduciary Liability Coverage Part:		
Limit of Liability	Deductible Each Claim	Pending and Prior Litigation Date
\$5,000,000	\$10,000	
<input type="checkbox"/> Defense Costs Outside the Limit of Liability Option		

<input type="checkbox"/> Crime Coverage Part:			
Insuring Agreement	Limit of Liability	Deductible	Options
<input type="checkbox"/> A. Employee Theft			<input type="checkbox"/> Loss Sustained or <input type="checkbox"/> Loss Discovered (If neither box above is designated with an X, this Policy shall be issued on a Loss Sustained basis) <input type="checkbox"/> Investigation Costs Coverage – Sublimit of Liability:
<input type="checkbox"/> B. Customer Property			
<input type="checkbox"/> C. Inside the Premises			
<input type="checkbox"/> D. Outside the Premises			
<input type="checkbox"/> E. Forgery or Alteration			
<input type="checkbox"/> F. Computer Fraud or Fraudulent Transfer Instructions			
<input type="checkbox"/> G. Currency Fraud			

<input type="checkbox"/> Kidnap, Ransom & Extortion Coverage Part:			
Insuring Agreement	Limit of Liability	Deductible	Options
<input type="checkbox"/> A. Kidnap, Ransom & Extortion			<input type="checkbox"/> F. Repatriation Costs Coverage – Limit of Liability: Deductible: <input type="checkbox"/> G. Recall Costs Coverage – Limit of Liability: Deductible:
<input type="checkbox"/> B. Custody			
<input type="checkbox"/> C. Claims Costs			
<input type="checkbox"/> D. Response Costs 1. R&R Sublimit			
<input type="checkbox"/> E. Personal Injury Benefits 1. Death: 2. Mutilation: 3. Other Injury:			

Security Consultant: Control Risks Group
 United States: 1-800-831-1985
 Global: +44 20 7939 8900

Item 7. Endorsements: See attached schedule of endorsements and notices.

2021-2022 Executive Summary



ITEM OF INSURANCE	2020-2021		2021-2022		2021-2022		2021-2022	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Liability	Arch Specialty/AON		BUDGET		C.N.A		Arch Specialty/AON	
Health Care Professional Liability	Claims Made		Claims Made		Claims Made		Claims Made	
Each Medical Incident	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Aggregate Limit	\$ 3,000,000		\$ 3,000,000		\$ 3,000,000		\$ 3,000,000	
Commercial General Liability:	Per Occurrence		Per Occurrence		Claims Made		Per Occurrence	
Each Occurrence Limit	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
General Aggregate Limit	\$ 3,000,000		\$ 3,000,000		\$ 3,000,000		\$ 3,000,000	
Products & Completed Operations Aggregate	\$ 3,000,000		\$ 3,000,000				\$ 3,000,000	
Personal and Advertising Injury Limit	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Damages to Premises Rented to You	\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Medical Expense Limit	\$ 25,000		\$ 25,000		\$ 5,000		\$ 10,000	
Each Abusive Act Limit	\$ 1,000,000		\$ 1,000,000		Policy Silent		\$ 1,000,000	
Employee Criminal Defense Coverage	\$ 25,000		\$ 25,000		\$ -		\$ 25,000	
Employee Benefits Liability	Claims Made		Claims Made		Claims Made		Claims Made	
Each Employee Limit	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Aggregate Limit	\$ 3,000,000		\$ 3,000,000		\$ 1,000,000		\$ 3,000,000	
Voluntary Worker Medical Expense Limit Any One Worker	\$ 25,000		\$ 25,000				\$ 25,000	
Crisis Management Reimbursement Deductible	\$ 500		\$ 500				\$ 500	
Evacuation Expense Reimbursement								
Aggregate Limit	\$ -		\$ -		\$ 50,000		\$ -	
Policy Aggregate Limit of Liability					\$ 6,000,000			
Deductibles:								
Professional Liability	\$ -		\$ -		\$ 25,000		\$ -	
General Liability	\$ -		\$ -		\$ 25,000		\$ -	
Employee Benefits Liability	\$ -		\$ -		\$ 1,000		\$ -	
Evacuation Expense Reimbursement	\$ -		\$ -		\$ 5,000		\$ -	
Public Relations Expense Reimbursement	\$ -		\$ -		\$ 5,000		\$ -	
Defense Costs:	Included Within Limit		Included Within Limit		In Addition to Limits		Included Within Limit	
Retroactive Dates:	5/1/2003		5/1/2003		5/1/2003		5/1/2003	
Rating Basis								
Number of Beds	60		60		60		60	
Independent Living Units	148		148		148		148	
Rate	\$ 231.50		\$ 370.40		\$ 452.89		\$ 389.69	
Auditable?	No		No		No		No	
Policy Premium		\$ 48,152.00		\$ 77,043.20		\$ 94,202.00		\$ 81,056.00
Aon Affinity Policy Administration Charge		\$ 300.00		\$ 300.00		\$ -		\$ 300.00
Liability Surplus Lines Taxes & Fees		\$ 1,564.94		\$ 2,503.50		\$ 3,061.57		\$ 2,634.32
Total Liability Premium		\$ 50,016.94		\$ 79,846.70		\$ 97,263.57		\$ 83,990.32

ITEM OF INSURANCE	2020-2021		2021-2022		2021-2022		2021-2022	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Business Auto:	Arch Specialty/AON		BUDGET		C.N.A		Arch Specialty/AON	
Liability: Symbol 1, Any Auto	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Medical Payments	\$ 5,000		\$ 5,000		\$ 5,000		\$ 5,000	
Uninsured / Underinsured Motorists Bodily Injury	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Hired & Non-owned Auto Liability	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Towing & Labor: Vehicle #'s 2, 5, 7, 8	\$ 50		\$ 50		\$ 50		\$ 50	
Employees as Insured?	Yes		Yes		Yes		Yes	
Comprehensive Deductible:								
Vehicle #'s 1,4,5,6,7,8 (AON) / 1,2,3,5,8 (C.N.A)	\$ 500		\$ 500		\$ 2,000		\$ 500	
Vehicle #'s 2,3 (AON)/ 4,6,7 (C.N.A)	\$ 1,000		\$ 1,000		\$ 1,000		\$ 1,000	
Hired Auto	\$ 100		\$ 100		\$ 100		\$ 100	
Collision Deductible:								
Vehicle #'s 1,4,5,6,7,8 (AON) / 1,2,3,5,8 (C.N.A)	\$ 500		\$ 500		\$ 2,000		\$ 500	
Vehicle #'s 2,3 (AON)/ 4,6,7 (C.N.A)	\$ 1,000		\$ 1,000		\$ 1,000		\$ 1,000	
Hired Auto	\$ 1,000		\$ 1,000		\$ 1,000		\$ 1,000	
Waiver of Collision Deductible	Yes		Yes		Yes		Yes	
Number of Power Units	8		8		8		8	
Rate	\$ 1,767		\$ 2,650		\$ 2,159		\$ 1,784	
Commercial Auto Premium		\$ 14,135.00		\$ 21,202.50		\$ 17,270.08		\$ 14,272.00
Excess Liability: Lead \$5m (GL/PL/AUT/WC)	Arch Specialty/AON		BUDGET		C.N.A		Arch Specialty/AON	
Follow Form Excess Liability	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Health Care Professional Liability Aggregate Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Auto	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Defense Costs	Included Within Limit		Included Within Limit		Included Within Limit		Included Within Limit	
Retroactive Date	5/1/2018		5/1/2018		5/1/2003		5/1/2018	
Retained Limit	\$ -		\$ -		\$ 10,000		\$ -	
Terrorism Coverage	Optional		Optional		Optional		Optional	
Policy Premium		\$ 69,548.00		\$ 111,276.80		\$ 48,812.00		\$ 70,700.00
Aon Affinity Policy Admin. Charge		\$ 300.00		\$ 300.00		\$ -		\$ 300.00
Umbrella Surplus Lines Taxes & Fees		\$ 2,260.31		\$ 3,616.50		\$ 1,586.39		\$ 2,297.75
Total Lead Excess Premium		\$ 72,108.31		\$ 115,193.30		\$ 50,398.39		\$ 73,297.75
Excess Liability: Second \$5m in excess of \$5m (GL/PL)	TDC National/WWF		BUDGET		TDC/WWF		TDC/WWF	
Follow Form Excess Liability	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Retained Limit								
Retroactive Date	5/1/2003		5/1/2003		5/1/2003		5/1/2003	
Terrorism Coverage	Optional		Optional		Optional		Optional	
Minimum Earned Premium?	25%		25%		25%		25%	
Policy Premium		\$ 45,000.00		\$ 67,500.00		\$ 58,500.00		\$ 58,500.00
Surplus Lines Taxes and Fees		\$ 1,637.50		\$ 2,193.75		\$ 2,076.25		\$ 2,076.25
Total Excess \$5m/\$5m Premium		\$ 46,637.50		\$ 69,693.75		\$ 60,576.25		\$ 60,576.25
Auto Excess Liability: Second \$5m in excess of \$5m (AUT)	Scottsdale/WWF		BUDGET		Scottsdale/WWF		Scottsdale/WWF	
Annual Aggregate	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Retained Limit	n/a		n/a		n/a		n/a	
Retroactive Date	n/a		n/a		n/a		n/a	
Terrorism Coverage	Optional		Optional		Optional		Optional	
Minimum Earned Premium?	25%		25%		25%		25%	
Policy Premium		\$ 7,500.00		\$ 11,250.00		\$ 8,750.00		\$ 8,750.00
Surplus Lines Taxes and Fees		\$ 243.75		\$ 365.63		\$ 284.38		\$ 284.38
Total Second \$5m in excess of \$5m Auto Liability Premium		\$ 7,743.75		\$ 11,615.63		\$ 9,034.38		\$ 9,034.38

ITEM OF INSURANCE	2020-2021		2021-2022		2021-2022		2021-2022	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
	Arch/AON		BUDGET		Arch/AON		Arch/AON	
Management Liability								
Nonprofit Organization Liability Coverage Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Insured Person Liability	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Organization Reimbursement	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Derivative Demands	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
Crisis Management Cost for Network Security Breach	\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Excess Benefit Transaction Excise Tax	\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Employment Practices Liability	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Third Party Liability	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Fiduciary Liability Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Terrorism	Included		Included		Included		Included	
Deductible:								
Organization Reimbursement & Liability	\$ 25,000		\$ 25,000		\$ 25,000		\$ 25,000	
Employment Practices Liability	\$ 50,000		\$ 50,000		\$ 50,000		\$ 50,000	
Fiduciary Liability	\$ 10,000		\$ 10,000		\$ 10,000		\$ 10,000	
Prior or Pending Litigation Date	10/19/1994		10/19/1994		10/19/1994		10/19/1994	
Total Management Liability Premium		\$ 33,987.00		\$ 37,385.70		\$ 36,361.00		\$ 36,361.00
Crime	Federal Ins/Chubb		BUDGET		Federal Ins/Chubb		Federal Ins/Chubb	
Employee Theft	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Premises Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
In Transit Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Forgery Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Computer Fraud Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Fund Transfer Fraud Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Money Orders and Counterfeit Currency Fraud Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Credit Card Fraud Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Client Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Expense Coverage	\$ 5,000		\$ 5,000		\$ 5,000		\$ 5,000	
Social Engineering Fraud Coverage	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
Retention	\$ 10,000		\$ 10,000		\$ 10,000		\$ 10,000	
Total Crime Premium		\$ 5,047.00		\$ 5,804.05		\$ 5,047.00		\$ 5,047.00

