



CARMEL VALLEY MANOR

Ms.
Allison Nakatomi
Manager Department of Social Services
Continuing Care Branch
744 P Street
Sacramento, CA 95814

April 29, 2024

Ms. Nakatomi:

Attached you will find the 2023 Carmel Valley Manor Program Report.

Also, you will find the check for the annual fee.

Best regards.

Isaiah Heath

Isaiah Heath
Director of Finance
Carmel Valley Manor
8545 Carmel Valley Road
Carmel, CA 93923

cont01

Continuing Care Contracts Branch

04/24/2024

72097

Invoice Number	Invoice Date	Description	Gross Amount	Discount Taken	Net Amount Paid
240424	04/24/2024		\$19,942.00	\$0.00	\$19,942.00
			\$19,942.00	\$0.00	\$19,942.00

[6]	Number at beginning of fiscal year	216
[7]	Number at end of fiscal year	216
[8]	Total Lines 6 and 7	436
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	218
[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

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$25,179,845
[a] Depreciation	3,224,898
[b] Debt Service (Interest Only)	2,012,473
[2] Subtotal (add Line 1a and 1b)	\$5,237,371
[3] Subtract Line 2 from Line 1 and enter result.	\$19,942,474
[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)	\$19,942,474
[6] Total Amount Due (multiply Line 5 by .001)	\$19,942

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

But

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

CONTINUING CARE CONTRACT
PROGRAM ANNUAL REPORT
DECEMBER 31, 2023

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

December 31, 2023

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SECTION 1

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	220
[2]	Number at end of fiscal year	216
[3]	Total Lines 1 and 2	436
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	218
All Residents		
[6]	Number at beginning of fiscal year	220
[7]	Number at end of fiscal year	216
[8]	Total Lines 6 and 7	436
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	218
[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

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[6]	Total Amount Due (multiply Line 5 by .001) x .001 \$19,942

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

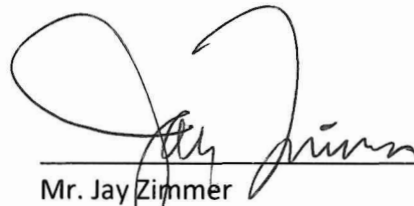
SECTION 2

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

Certification by Chief Executive Officer

December 31, 2023

To the best of my knowledge, the accompanying Report on Examination of Continuing Care Reserve Report as of December 31, 2023 and