ITEM OF INSURANCE	2020-2021		2021-2022		2021-2022		2021-2022	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Cyber Liability	Philadelphia		BUDGET		Philadelphia		Philadelphia	
Policy Aggregate Limit	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
A. Loss of Digital Assets	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
B. Non-Physical Business Interruption and Extra Expense	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
C. Cyber Extortion Threat	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
D. Security Event Costs	\$ 500,000		\$ 500,000		\$ 500,000		\$ 500,000	
E. Network Security and Privacy Liability Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
F. Employee Privacy Liability Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
G. Electronic Media Liability Coverage	N/A		N/A		N/A		N/A	
H. Cyber Terrorism Coverage	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Special Expenses Aggregate Limit	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
Customer Notification Expenses Sublimit	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
Public Relations Expenses Sublimit	\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
Customer Notification Expenses Sublimit	\$ 1,000,000		\$ 1,000,000		\$ 1,000,000		\$ 1,000,000	
Crisis Management Expense	\$ 25,000		\$ 25,000		\$ 25,000		\$ 25,000	
Deductible	\$ 5,000		\$ 5,000		\$ 5,000		\$ 5,000	
Co-Insurance								
Non-Physical Business Interruption & Extra Expense	10%		10%		10%		10%	
Special Expenses	10%		10%		10%		10%	
Continuity Date	5/1/2016		5/1/2016		5/1/2016		5/1/2016	
Retroactive Date	5/1/2016		5/1/2016		5/1/2016		5/1/2016	
Prior & Pending Litigation Date	5/1/2016		5/1/2016		5/1/2016		5/1/2016	
Rate	0.57		0.6555		0.6536		0.6536	
Rating Basis								
Revenue	\$ 16,693,800		\$ 18,000,386		\$ 18,000,386		\$ 18,000,386	
Employee Count	142		159		159		159	
Total Cyber Liability Cost		\$ 9,527.00		\$ 11,799.25		\$ 11,765.00		\$ 11,765.00
TOTAL ANNUAL COSTS	EXPIRING	\$ 239,202.50	BUDGET	\$ 352,540.88	C.N.A	\$ 287,715.66	AON	\$ 294,343.70

SECTION 4

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION**

**CONSOLIDATED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2021

**McGILLOWAY, RAY, BROWN & KAUFMAN
ACCOUNTANTS & CONSULTANTS**

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**McGilloway | Ray
Brown | Kaufman**
ACCOUNTANTS AND CONSULTANTS

2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northern California Congregational Retirement
Homes, Inc. and Supporting Organization
Carmel, California

Opinion

We have audited the accompanying consolidated financial statements of Northern California Congregational Retirement Homes, Inc. (a nonprofit organization) and Supporting Organization, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Northern California Congregational Retirement Homes, Inc. and Supporting Organization as of December 31, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern California Congregational Retirement Homes, Inc. and Supporting Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Northern California Congregational Retirement Homes, Inc. and Supporting Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Sukhdev Singh, CPA | Whitney Ernest, CPA |
Laura Arubruster, CPA | Rose Maxwell, CPA | Eleonora Gana, CPA

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 generally accepted auditing standards, 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 Northern California Congregational Retirement Homes, Inc. and Supporting Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern California Congregational Retirement Homes, Inc. and Supporting Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating schedules for the statement of financial position, consolidating schedules for the statement of activities and changes in net assets, schedule of funds and purpose, combining schedules of net assets with donor restrictions and the combining schedules of designated net assets are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



McGilloway, Ray, Brown & Kaufman
Salinas, California
April 29, 2022

**NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

Assets

Current Assets

Cash and cash equivalents	\$ 8,766,266
Accounts receivable	71,196
Contribution receivable	10,000
Dividend receivable	136,452
Grant receivable	69,700
Prepaid expenses	318,558

Total current assets	9,372,172
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Investments	35,527,124
-------------	------------

Property and equipment, net	35,881,241
-----------------------------	------------

Total assets	<u>\$80,780,537</u>
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Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable	\$ 392,378
Accrued liabilities	984,070
Advances from applicants	1,337,901
Post-retirement obligation	75,000
Current portion of long-term debt	168,255

Total current liabilities	2,957,604
---------------------------	-----------

Line of credit	96,058
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Long-term debt, less current portion	3,011,968
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Deferred income from entrance fees	34,640,718
------------------------------------	------------

Annuity obligations	603,261
---------------------	---------

Total liabilities	<u>41,309,609</u>
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Net Assets

Without donor restrictions, including quasi-endowment funds \$8,604,555	30,154,276
---	------------

With donor restrictions	9,316,652
-------------------------	-----------

Total net assets	39,470,928
------------------	------------

Total liabilities and net assets	<u>\$80,780,537</u>
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The accompanying notes are an integral part of these consolidated financial statements.

**NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Changes in Net Assets Without Donor Restrictions

Revenues and support

Income from Operations

Resident care fees	\$ 12,781,115
Amortization of entrance fees	4,084,740
Other resident services and operating income	328,331
Total income from operations	<u>17,194,186</u>

Other Income

Investment return, net	2,444,113
Contributions	425,484
Contributed investments	325,288
Other income	11,488
Grant revenue	566,452
Total other income	<u>3,772,825</u>

Net Assets Released from Restrictions

Endowment income distribution	329,930
Healthcare education	10,032
Resident entertainment	6,000
Total released from restrictions	<u>345,962</u>

Total revenue and other support	<u>21,312,973</u>
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Expenses

Program

Nursing, assisted living, and medical services	5,547,147
Resident services	3,094,095
Dining services	4,789,972
Facility operations, maintenance, and utilities	3,040,572
Environmental services	1,110,498
Total program	<u>17,582,284</u>

Management and general

Total expenses	<u>21,293,484</u>
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Change in net assets without donor restrictions	<u>19,489</u>
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The accompanying notes are an integral part of these consolidated financial statements.

**NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Changes in Net Assets With Donor Restrictions

Other Income

Investment return, net	1,138,851
Contributions	24,087
Contributed investments	4,880
Change in value of split interest trusts	(37,881)
Total other income	<u>1,129,937</u>

Net Assets Released from Restrictions

Endowment income distribution	(329,930)
Healthcare education	(10,032)
Resident entertainment	(6,000)
Total released from restrictions	<u>(345,962)</u>

Change in net assets with donor restrictions	<u>783,975</u>
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Change in Net Assets	<u>803,464</u>
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Net Assets, Beginning of Year

Without donor restrictions	30,134,787
With donor restrictions - as restated (Note 17)	<u>8,532,677</u>
Total net assets, beginning of year	<u>38,667,464</u>

Net Assets, End of Year

Without donor restrictions	30,154,276
With donor restrictions	<u>9,316,652</u>

Total Net Assets, End of Year	<u><u>\$ 39,470,928</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Nursing, Assisted Living, & Medical Services	Resident Services	Dining Services	Facility Operations, Maintenance & Utilities	Environ- mental Services	Total Program	Management & General	Total Expenses
Salaries and compensation	\$ 3,452,706	\$ 559,322	\$ 2,373,382	\$ 953,235	\$ -	\$ 7,338,645	\$ 1,023,073	\$ 8,361,718
Employee benefits and taxes	1,322,644	216,917	1,182,941	426,924	18,720	3,168,146	336,037	3,504,183
Outside services	103,229	3,512	11,660	17,651	1,069,036	1,205,088	156,570	1,361,658
Professional fees	-	-	-	-	-	-	402,087	402,087
Bank and processing fees	-	-	-	-	-	-	136,847	136,847
Advertising and promotion	-	-	-	-	-	-	142,493	142,493
Office	-	-	-	-	-	-	23,375	23,375
Information technology	-	-	-	-	-	-	60,540	60,540
Occupancy	1,606	-	-	1,197,165	-	1,198,771	7,181	1,205,952
Travel	12	15,808	128	-	-	15,948	12,172	28,120
Conferences and meetings	-	-	-	-	-	-	20,610	20,610
Interest	-	-	-	-	-	-	155,342	155,342
Depreciation	459,883	2,272,846	75,393	23,441	2,080	2,833,643	13,752	2,847,395
Insurance	-	-	-	-	-	-	883,097	883,097
Uniforms	4,069	198	20,020	8,819	876	33,982	-	33,982
Supplies	127,207	5,518	142,808	18,418	19,786	313,737	26,098	339,835
Repairs and maintenance	-	14,697	-	305,916	-	320,613	-	320,613
Landscaping	-	-	-	76,184	-	76,184	-	76,184
Food	-	-	974,523	-	-	974,523	2,895	977,418
Cleaning and maintenance	-	-	1,030	-	-	1,030	-	1,030
License and permits	-	3,190	-	2,892	-	6,082	57,890	63,972
Pharmacy and medical	50,869	-	-	-	-	50,869	-	50,869
Education	16,430	-	780	814	-	18,024	12,852	30,876
Dues and subscriptions	318	-	-	-	-	318	48,886	49,204
COVID-19 Testing	-	-	-	-	-	-	63,950	63,950
Miscellaneous	6,299	2,087	933	9,113	-	18,432	10,301	28,733
Resident moving	-	-	-	-	-	-	16,343	16,343
Recruiting and fingerprinting	-	-	-	-	-	-	23,332	23,332
Party, music, and activity	1,875	-	6,374	-	-	8,249	35,973	44,222
Collateral production	-	-	-	-	-	-	39,504	39,504
Total expenses	\$ 5,547,147	\$ 3,094,095	\$ 4,789,972	\$ 3,040,572	\$ 1,110,498	\$ 17,582,284	\$ 3,711,200	\$ 21,293,484

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

**NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Flows from Operating Activities

Cash received for resident care fees	\$ 13,133,655
Cash received from entrance fees	7,263,473
Cash received for other resident services and operating income	267,858
Cash received for services to nonresidents	60,473
Unrestricted investment income received	1,291,456
Unrestricted contributions received	750,772
Cash received from operations	11,488
Cash received from government grants	12,118
Cash received from contributions (restricted)	28,967
Cash paid for suppliers, employees and others	(18,393,299)
Interest paid	(155,342)
Net cash provided by operating activities	<u>4,271,619</u>

Cash Flows from Investing Activities

Proceeds from sale of investments	3,519,372
Purchase of investments	(4,415,245)
Purchase of property and equipment	(4,135,895)
Net cash used by investing activities	<u>(5,031,768)</u>

Cash Flows from Financing Activities

Proceeds from line of credit	96,058
Repayment of long-term debt	(154,212)
Restricted contributions - perpetual endowment	47,000
Investment income restricted for reinvestment	403,524
Investment income released from restrictions	(329,930)
Payment of annuity obligations	(120,436)
Net cash used by financing activities	<u>(57,996)</u>

Net decrease in cash and cash equivalents (818,145)

Cash and cash equivalents, beginning of year 9,584,411

Cash and cash equivalents, ending of year \$ 8,766,266

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

**NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Reconciliation of change in net assets to net cash

provided by operating activities:

Changes in net assets	\$ 803,464
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Adjustments to reconcile change in net assets to net

cash provided by operating activities:

Amortization of entrance fees	2,733,834
Change in split interest trust	37,881
Depreciation	2,847,395
Restricted investment earnings	(403,524)
Releases from restricted endowment	329,930
Net realized/unrealized gain on investments	(2,081,462)
(Increase) decrease in operating assets	
Accounts receivable	352,540
Grant receivable	(69,700)
Dividends receivable	(136,452)
Prepaid expenses	12,353
Increase (decrease) in operating liabilities	
Accounts payable	(141,274)
Accrued liabilities	97,798
Post-retirement obligation	(71,429)
Deferred income	(484,634)
Advances from applicants	444,899

Total Adjustments	3,468,155
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Net cash provided by operating activities	\$ 4,271,619
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The accompanying notes are an integral part of these consolidated financial statements.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Northern California Congregational Retirement Homes, Inc. (the “Manor”) and the Carmel Valley Manor Foundation (the “Foundation”) are separate nonprofit public benefit corporations located in Carmel, California.

The Northern California Congregational Retirement Homes, Inc. operates Carmel Valley Manor, a life care facility located in Carmel, California. The Manor opened in October 1963 and consists of 148 independent living units including five single-family homes adjacent to the original Manor property, 24 assisted living units and 36 medical center beds. The Manor provides meals, lodging, most medical care and miscellaneous services to approximately 210 residents.

The Carmel Valley Manor Foundation is a Type I supporting organization of the Manor. The Foundation was incorporated in August of 2017 by a Board resolution of the Manor, to provide fundraising and other financial support for the charitable activities of the Manor, including (1) providing financial assistance to qualified low-income residents of retirement facilities through the Grace and Favor program and (2) engaging in additional planned giving.

Principles of Consolidation

The consolidated financial statements include the accounts of the Manor and its supporting organization, the Foundation (collectively, the “Organization”). The Manor shares a common governing board with and has an ongoing economic interest in the Foundation. As a result, these entities are financially interrelated, and consolidation is required under accounting principles generally accepted in the United States. All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements of the Organization are presented using the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP). In the consolidated statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity, resulting in the use of cash, respectively.

Fund Accounting

The accounts of the Organization have been maintained in accordance with principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds established according to their nature and purpose.

Classes of Net Assets

The classification of a not-for-profit entity’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. Therefore, it requires that the amounts for each of the classes of net assets with donor restrictions and without donor restrictions be displaced in the consolidated statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the consolidated statement of activities. The classes of net assets are defined as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions over which the Board of Trustees have discretionary control in carrying out the operations of the Organizations.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Net assets with donor restrictions – Net assets subject to donor or grantor-imposed restrictions and for which the applicable restriction was not met as of the year end of the current reporting period. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Accounting Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For the purposes of the consolidated statement of financial position and the consolidated statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as money market funds, with an original maturity of three months or less when purchased.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to a concentration of credit risk consists principally of cash. The Organization maintains cash accounts exceeding the federally insured limit of \$250,000. The Organization also maintains cash in brokerage accounts that are not federally insured. At December 31, 2021, cash and cash equivalents exceeded the Federal Deposit Insurance Corporation maximum insured by \$1,699,230. Management believes the Organization is not exposed to significant credit risk relating to cash.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists primarily of amounts due from residents for the monthly care fees and routine medical services and are subject to credit risk. Risk associated with these receivables is mitigated by periodic review of the resident accounts.

When necessary, the Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. The Organization has determined there is no need for an allowance for doubtful accounts at December 31, 2021.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Management has determined that all contribution receivables are collectible in full, therefore no allowance for uncollectible receivables has been provided.

Grants Receivable

Grants receivable consist of amounts received from other organizations. The amounts are recorded when the grant is awarded. Management believes that all grants receivable are fully collectible; therefore, no allowance for doubtful accounts is recorded.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Dividend Receivable

The Organization received a dividend distribution from Prana Investments in December of 2021, which was paid after year-end. The dividend receivable reflects the receivable balance due at December 31, 2021.

Investments

Investments in common stock, bond and equity mutual funds, and alternative investments are measured at fair value, which is the price that would be received if the investment was sold in an orderly transaction between market participants at the measurement date. Prana Realty Company I (Prana) investments are valued at the amounts reported to the Organization by Prana and the Organization's investment advisors. These amounts are generally reported at carrying value, which the Organization believes is a reasonable approximation of fair value.

Increases or decreases in fair value are recognized in the period in which they occur. Investment return is presented net of investment fees.

The Organization's investments are managed by investment advisors. The fair values are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investments securities and the level of uncertainty related to changes in fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

Property and Equipment

Property and equipment are carried at cost, if purchased, or at fair value at the date of the gift if donated, less accumulated depreciation. It is the Organization's policy to capitalize property and equipment purchases over \$5,000 and a minimum useful life of two years. Major additions, alterations and improvements are capitalized. Repairs and maintenance are charged to expense as incurred. The cost and accumulated depreciation of items disposed of are removed from the accounts, and any gain or loss is included in the consolidated statements of activities and changes in net assets.

Depreciation is provided using the straight-line method at rates based on the estimated economic useful lives of the individual classes of assets ranging from five to 40 years.

Advances from Applicants

Advances from applicants consist of deposits received from applicants who have not signed a continuing care contract as of December 31, 2021. Deposits are 100% refundable prior to establishing occupancy. When residency is established, deposited amounts are applied to the remaining entrance fee payment.

Deferred Income from Entrance Fees

Entrance fees are those paid by the resident as a condition of admission to the Manor for future services and use of the facilities, as specified in the Resident Agreement (Agreement). The entrance fees entitle the resident to the use of the residential facilities; access to amenities and social services; and the provision of, or access to, certain health care services.

Entrance fees are 100% refundable within 90 days of occupancy. Subsequent to the initial 90 days of occupancy, in which either the Organization or the resident can cancel, the Organization will refund entrance fees upon termination of contract, minus a charge of 1.5% percent of the entrance fee for each month or partial month from the date the resident signed the Agreement until the date the resident makes their unit available to the Organization. No entrance fees were refunded during the year ended December 31, 2021. As of December 31, 2021, the Organization

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had \$16,082,060 of deferred entrance fees that are contractually refundable based upon the terms of the Organization's refund policy. Based upon the Organization's history of issuing refunds, a refund reserve is not considered necessary as of December 31, 2021.

The nonrefundable portion of the entrance fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. A resident's actuarially determined life expectancy is adjusted on the resident's date of birth, permanent move to a different level of care and, if applicable, upon the death of the other resident who is a party to the continuing care contract. Entrance fees nonrefundable totaled \$18,558,658 at December 31, 2021.

Obligation to Provide Future Services

The Organization records a liability for the obligation to provide future services and the use of facilities to current residents when such costs are estimated to exceed anticipated revenues and the balance of unamortized entrance fees. Costs are comprised of per capita costs for all residents plus depreciation expense. For December 31, 2021, the per capita costs are calculated based upon a 3 percent annual increase in costs multiplied by a life expectancy factor for each resident. Anticipated revenues from the few contracts for which there are no fee increases, are calculated as current monthly fees multiplied by a life expectancy factor for each resident. At December 31, 2021, anticipated revenues for all other contracts are calculated as current monthly fees with a 3 percent annual increase multiplied by a life expectancy factor for each resident.

At December 31, 2021, the present value of future cash inflows and outflows is calculated with a discount rate of 5 percent. Amortization expense is computed based upon expense per average number of residents multiplied by a total annuity factor for all residents.

The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the year ended December 31, 2021. A reserve fund escrow is not required for the Organization.

As of December 31, 2021, future revenues were estimated to exceed costs to provide future services, therefore, no long-term care commitment liability is necessary.

Annuity Trusts

Annuity obligations consists of the remaining principal amounts of annuity gifts to the Organization. Under individual trust agreements, the Organization is required to pay stipulated annuities to the donor over the donor's lifetime. The contribution portion of the gift is determined in the year the trust is established and recorded on the consolidated statement of activities and changes in net assets, as the difference between the fair value of the trust assets and the present value of the estimated annuity payments to be paid over the expected life of the annuitant using a discount rate of 7.05% in 2021, which is recorded as an annuity obligation on the consolidated statement of financial position.

Subsequent to initial recognition, the liability is adjusted for discount amortization and revaluations of future payments to beneficiaries based on life expectancies, which are recognized as the change in value of split interest agreements on the consolidated statement of activities and changes in net assets. The remaining liability reverts to the Organization upon death of the donor. The annuitants have designated that, upon termination, the remaining principal of each Annuity Trust be transferred to either Part A or Part B of the Organization's endowment. Assets held in the charitable remainder trusts totaled \$957,934 at December 31, 2021 and are reported at fair value in the consolidated statement of financial position.

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Revenue Recognition

Resident Care Fees

The Organization operates primarily under the “continuing care” concept in which residents enter into a residential contract that generally provides for a specified entrance fee, with certain options for refunds, and for monthly service fees throughout the residents’ tenancy. Generally, payment of these fees entitles residents to the use and privileges of the Manor for life. Residents are also entitled to certain health care services provided in the Manor assisted living and skilled nursing facility at the same monthly fee as paid in independent living. The resident agreement does not entitle the residents to an ownership interest in the Manor. The fees charged under this contract includes periodic resident care fees and advance entrance fees.

Resident care fees revenue is the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for standing ready to provide services to the residents under a continuing care contract. Revenue is recognized in the month in which the performance obligations are satisfied.

The Organization offers month-to-month continuing care contracts for all levels of care. No such contracts were entered into with residents during the year ending December 31, 2021.

Other Resident Services

Other resident services revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing these services. The transaction price charged to the resident is based on personal preference or usage of optional services provided by the Organization. Fees are based on published rates, paid monthly for services not covered by the monthly periodic resident care fees and are billed in arrears.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Organization 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. The Organization measures performance obligation for resident care fees as a series of distinct services that are considered one performance obligation that is satisfied over time.

Transaction Price

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party. The Organization determines its estimates of contractual adjustments based on contractual agreements and historical experience.

Third-Party Payors

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

Medicare – The Organization provides care to residents under the Medicare Part B program. Revenue from Medicare accounts for approximately 0.3% of the resident care fees revenue for the year ended December 31, 2021. Certain health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic or other factors. Certain services are paid based on a cost-reimbursement methodology subject to certain limits. Physical services are paid based on established fee schedules.

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Secondary Insurance - Payment agreements with certain commercial insurance carriers, health maintenance organization and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts for established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result, compliance with such laws and regulations may be subject to future government review and interpretation as well as regulatory action, including fines, penalties, and potential exclusion from the related program. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims would have upon the Organization. The Organization believes that is in compliance with all applicable laws and regulations.

Amortization of Entrance Fees

Residents under the declining refundable contract, pay an entrance fee that provides a 100% refund upon death or withdrawal during the first three months of occupancy. Subsequent to the initial 90 days of occupancy, the refund declines by 1.5% per month of occupancy. The non-refundable portion of entrance fees paid by residents are recorded as deferred revenue from entrance fees in the consolidated statement of financial position. The basic resident agreement creates a performance obligation to be satisfied over the resident's remaining life at the Organization. The Organization recognizes the revenue associated with the entrance fee using a straight-line method over the actuarially determined life of each resident. Resident life expectancies are reevaluated annually and changes in the revenue as a result of the revaluation will be recognized in the period noted. As of December 31, 2021, the Organization had \$34,640,718 in deferred entrance fee revenue to be recognized as the performance obligations are satisfied. See Note 9 for changes in the deferred entrance fee revenue for the year ended December 31, 2021. The performance obligation is satisfied upon termination of the residency agreement.

Contract service revenue related balances as of December 31, 2021 were as follows:

	Beginning Balance	Ending Balance
Accounts receivable	\$ 423,736	\$ 71,196

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contribution revenue is recorded as an increase in net assets without donor restrictions unless their use is limited by time or donor-imposed restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor stipulations. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions. Gifts and investment income that are originally restricted by donor and for which the restriction is met in the same period are recorded with donor restrictions and then released from restriction. Donations of investments are reported at fair value at the time of gift.

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Grants

Support and revenue from grants are recognized as revenue when grant-imposed conditions are met. These revenues are subject to right of return if funds are not spent and have other performance and/or control barriers that must be met to be entitled to the funds. For this reason, the Organization's grant revenues are considered to be conditional, and revenue is recognized as funds are utilized for programmatic activities specified in the grant agreement. Accordingly, amounts received, but not recognized as revenue, are classified in the consolidated statement of financial position as deferred revenues. Grants received during the year include \$484,634 from the U.S. Health Resources & Services Administrator Provider Relief Fund program, and \$69,700 from the Los Angeles Jewish Home for the Aging, both recognized in the statement of activities.

Measure of Operations

The consolidated statement of activities and changes in net assets reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, and other activities considered to be of a more unusual or nonrecurring nature.

Advertising

Advertising costs are expensed as incurred and amounted to \$142,493 for the year ended December 31, 2021.

Income Tax

The Manor and the Foundation are exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and the corresponding California provisions, except to the extent of unrelated business income ("UBIT") as defined by the IRC.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2021.

Presentation of Certain Taxes

The Organization collects sales and occupancy taxes and remits these amounts to applicable taxing authorities. The Organization's accounting policy is to exclude these taxes from revenues and expenses.

Upcoming Accounting Standards Updates (ASU)

ASU 2016-02

In February 2016, the FASB issued ASU No. 2016-02, which amends the FASB Accounting Standards Codification and creates Topic 842, *Leases*, requiring organizations to recognize lease assets and lease liabilities on the statement of financial position and requiring disclosure of key information about leasing arrangements. The guidance is effective for periods beginning after December 15, 2021. ASU No. 2016-02, as amended, mandates a modified retrospective transition approach. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements and expects the impact to be de minimis.

ASU 2020-07

In September 2020, the FASB issued ASU No. 2020-07 (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The guidance is effective for periods beginning

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after June 15, 2021. The amendment in this Update is required to be applied on a retrospective basis. The Organization is currently evaluating the impact of the pending adoption of this new standard on its financial statements and expects the impact to be de minimis.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets and in the consolidated statement of functional expenses. An individual expense is allocated to the underlying activity through which it was incurred. The consolidated statement of activities and changes in net assets and in the consolidated statement of functional expenses includes certain expenses which must be allocated on a reasonable basis which has been consistently applied: an allocation of portions of depreciation. Depreciation expense has been allocated based on a square footage basis.

Reclassification

Certain amounts in the consolidated statement of financial position, consolidated statement of activities and changes in net assets, and consolidated statement of cash flows have been reclassified to conform to current year presentation. These reclassifications, other than those described in Note 17 did not have an effect on the net assets.

2. Financial Assets Available and Liquidity

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general expenditure due to contractual or donor-imposed restrictions within one year. Amounts not available include amounts set aside for long-term investing in quasi-endowment funds that could be drawn only upon approval of the Board of Directors.

Cash and cash equivalents	\$ 8,766,266
Accounts receivable	71,196
Contributions receivable	10,000
Dividend receivable	136,452
Grant receivable	69,700
Investments	<u>35,527,124</u>
Financial assets as of December 31, 2021	44,580,738
Less:	
Amounts subject to donor restrictions	(8,851,431)
Quasi-endowment funds	(8,604,555)
Amounts restricted for Annuity Fund	(957,934)
Amounts restricted for Residents' Association Fund	(120,345)
Amounts set aside for liquidity reserve	(7,122,371)
Amounts set aside for debt service reserve	(303,572)
Amounts not due within one year	<u>(467,539)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$18,152,991</u></u>

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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. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization, has designated a portion of its operating surplus to its liquidity reserve that is on average at least ninety days of operating expenses. The board designated amount as of December 31, 2021 is \$7,122,371. This reserve was established through approval of the Board of Directors to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

3. Investments

The Organization's investment portfolio consists of the following as of December 31, 2021:

Mutual bond funds	\$ 5,346,047
Mutual equity funds	10,770,605
Beneficial interest in assets held by Community Foundation	16,471,263
Alternative investments	1,633,397
Prana Realty Company I common stock	1,305,812
	<u>\$35,527,124</u>

4. Fair Value Measurements

The Organization adopted the provisions of fair value measurements, which defines fair value, establishes a framework for measuring fair value and also expands the disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1 inputs are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access. Examples of these are investments in common stocks and mutual funds.
- Level 2 inputs are based on quoted prices in markets that are not active and other valuation methodologies or model inputs that are observable either directly or indirectly as of the measurement date. Examples of these investments include corporate and municipal bonds that trade infrequently.
- Level 3 inputs are based on prices or valuation techniques that are unobservable for the investment and include situations where there is little, if any, market activity. These inputs reflect assumptions of management about in pricing the investments or life expectancies. Examples of these investments are certain private equity investments and annuity obligations.

There were no changes in the valuation methodologies and no transfers of investments between levels during the year ended December 31, 2021.

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Assets and liabilities measured at fair value on a recurring basis have been categorized into a hierarchy based on the observable and unobservable inputs used to determine fair value as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual bond funds	\$ 5,346,047	\$ -	\$ -	\$ 5,346,047
Mutual equity funds	10,770,605	-	-	10,770,605
Beneficial interest in assets held by Community Foundation	-	-	16,471,263	16,471,263
Alternative investments	1,633,397	-	-	1,633,397
Total recurring fair value measurements	<u>\$ 17,750,049</u>	<u>\$ -</u>	<u>\$ 16,471,263</u>	34,221,312
Prana Realty Company I measured at NAV				<u>1,305,812</u>
Total investments				<u>\$ 35,527,124</u>
Liabilities:				
Annuity obligations:				
Annuity trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,261</u>	<u>\$ 603,261</u>

The following is a description of the Organization's valuation methodologies for assets and liabilities measured at fair value:

Mutual Bond and Equity Funds, and Alternative Investments

Valued at the closing price as reported on the active market on which individual securities or funded are traded.

Community Foundation for Monterey County – Endowment Fund

The Organization has a beneficial interest in assets at Community Foundation for Monterey County (CFMC) in the amount of \$16,471,263 at December 31, 2021, which consists of funds contributed by the Organization and includes earnings thereon, net of distributions received. CFMC may make annual distributions from the fund if requested by the Organization. The Organization may terminate the fund and receive payment equal to the fund's total value by submitting a resolution authorizing such action approved by three-fourths of the directors of the Organization's board. In the event the Organization cease operations as a qualified 501(c)(3) the CFMC board of directors, in consultation with the board of directors of the Organization, may designate other qualified charitable organization as successor beneficiaries of the fund, so long as such successor beneficiaries are qualified by the IRS as 501(c)(3) organizations.

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The following table presents a roll forward of activity for assets held by Community Foundation:

Beginning balance	\$ 14,783,552
Contributed stocks and cash	421,752
Investment income (interest and dividends)	575,360
Realized (losses)	(1,044)
Unrealized gains	1,358,811
Distributions	(607,708)
Investment fees	(59,461)
	<u>\$ 16,471,263</u>

The unobservable inputs to the valuation are the underlying assets at the CFMC; therefore, these investments are classified as Level 3 assets within the fair value hierarchy.

Annuity Obligations

On an annual basis the Organization revalues the liability to make distributions to the designated beneficiaries of the Annuity Trusts based on actuarial assumptions. The present value of the estimated future payments for Annuity Trusts is calculated using a discount rate of 7.05 percent and the remaining life expectancy of the beneficiaries based on applicable mortality tables.

The following table sets forth a summary of changes in the fair value of the Organizations level 3 Annuity Trusts at December 31, 2021:

Balance, beginning of year	\$ 685,827
Payments of annuity trusts	(120,447)
Change in value of annuity trusts	37,881
Balance, end of year	<u>\$ 603,261</u>

Prana Realty Company I Measured at NAV

The Manor purchased the Class A common stock of Prana Realty Company I (the Company) in an initial offering in 2007. The Company, through City Partners I (the Partnership), is engaged in the acquisition, operating and the eventual sale of properties.

The periodic valuation of the Company's total portfolio serves as the basis for determining the Company's net asset value, which the Company uses in determining the market value per share for purposes of issuing additional shares or buying back outstanding shares. The market value per share is determined by dividing the Company's net asset value by the number of shares outstanding. At December 31, 2021, the Company has valued each share at \$101,028. This investment is not readily marketable, in part due to regulatory transfer restrictions placed by Prana.

The Organization uses net asset value to determine fair value of the investment in the Company as follows as of December 31, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Prana Realty Company I	<u>\$1,305,812</u>	<u>\$ -</u>	Semi-annually	95 days advance notice required

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5. Property and Equipment, net

The major categories of property and equipment and accumulated depreciation thereon are as follows as of December 31, 2021:

Buildings and improvements	\$ 50,110,158
Hillcrest assisted living center	4,477,622
Medical center	4,681,580
Administrative and activity building	2,320,464
Pavement resurfacings	486,640
Sprinkler system and well	71,286
Septic drain	161,709
Furnishings and carpeting	631,981
Computer equipment	389,361
Furniture	727,449
Health center equipment	347,917
Kitchen equipment	657,300
Maintenance equipment	222,412
Artwork and collections	145,245
Miscellaneous equipment	1,412,799
Motor vehicles	435,237
Landscaping	1,265,902
Telephone equipment	446,082
Water well	1,450,385
Total depreciable property and equipment	<u>70,441,529</u>
Less accumulated depreciation	<u>(37,925,953)</u>
Net depreciable property and equipment	<u>32,515,576</u>
Land	403,575
Construction in progress	<u>2,962,090</u>
Total property and equipment, net	<u><u>\$ 35,881,241</u></u>

Depreciation expense for year ended December 31, 2021 was \$2,847,395.

6. Post-Retirement Obligation

The Organization entered into an agreement with former President and Chief Executive Officer of the Organization, Jane Ipsen, in October 2020. Under the agreement, Mrs. Ipsen will receive, as severance compensation, an annual payment of \$75,000 for two years beginning January 2021, for a total of \$150,000. The post-retirement obligation at December 31, 2021 is \$75,000.

7. Line of Credit

The Organization obtained a \$7,000,000 non-revolving line of credit arrangement with 1st Capital Bank to finance the sewer extension capital project. The line of credit term is five years and bears interest at 4.25%. The line of credit is secured by a deed of trust on the Organization's property at 8545 Carmel Valley Road in Carmel. At December 31, 2021, the line of credit has an outstanding balance of \$96,058, due May 27, 2026.

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8. Long-Term Debt

On May 27, 2021, the Organization renegotiated a loan dated December 28, 2011. The renegotiated loan, which supersedes the loan dated 2011, is for the amount of \$3,311,126. The loan is payable in monthly installments of \$24,233, including principal and interest at a fixed rate of 3.95% from May 27, 2021 to May 27, 2026, at which time a one-time balloon payment estimated to be \$2,475,702 is due. The loan payable is secured by a Deed of Trust as defined in the loan agreement. As of December 31, 2021, the outstanding balance is \$3,180,223. The note payable requires the Organization to comply with certain financial covenants, all of which were met at December 31, 2021.

Current maturities on the long-term debt at December 31, 2021 are as follows:

<u>Years ending December 31,</u>	
2022	\$ 168,255
2023	171,877
2024	178,666
2025	185,723
2026	2,475,702
	<u>\$ 3,180,223</u>

9. Deferred Income from Entrance Fees

The changes in the deferred income from entrance fees are as follows as of December 31, 2021:

Balance, beginning of year	\$ 31,906,884
New fees received	6,977,173
Recognition of fees	(4,084,740)
Refunds	(158,599)
Balance, end of year	<u>\$ 34,640,718</u>

10. Employee Retirement Plan

The Organization has a Section 403(b)(7) retirement savings plan. All full-time and part-time employees become eligible to participate in the Plan on their hire date. On-call employees, who work less than 1,000 hours per year, are not eligible to participate in the Plan.

The Organization may match a full-time employee's contribution dollar for dollar up to a maximum of 3 percent of a participant's compensation. To qualify for the employer discretionary matching contribution, the participant must be a full-time employee and a participant in the Plan for a continuous period of two years with no breaks in service. Part-time employees are not eligible for the employer discretionary matching contribution. The amount of matched contributions made by the Organization was \$132,944 in 2021.

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11. Net Assets - With Donor Restrictions

Donor restricted net assets consist for the following purposes as of December 31, 2021:

Subject to expenditure for specified purpose:

Resident entertainment	\$ 64,612
Healthcare education	45,936

Subject to Organization's spending policy and appropriation:

Income earned on perpetual endowment	
General operating support	1,692,075

Subject to appropriation and expenditure when a specified event occurs:

Terminated annuity trust funds	354,673
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Not subject to appropriation or expenditure:

Endowment funds in perpetuity (including original gift amount of \$5,625,425 as of December 31, 2021)	7,159,356
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Balance, end of year	<u>\$ 9,316,652</u>
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Releases from donor restricted net assets for the year ended December 31, 2021, are as follows:

Releases from restrictions:

Subject to expenditure for specified purpose:

Resident entertainment	\$ 6,000
Healthcare education	10,032

Subject to the Organization's spending policy and appropriation:

General operating support	329,930
	<u>\$ 345,962</u>

12. Board Designated Net Assets

The board designated net assets are comprised of the following at December 31, 2021:

Without donor restrictions

Designated by the Board for:

Quasi-endowment	\$ 8,604,555
Resident welfare	120,345

Net assets	<u>\$ 8,724,900</u>
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13. Endowment

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as enacted by California in 2008 as SB 1329 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to

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the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations of earnings or losses to the permanent endowment. The remaining portion of the endowment fund not classified as net assets with donor restrictions is classified as net assets without donor restrictions, board designated. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Investment Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for the endowment fund. Under this policy, the endowment assets are invested in a manner that is intended to achieve the balanced accomplishment of current income with the growth and conservation of principal with interest and dividend income to be used to help meet operating expenses. In managing risk within the endowment fund, the objective is to earn a return that allows a significant distribution of grants while striving to preserve the principal, allowing for inflation and expenses, and fulfill the Organization's philanthropic goals into the future.

Strategies Employed for Achieving Objectives

The Organization's investment strategy involves under- and over-weighting various asset classes based on an assessment of the risk and return potential specific to each asset class at any point in time.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year four percent of the average closing market value of all Endowment Fund investments for the three preceding years to be available for general operating purposes. The four percent may be adjusted up or down in the future in order to maintain a fiscally prudent program for distribution consistent with the Organization's objective to grow and conserve principal in the endowment fund with interest and dividend income to be used to help meet the operating expenses, but not the non-operating requirements, of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds, may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Endowment net assets composition by type of fund as of December 31, 2021:

Net assets without donor restrictions:

Board designated quasi endowment funds \$ 8,604,555

Net assets with donor restrictions:

Perpetual endowment to provide income to the
Manor and Foundation (Supporting Organization) 5,625,425

Accumulated gains on perpetual endowment 3,226,006

Total net assets with donor restrictions 8,851,431

Total net endowment assets \$17,455,986

As of December 31, 2021, the endowment fund is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Total
Assets:			
Investments	\$ 8,604,555	\$ 8,704,979	\$17,309,534
Contribution receivable	-	10,000	10,000
Dividend Receivable	-	136,452	136,452
Total assets	\$ 8,604,555	\$ 8,851,431	\$17,455,986

Changes in endowment net assets for the year ended December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 7,594,478	\$ 8,082,880	\$15,677,358
Investment income, net	304,181	348,170	652,351
Net realized and unrealized gains	633,790	725,444	1,359,234
Contributions	349,885	24,867	374,752
Amount appropriated for expenditure	(277,779)	(329,930)	(607,709)
Endowment net assets, end of year	\$ 8,604,555	\$ 8,851,431	\$17,455,986

14. Health and Safety Code Section 1790 (A)(3) Disclosure (Unaudited)

Improvements made during December 31, 2021 include (a) facilities and building of \$3,871,554 which consists of unit renovations and structural improvements to the Manor buildings, walkways and landscaping; (b) carpets, furnishings, and floor coverings of \$90,751; (c) computer equipment of \$13,397; and \$161,059 on equipment. The balance in work in progress as of December 31, 2021 was \$2,262,090 which consists mainly of unit renovations in progress.

These improvements are necessary and consistent with the Organization's tax-exempt purpose to maintain and provide facilities to meet the housing, health care and other needs of their residents.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

15. Related Parties

Board Member Transactions

A current Board member is an employee of a company that provides insurance brokerage services to the Organization. Each year competitive bids are obtained from several insurance companies. In 2021, \$213,533 was paid for premiums to insurance companies represented by the Board member.

Management Transactions

The Organization provides the current President/CEO with a residential unit, owned by the Organization, on the Organization's premises. The unit was provided rent-free during the year ended December 31, 2021. As of January 1, 2022, the President/CEO will pay a monthly rent of \$1,200 per month.

16. Concentrations

Approximately 42% of contribution revenue is from one contributor. Management believes there is minimal risk associated with the concentration.

17. Reclassification of Net Assets

After a thorough review of the Organization's net assets, it was discovered that certain contributions were not classified properly in the prior year. As a result of management's review, the Organization's beginning net assets, as of December 31, 2020, have been reclassified as follows:

	Without Donor Restriction	With Donor Restriction	Total
With donor restriction contributions classified as without donor restriction	\$ (51,868)	\$ 51,868	\$ -

18. Risks and Uncertainties

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus, COVID-19, as a pandemic, which continues to spread throughout the United States. The Organization has taken measures to comply followed and implemented requirements and guidance from the CDC and CADPH and have placed an emphasis on infection protection including social distancing, limited visitation, sanitizing stations throughout the community and limited group activities.

The Organization is currently tracking the expenses incurred due to COVID-19 and has seen an increase in expenses to help manage the pandemic. Additional measures will be taken to safeguard the financial position of the Organization if necessary. The Organization cannot reasonably estimate the length or severity of this pandemic and therefore, at this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

19. Subsequent Events

In March of 2022, the Organization began the process of issuing an insured revenue and refunding bond, valued at approximately \$35,000,000 through Cal-Mortgage to fund major capital projects. As of the date which the financial statements were available to be issued, the bond is not finalized.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

Management has evaluated subsequent events through April 29, 2022, the date which the financial statements were available to be issued. Except for the event disclosed in the paragraph above, there were no subsequent events which affected the amounts or disclosures in the financial statements.

SUPPLEMENTARY INFORMATION

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULES FOR THE STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

Northern California Congregational Retirement Homes, Inc.									
	Manor Operating Fund	Manor Annuity Trusts Fund	Manor Alabaster Fund	Manor Residents' Assoc. Fund	Total All Funds	Carmel Valley Manor Foundation	Eliminations	Consolidated	
Assets									
Current Assets									
Cash and cash equivalents	\$ 8,699,528	\$ 8,724	\$ -	\$ 30,712	\$ 8,738,964	\$ 27,302	\$ -	\$	\$ 8,766,266
Accounts receivable	70,013	1,183	-	-	71,196	-	-	-	71,196
Contribution receivable	-	-	-	-	-	10,000	-	-	10,000
Dividend receivable	-	-	-	-	-	136,452	-	-	136,452
Grant receivable	69,700	-	-	-	69,700	-	-	-	69,700
Due (to) from other funds	(64,612)	-	64,612	-	-	-	-	-	-
Prepaid expenses	318,558	-	-	-	318,558	-	-	-	318,558
Total current assets	9,093,187	9,907	64,612	30,712	9,198,418	173,754	-	-	9,372,172
Investments	17,179,930	948,027	-	89,633	18,217,590	17,309,534	-	-	35,527,124
Property and equipment, net	35,881,241	-	-	-	35,881,241	-	-	-	35,881,241
Total assets	\$ 62,154,358	\$ 957,934	\$ 64,612	\$ 120,345	\$ 63,297,249	\$ 17,483,288	\$ -	\$	\$ 80,780,537
Liabilities and Net Assets									
Liabilities									
Current Liabilities									
Accounts payable	\$ 392,378	\$ -	\$ -	\$ -	\$ 392,378	\$ -	\$ -	\$	\$ 392,378
Accrued liabilities	984,070	-	-	-	984,070	-	-	-	984,070
Advances from applicants	1,337,901	-	-	-	1,337,901	-	-	-	1,337,901
Post-retirement obligation	75,000	-	-	-	75,000	-	-	-	75,000
Current portion of long-term debt	168,255	-	-	-	168,255	-	-	-	168,255
Total current liabilities	2,957,604	-	-	-	2,957,604	-	-	-	2,957,604
Line of credit	96,058	-	-	-	96,058	-	-	-	96,058
Long-term debt, less current portion	3,011,968	-	-	-	3,011,968	-	-	-	3,011,968
Deferred income from entrance fees	34,640,718	-	-	-	34,640,718	-	-	-	34,640,718
Annuity obligations	-	603,261	-	-	603,261	-	-	-	603,261
Total liabilities	40,706,348	603,261	-	-	41,309,609	-	-	-	41,309,609
Net Assets									
Without donor restrictions, including quasi-endowment funds \$8,604,555	21,402,074	-	-	120,345	21,522,419	8,631,857	-	-	30,154,276
With donor restrictions	45,936	354,673	64,612	-	465,221	8,851,431	-	-	9,316,652
Total net assets	21,448,010	354,673	64,612	120,345	21,987,640	17,483,288	-	-	39,470,928
Total liabilities and net assets	\$ 62,154,358	\$ 957,934	\$ 64,612	\$ 120,345	\$ 63,297,249	\$ 17,483,288	\$ -	\$	\$ 80,780,537

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULES FOR THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Northern California Congregational Retirement Homes, Inc.						Carmel Valley Manor		
	Manor Operating Fund	Manor Annuity Trusts Fund	Manor Alabaster Fund	Manor Residents' Assoc. Fund	Total All Funds		Foundation		Consolidated
Changes in Net Assets Without Donor Restrictions									
Revenue and support									
Income from Operations									
Resident care fees	\$ 12,781,115	\$ -	\$ -	\$ -	\$ 12,781,115	\$ -	\$ -	\$ -	\$ 12,781,115
Amortization of entrance fees	4,084,740	-	-	-	4,084,740	-	-	-	4,084,740
Other resident services and operating income	288,974	-	-	39,357	328,331	-	-	-	328,331
Total income from operations	17,154,829	-	-	39,357	17,194,186	-	-	-	17,194,186
Other Income									
Investment return, net	1,492,631	-	-	13,511	1,506,142		937,971	-	2,444,113
Contributions	972,595	-	-	-	972,595		24,597	(571,708)	425,484
Contributed investments	-	-	-	-	-		325,288	-	325,288
Other income	11,300	-	-	-	11,300		188	-	11,488
Grant revenue	566,452	-	-	-	566,452		-	-	566,452
Total other income	3,042,978	-	-	13,511	3,056,489		1,288,044	(571,708)	3,772,825
Net Assets Released from Restrictions									
Endowment income distribution	-	-	-	-	-		329,930	-	329,930
Healthcare education	10,032	-	-	-	10,032		-	-	10,032
Resident entertainment	43,027	-	-	(37,027)	6,000		-	-	6,000
Total released from restrictions	53,059	-	-	(37,027)	16,032		329,930	-	345,962
Total revenue and support and other income	20,250,866	-	-	15,841	20,266,707		1,617,974	(571,708)	21,312,973
Expenses									
Manor program									
Nursing, assisted living, and medical services	5,547,147	-	-	-	5,547,147		-	-	5,547,147
Resident services	3,094,095	-	-	-	3,094,095		-	-	3,094,095
Dining services	4,789,972	-	-	-	4,789,972		-	-	4,789,972
Facility operations, maintenance, and utilities	3,040,572	-	-	-	3,040,572		-	-	3,040,572
Environmental services	1,110,498	-	-	-	1,110,498		-	-	1,110,498
Management and general	3,677,122	-	-	-	3,677,122		605,786	(571,708)	3,711,200
Total expenses	21,259,406	-	-	-	21,259,406		605,786	(571,708)	21,293,484
Change in net assets without donor restrictions	(1,008,540)	-	-	15,841	(992,699)		1,012,188	-	19,489

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION
CONSOLIDATING SCHEDULES FOR THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	Northern California Congregational Retirement Homes, Inc.					
	Manor Operating Fund	Manor Annuity Trusts Fund	Manor Alabaster Fund	Manor Residents' Assoc. Fund	Total All Funds	Carmel Valley Manor Foundation
Changes in Net Assets With Donor Restrictions						
Other Income						
Investment return, net	-	59,705	5,532	-	65,237	1,073,614
Contributions	4,100	-	-	-	4,100	19,987
Contributed investments	-	-	-	-	-	4,880
Change in value of split interest trusts	-	(37,881)	-	-	(37,881)	-
Total other income	4,100	21,824	5,532	-	31,456	1,098,481
Net Assets Released from Restrictions						
Endowment income distribution	-	-	-	-	-	(329,930)
Healthcare education	(10,032)	-	-	-	(10,032)	-
Resident entertainment	-	-	(6,000)	-	(6,000)	-
Total released from restrictions	(10,032)	-	(6,000)	-	(16,032)	(329,930)
Change in net assets with donor restrictions	(5,932)	21,824	(468)	-	15,424	768,551
Change in Net Assets	(1,014,472)	21,824	(468)	15,841	(977,275)	1,780,739
Net Assets, Beginning of Year	22,410,614	-	-	104,504	22,515,118	7,619,669
Without donor restrictions	51,868	332,849	65,080	-	449,797	8,082,880
With donor restrictions - as restated (Note 17)						
Total net assets, beginning of year	22,462,482	332,849	65,080	104,504	22,964,915	15,702,549
Net Assets, End of Year						
Without donor restrictions	21,402,074	-	-	120,345	21,522,419	8,631,857
With donor restrictions	45,936	354,673	64,612	-	465,221	8,851,431
Total Net Assets, End of Year	\$ 21,448,010	\$ 354,673	\$ 64,612	\$ 120,345	\$ 21,987,640	\$ 17,483,288
					\$	\$
						\$ 39,470,928

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF FUNDS AND PURPOSE
FOR THE YEAR ENDED DECEMBER 31, 2021

FUNDS:	PURPOSE:
Manor Operating Fund	The Manor <i>Operating Fund</i> comprises resources that are available for support of the Manor's operations.
Manor Annuity Trusts Fund	<i>The Charitable Remainder Annuity Trusts Fund</i> (Manor Annuity Trusts Fund) consists of the remaining principal amounts of annuity gifts to the Manor. Under individual trust agreements, the Manor is required to pay stipulated annuities to the donor over the donor's lifetime. The contribution portion of the gift is determined in the year the trust is established and recorded on the consolidated statement of activities and changes in net assets, as the difference between the fair value of the trust assets and the present value of the estimated annuity payments to be paid over the expected life of the annuitant using a discount rate of 7.05% in 2021 which is recorded as a liability on the consolidated statement of financial position. Subsequent to initial recognition, the liability is adjusted for discount amortization and revaluations of future payments to beneficiaries based on life expectancies, which are recognized as the change in value of split interest agreements on the consolidated statement of activities and changes in net assets. The remaining liability reverts to the Organization upon death of the donor. The annuitants have designated that, upon termination, the remaining principal of each Annuity Trust be transferred to either Part A or Part B of the Organization's endowment. Assets held in the charitable remainder trusts totaled \$957,934 at December 31, 2021, and are reported at fair value in the consolidated schedule for the statement of financial position.
Manor Alabaster Fund	The Manor <i>Alabaster Fund</i> is comprised of a contribution to be used for resident entertainment. The income earned and up to 10 percent of the principal may be used annually in the Alabaster Fund.
Manor Residents' Association Fund	The Manor <i>Residents' Association Fund</i> is comprised of income from the ROSE shop and donations designated for use by the Association. Funds are used by the Association, through the Residents' Council and its committees, primarily to advance the welfare of residents.
Carmel Valley Manor Foundation	<i>The Carmel Valley Manor Foundation Fund</i> is comprised of two parts, Part A and Part B - <i>Part A</i> consists of (1) donations, gifts, bequests made to the Foundation and without donor restricted bequests apparently intended to be enduring and in compliance with the purpose of the fund; (2) remainder interests in those Charitable Remainder Annuity Trusts terminated prior to March 1, 1994; (3) those trusts created prior to March 1, 1994 unless the trustors have specified in writing that the remainder interests shall be placed in Part B; and (4) those trusts created on or after March 1, 1994 with the written consent of the trustors. The principal of Part A shall accumulate and be retained in perpetuity to provide increasing income to the Foundation and may be used only to meet the statutory reserve requirements of the state of California or to meet unforeseen emergencies if the assets in Part B are insufficient for these purposes. The investment return on Part A assets are included in net assets with donor restrictions. <i>Part B</i> consists of (1) any funds transferred from the Foundation's reserve (operating) fund at the designation of the Board; (2) remainder interests in trusts created prior to March 1, 1994 with the written consent of the trustors; and (3) remainder interests in trusts created on or after March 1, 1994 provided the trustors have not specified in writing that such remainder interests shall be placed in Part A. The principal of Part B has no outside restrictions and can be utilized with the approval of the Board of Trustees for: unforeseen emergencies; funding improvements that are financially sound and will substantially improve the quality of life at the Manor; compliance with regulatory requirements; reducing operating expenses and debt that may have been or may be incurred to fund improvements.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Endowment Part A	Annuity Trusts Fund	Alabaster Fund	Total
Assets					
Cash	\$ 45,936	\$ -	\$ 8,724	\$ -	\$ 54,660
Accounts receivable	-	-	1,183	-	1,183
Contributions receivable	-	10,000	-	-	10,000
Dividend receivable	-	136,452	-	-	136,452
Due (to) from other funds	-	-	-	64,612	64,612
Total current assets	45,936	146,452	9,907	64,612	266,907
Investments	-	8,704,979	948,027	-	9,653,006
Total assets	<u>\$ 45,936</u>	<u>\$8,851,431</u>	<u>\$ 957,934</u>	<u>\$ 64,612</u>	<u>\$9,919,913</u>
Liabilities and Net Assets					
Annuity obligations	\$ -	\$ -	\$ 603,261	\$ -	\$ 603,261
Net assets with donor restrictions	45,936	8,851,431	354,673	64,612	9,316,652
Total liabilities and net assets	<u>\$ 45,936</u>	<u>\$8,851,431</u>	<u>\$ 957,934</u>	<u>\$ 64,612</u>	<u>\$9,919,913</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS
(CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Endowment Part A	Annuity Trusts Fund	Alabaster Fund	Total
Other Income (loss)					
Investment return, net	\$ -	\$1,073,614	\$ 59,705	\$ 5,532	\$1,138,851
Contributions	4,100	24,867	-	-	28,967
Change in value of split-interest trusts:					
Revaluation of trust obligations	-	-	(37,881)	-	(37,881)
Total other income	<u>4,100</u>	<u>1,098,481</u>	<u>21,824</u>	<u>5,532</u>	<u>1,129,937</u>
Net Assets Released from Restrictions					
Endowment income distribution	-	(329,930)	-	-	(329,930)
Satisfaction of program restrictions:					
Entertainment	-	-	-	(6,000)	(6,000)
Healthcare education	(10,032)	-	-	-	(10,032)
Total released from restrictions	<u>(10,032)</u>	<u>(329,930)</u>	<u>-</u>	<u>(6,000)</u>	<u>(345,962)</u>
Change in Net Assets	<u>(5,932)</u>	<u>768,551</u>	<u>21,824</u>	<u>(468)</u>	<u>783,975</u>
Net Assets, Beginning of Year	<u>51,868</u>	<u>8,082,880</u>	<u>332,849</u>	<u>65,080</u>	<u>8,532,677</u>
Net Assets, End of Year	<u>\$ 45,936</u>	<u>\$8,851,431</u>	<u>\$ 354,673</u>	<u>\$ 64,612</u>	<u>\$9,316,652</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF DESIGNATED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Operating Fund	Endowment Part B	Residents' Association Fund	Total
Assets				
Cash	\$ -	\$ -	\$ 30,712	\$ 30,712
Total current assets	-	-	30,712	30,712
Investments	-	8,604,555	89,633	8,694,188
Total assets	<u>\$ -</u>	<u>\$8,604,555</u>	<u>\$ 120,345</u>	<u>\$8,724,900</u>
Liabilities and Net Assets				
Designated net assets	\$ -	\$8,604,555	\$ 120,345	\$8,724,900
Total liabilities and net assets	<u>\$ -</u>	<u>\$8,604,555</u>	<u>\$ 120,345</u>	<u>\$8,724,900</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF DESIGNATED NET ASSETS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Operating Fund</u>	<u>Endowment Part B</u>	<u>Residents' Association Fund</u>	<u>Total</u>
Income from Operations				
Other resident services and operating income	\$ -	\$ -	\$ 39,357	\$ 39,357
Other Income				
Investment return, net	-	937,971	13,511	951,482
Contributions	-	349,885	-	349,885
Total other income	-	1,287,856	13,511	1,301,367
Net Assets Released from Restrictions				
Endowment income distribution	-	(255,406)	-	(255,406)
Board-designated transfers	-	(22,373)	(37,027)	(59,400)
Total released from restrictions	-	(277,779)	(37,027)	(314,806)
Change in Net Assets	-	1,010,077	15,841	1,025,918
Net Assets, Beginning of Year	-	7,594,478	104,504	7,698,982
Net Assets, End of Year	\$ -	\$8,604,555	\$ 120,345	\$8,724,900

SECTION 5

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION**

**REPORT OF INDEPENDENT AUDITOR'S
with
CONTINUING CARE LIQUID
RESERVE SCHEDULES
and
SUPPLEMENTARY SCHEDULES**

DECEMBER 31, 2021

**McGILLOWAY, RAY, BROWN & KAUFMAN
ACCOUNTANTS & CONSULTANTS**

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**McGilloway | Ray
Brown | Kaufman**
ACCOUNTANTS AND CONSULTANTS

2511 Garden Road
Suite A180
Monterey, CA 93940
831-373-3337
Fax 831-373-3437

379 West Market Street
Salinas, CA 93901
831-424-2737
Fax 831-424-7936

REPORT OF INDEPENDENT AUDITOR'S

Board of Directors
Northern California Congregational
Retirement Homes, Inc. and
Supporting Organization
Carmel, California

Opinion

We have audited the accompanying consolidated financial statements of Northern California Congregational Retirement Homes, Inc. and Supporting Organization which comprise the continuing care reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2021, and the related note to the financial statements.

In our opinion, the consolidated financial statements referred to above presents fairly, in all material respects, the continuing care reserve of Northern California Congregational Retirement Homes, Inc. and Supporting Organization as of and for the year ended December 31, 2021, in conformity with the liquid reserve requirements of California Health and Safety Section 1792 administered by the State of California Department of Social Services.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are described in the Auditor's Responsibility for the Audit of Financial Statements section of our report. We are required to be independent of Northern California Congregational Retirement Homes, Inc. and Supporting Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the consolidated financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the consolidated financial statements are prepared by Northern California Congregational Retirement Homes, Inc. and Supporting Organization on the basis of the liquid reserve requirements of the California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Gerald Ray, CPA | Patricia Kaufman, CPA, CGMA | Smriti Shrestha, CPA

Daniel McGilloway Jr, CPA | Sarita Shannon, CPA | Sukhdev Singh, CPA | Whitney Ernest, CPA |
Laura Arnbruster, CPA | Rose Maxwell, CPA | Eleonora Garra, CPA

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Northern California Congregational Retirement Homes, Inc. and Supporting Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern California Congregational Retirement Homes, Inc. and Supporting Organization's ability to continue as a going concern for a reasonable amount of time.

Supplementary Information

The basis of the liquid reserve requirements of the California Health and Safety Code Section 1792 require that accompanying supplementary schedule to Form 5-1, Reconciliation to Audit Report, Supplementary Schedule to Form 5-5, Reconciliation to Audit Report, and Supplementary Schedule Refund Reserves Memorandum, on page 12, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the basis of the liquid reserve requirements of the California Health and Safety Code Section 1792 who considers it to

be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Restriction on Use

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



McGilloway, Ray, Brown & Kaufman
Salinas, California
April 29, 2022

CONTINUING CARE LIQUID RESERVE SCHEDULES

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**

Form 5-1

LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR (INCLUDING BALLOON DEBT)
DECEMBER 31, 2021

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	12/28/11	\$ 154,212	\$ 149,360	\$ -	\$ 303,572
2					
3					
4					
5					
		TOTAL	\$ 149,360	\$ -	\$ 303,572

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

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

PROVIDER: Northern California Congregational Retirement Homes, Inc.

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**

Form 5-2

**LONG-TERM DEBT INCURRED DURING FISCAL YEAR
DECEMBER 31, 2021**

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	2/18/2021	\$ 2,411	\$ 96,058	-	\$ -
2					
3					
4					
5					
6					
7					
8					
TOTAL		\$ 2,411	\$ 96,058	-	\$ -

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

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

PROVIDER: Northern California Congregational Retirement Homes, Inc.

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**

Form 5-3

**CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
DECEMBER 31, 2021**

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ 303,572
2	Total from Form 5-2 bottom of Column (e)	-
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	-
4	Total Amount Required For Long-Term Debt Reserve	\$ 303,572

PROVIDER: Northern California Congregational Retirement Homes, Inc.

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**

Form 5-4

**CALCULATION OF NET OPERATING EXPENSES
DECEMBER 31, 2021**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 21,293,484
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 151,771	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	-	
	c. Depreciation	2,847,395	
	d. Amortization	-	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	60,473	
	f. Extraordinary expenses approved by the Department	-	
3	Total Deductions		<u>3,059,639</u>
4	Net Operating Expenses		<u>18,233,845</u>
5	Divide Line 4 by 365 and enter the result		<u>49,956</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount		<u>\$ 3,746,700</u>

PROVIDER: Northern California Congregational Retirement Homes, Inc.

COMMUNITY: Carmel Valley Manor

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**

Form 5-5
ANNUAL RESERVE CERTIFICATION
DECEMBER 31, 2021

Provider Name: Northern California Congregational Retirement Homes, Inc.

Fiscal Year Ended: December 31, 2021

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the fiscal year ended December 31, 2021 and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$ 303,572
[2] Operating Expense Reserve Amount	<u>3,746,700</u>
[3] Total Liquid Reserve Amount	<u><u>\$ 4,050,272</u></u>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ 303,572	\$ 8,395,956
[5] Investment Securities	-	16,712,387
[6] Equity Securities	-	-
[7] Unused/Available Lines of Credit	-	-
[8] Unused/Available Letters of Credit	-	-
[9] Debt Service Reserve	-	-
[10] Other:	-	-
Total Amount of Qualifying Assets Listed For Reserve Obligation	[11] <u>303,572</u>	[12] <u>25,108,343</u>
Reserve Obligation Amount	[13] <u>303,572</u>	[14] <u>3,746,700</u>
Surplus/(Deficiency)	[15] <u>\$ -</u>	[16] <u>\$ 21,361,643</u>

Signature:


(Authorized Representative)

Date: 4/29/2022

President and Chief Executive Officer
(Title)

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
NOTES TO CONTINUING CARE LIQUID RESERVE SCHEDULES
DECEMBER 31, 2021

NOTE 1 – BASIS OF ACCOUNTING

The accompanying continuing care liquid reserve schedules have been prepared in accordance with the provisions of the California Health and Safety Section 1972 administered by the State of California Department of Social Services and are not intended to be a complete presentation of Northern California Congregational Retirement Homes, Inc. and Supporting Organization's, assets, liabilities, revenues, and expenses.

NOTE 2 – LINE OF CREDIT (Form 5-2)

Northern California Congregational Retirement Homes, Inc. obtained a \$7,000,000 non-revolving line of credit arrangement dated February 18, 2021 with 1st Capital Bank to finance the sewer extension capital project. The line of credit term is for five years and bears interest at 4.25%. The line of credit is secured by a deed of trust on the Organization's property at 8545 Carmel Valley Manor Road in Carmel. At December 31, 2021, the line of credit has an outstanding balance of \$96,058, due May 27, 2026.

SUPPLEMENTARY SCHEDULES

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**

**SUPPLEMENTARY SCHEDULE TO FORM 5-1
RECONCILIATION TO AUDIT REPORT
DECEMBER 31, 2021**

Principal Paid During Fiscal Year

Principal paid during the fiscal year per audited
consolidated statement of cash flows

(Page 7 of the consolidated financial statements) \$ 154,212

Total principal paid during the year per Form 5-1 \$ 154,212

Interest Paid During the Fiscal Year

Interest paid during the fiscal year per
audited consolidated statement of cash flows

(Page 7 of the consolidated financial statements) \$ 155,342

Less interest paid on: line of credit (2,411)
post-retirement obligation (3,571)

Total interest paid during the year per Form 5-1 \$ 149,360

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
SUPPLEMENTARY SCHEDULE TO FORM 5-5
RECONCILIATION TO AUDIT REPORT
DECEMBER 31, 2021

Schedule of Qualifying Assets for Liquid Reserve Obligations

Form 5-5, Line [4] - Cash

Total cash & cash equivalents (Page 3 of the consolidated financial statements)	\$ 8,766,266
Less restricted cash:	
Carmel Valley Manor Foundation	(27,302)
Manor Annuity Trusts Fund	(8,724)
Manor Residents' Association Fund	(30,712)
Total restricted cash	(66,738)
Total cash available to satisfy liquid reserve obligation	<u>\$ 8,699,528</u>
 Cash allocated to debt service reserve	 \$ 303,572
Cash allocated to operating reserve	8,395,956
Total cash available to satisfy liquid reserve obligation	<u>\$ 8,699,528</u>

Form 5-5, Line [5] - Investment Securities

Total investments (Page 3 of the consolidated financial statements)	\$ 35,527,124
Less restricted investments:	
Carmel Valley Manor Foundation	(17,309,536)
Manor Annuity Trusts Fund	(948,018)
Manor Residents' Association Fund	(89,633)
Less investments not readily liquidated for cash	
Prana income and equity investments	(467,550)
Total investments available to satisfy operating reserve obligation	<u>\$ 16,712,387</u>

Mutual funds and exchange traded funds are included in qualifying assets since they are publicly traded and readily liquidated for cash. These various funds hold portfolios that consist of debt and equity securities that may or may not individually meet the definition of qualified assets for reserve as per sections 1771(e)(7) or 1771(i)(2).

Per Capita Cost of Operations

Operating expenses per Form 5-4 #1	\$ 21,293,484
Mean # of all resident from Form 1-1 #10	209
Per capita cost of operations	<u>\$ 101,883</u>

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
SUPPLEMENTARY SCHEDULE
REFUND RESERVES MEMORANDUM
DECEMBER 31, 2021

Northern California Congregational Retirement Homes, Inc.'s continuing care contract does not meet the definition of a "Refundable Contract" due to the following reasons:

- No refunds of entrance fees are made to residents beyond the fifth year of residency, and
- No promise to repurchase the residents' units, membership, stock, or other interest in the community exists.

Therefore, no Refund Reserve is required.

SECTION 6

Continuing Care Retirement Community Disclosure Statement

Date Prepared: 04/28/2022

FACILITY NAME: Northern California Congregational Retirement Homes Inc.

ADDRESS: 8545 CARMEL Valley Rd. Carmel, CA

ZIP CODE: 93923

PHONE: 831-624-1281

PROVIDER NAME: Carmel Valley Manor

FACILITY OPERATOR: SAME

RELATED FACILITIES: NONE

RELIGIOUS AFFILIATION: NONE

YEAR # OF × SINGLE × MULTI-

MILES TO SHOPPING CTR: 5

OPENED: 1963 ACRES: 28 STORY STORY ☐ OTHER: _____

MILES TO HOSPITAL: 6

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 9

APARTMENTS — 1 BDRM: 70

APARTMENTS — 2 BDRM: 43

COTTAGES/HOUSES: 27

RLU OCCUPANCY (%) AT YEAR END: 82.2%

HEALTH CARE

ASSISTED LIVING: 24

SKILLED NURSING: 36

SPECIAL CARE: NONE

DESCRIPTION: >

OVERALL CCRC OCCUPANCY (%) AT YEAR END: 82.2%

TYPE OF OWNERSHIP:

☒ NOT-FOR-PROFIT

☐ FOR-PROFIT

ACCREDITED?: ☐ YES ☐ NO

BY: _____

FORM OF CONTRACT:

☒ CONTINUING CARE

☒ LIFE CARE

☒ ENTRANCE FEE

☐ FEE FOR SERVICE

(Check all that apply)

☐ ASSIGNMENT OF ASSETS

☐ EQUITY

☐ MEMBERSHIP

☐ RENTAL

REFUND PROVISIONS: (Check all that apply)

☐ 90%

☐ 75%

☐ 50%

☐ FULLY AMORTIZED

☒ OTHER: Refundable up to 5.5th year

RANGE OF ENTRANCE FEES: \$ 179,358 - \$ 1,120,408

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☐ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT:

SKILLED NURSING, ASSISTED LIVING, OUTPATIENT/IMPATIENT MEDICAL CARE

ENTRY REQUIREMENTS:

MIN. AGE: 65

PRIOR PROFESSION: N/A

OTHER: _____

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD:

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

Bob Lindsey, Resident and Voting Board Member,

> Mary Seiersen Resident Non-voting member, and 3 Emeritus Board members Non-voting, Russ Haisley, Mary Kay Crockett, Ramona Smith

FACILITY SERVICES AND AMENITIES

<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>3</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER <u>Sewing Room</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER <u>Computer Center</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: Carmel Valley Manor
OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Carmel Valley Manor

	2018	2019	2020	2021
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	11,835,494	12,569,506	12,658,953	13,109,446
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	14,081,155	15,413,464	17,503,673	18,412,011
NET INCOME FROM OPERATIONS	-2,245,661	-2,843,958	-4,844,720	-5,302,565
LESS INTEREST EXPENSE	175,402	168,419	156,820	155,342
PLUS CONTRIBUTIONS	880,343	1,533,574	992,496	972,595
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	8,651	7,950	-8,060	11,300
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-1,532,069	-1,470,851	-4,017,104	-4,474,012
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	5,259,715	5,665,324	4,354,003	7,263,473

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGATION	DATE OF MATURITY	AMORTIZATION PERIOD
1 st Capital Bank	3,180,585	3.95%	05/27/2021	05/27/2026	60 Months
1 st Capital Bank	96,058	4.25%	05/27/2021	05/27/2026	60 Months

FINANCIAL RATIOS (see next page for ratio formulas)

2017 CCAC Medians
50th Percentile
(optional)

	2019	2020	2021
DEBT TO ASSET RATIO	4.65%	5.16%	4.76%
OPERATING RATIO	121.28%	138.27%	140.45%
DEBT SERVICE COVERAGE RATIO	29.71	11.03	12.57
DAYS CASH ON HAND RATIO	572.85	552.36	534.39

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2018	%	2019	%	2020	%	2021	%
STUDIO	\$3,690	3.5	\$3,811	4.4	\$3,973	4.26	\$4,164	4.8
ONE BEDROOM	\$4,512	3.5	\$4,711	4.4	\$4,912	4.26	\$5,148	4.8
TWO BEDROOM	\$7,250	3.5	\$7,569	4.4	\$7,891	4.26	\$8,270	4.8
COTTAGE/HOUSE	\$8,113	3.5	\$8,470	4.4	\$8,831	4.26	\$9,255	4.8
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE								

COMMENTS FROM PROVIDER: >

>
>

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

SECTION 7

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$4,164 to \$10,093</u>	<u>\$4,164 to \$10,093</u>	<u>\$4,164 to \$10,093</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4.8%</u>	<u>4.8%</u>	<u>4.8%</u>

☐ Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: 01/01/2021
(If more than one (1) increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. **Date of Notice:** 12/1/2020 **Method of Notice:** Written correspondence to each resident.
- ☒ At least 30 days prior to the increase in fees, the designated representative of the provider convened a meeting that all residents were invited to attend. **Date of Meeting:** November 12, 2020
- ☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** 10/29/2020
- ☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting. **Date of Posting:** 10/29/2020 **Location of Posting:** Posting/main lobby & correspondence in the mailbox.

[5] On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code. See **PART 7 REPORT ON CCRC MONTHLY CARE FEE** in the **Annual Report Instruction** booklet for further instructions.

PROVIDER: NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC
COMMUNITY: CARMEL VALLEY MANOR

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

Schedule of Adjustments in Monthly Fees (Form 7-1)

December 31, 2021

[1] Monthly fees for unit type as of January 1, 2021.

<u>Unit Type</u>	<u>Fees effective 01/01/2020</u>	<u>Fees effective 01/01/2021</u>
Residential Living	\$3,973 - \$9,631	\$4,164 - \$10,093
Assisted Living	\$3,973 - \$9,631	\$4,164 - \$10,093
Skilled Nursing	\$3,973 - \$9,631	\$4,164 - \$10,093

[5] In arriving at a 4.8% increase in the monthly fees for 2021, the following was considered:

- 2020 financial results annualized.
- 2021 financial budget and guidelines provided by the Budget & Finance Committee of the Board of Directors.
- 2021 budgets by department are produced. President/CEO and Director of Finance reviews budgets with department managers.
- Final Budgets are submitted to the Budget & Finance Committee of Board of Directors for approval. Once approved is it submitted to the Board of Directors for final approval and implementation of the budget.

Form 7-1 Attachment
Monthly Care Fee Increase

FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)
Annual Reporting Fiscal Year (FY) 2021

Line	Fiscal Years	2019	2020	2021
1	FY 2019 Operating Expenses*(1)	15,413,464		
2	FY 2020 Operating Expense - Budgeted*(2)		\$ 15,371,355	
3	FY 2021 Operating Expense - Budgeted			16,707,508
4	Adjustment for half of the PPP loan forgiveness*(3)			(825,000)
5	Adjustment for Projected Ins Increase*(4)			226,000
				16,108,508
				4.80%

*(1) Operating Expenses from Audited Financials, net of Depreciation Expense.

*(2) Operating Expenses Estimated Full Year at Budget time Net of Depreciation Expense.

*(3) 50% of the PPP Loan forgiveness was taken to reduce the rate of the monthly increase.

*(4) 50% Insurance cost increase 2019 Budget to 2020 Budget to be taken in 2020 and 50% for 2021

2020 Budget to 2021 Budget, Wage Increase due to \$1 minimum wage adjustment for CA represented 16% of the total cost increase.

2020 Budget to 2021 Budget, Employee Health Benefit Plan represented 11% of cost increase

2020 Budget to 2021 Budget, Other non-payroll costs represented 23% of cost increase.

SECTION 8

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

Supplementary Schedule

Refund Reserve Requirement

December 31, 2021

Northern California Congregational Retirement Homes, Inc.'s continuing care contract does not meet the definition of a "Refundable Contract" due to the following reasons:

- No refunds of entrance fees are made to residents beyond the fifth year of residency, and
- No promise to repurchase the residents' units, membership, stock, or other interest in the community exists.

Therefore, no Refund Reserve is required.

SECTION 9

Date Prepared: 4/29/2022

KEY INDICATORS REPORT

Date Prepared: 4/29/2022
Northern California Congregational Retirement Homes, Inc.

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

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

3. Net Operating Margin - Adjusted (%)

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

5. Days Cash on Hand (Unrestricted)

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees (\$000)

7. Net Annual E/F proceeds (\$000)

8. Unrestricted Net Assets (\$000)

9. Annual Capital Asset Expenditure (\$000)

10. Annual Debt Service Coverage

Revenue Basis (x)

11. Annual Debt Service Coverage (x)

12. Annual Debt Service/Revenue (%)

13. Average Annual Effective Interest Rate (%)

14. Unrestricted Cash & Investments/

Long-Term Debt (%)

15. Average Age of Facility (years)

Projected 2022	Forecast				Preferred Trend Indicator
	2023	2024	2025	2026	
87.40%	95.00%	95.00%	95.00%	95.00%	N/A
-18.88%	-18.00%	-18.00%	-16.00%	-15.00%	⬆️
19.27%	15.00%	15.00%	15.00%	15.00%	⬇️
\$25,000	\$25,625	\$26,266	\$26,922	\$27,595	⬆️
514	500	500	500	500	⬆️
\$32,500	\$33,313	\$34,145	\$34,999	\$35,874	N/A
\$2,859	\$2,930	\$3,004	\$3,079	\$3,156	N/A
\$25,000	\$25,625	\$26,266	\$26,922	\$27,595	N/A
\$14,940	\$3,140	\$2,065	\$2,060	\$2,060	N/A
-0.32%	4%	4%	4%	4%	⬆️
9.35	16	16	16	16	⬆️
1.49%	2.00%	2.00%	2.00%	2.00%	⬇️
5.96%	4.50%	4.50%	4.50%	4.50%	⬇️
829.43%	600.00%	600.00%	600.00%	600.00%	⬆️
13.66	15	15	15	15	⬇️


Chief Executive Officer Signature

Memorandum

2021 Key Indicators Main Variances:

Net Operating Margin: Variance is due to unable to reach projected occupancy levels due to Covid-19, higher costs overall.

Net Operating Margin Adjusted: Lower Net Entrance fees proceeds due to Covid-19 low new move-ins affecting occupancy levels and higher costs overall.

Annual Debt Service Coverage: Lower due to low Total Change in Net Assets.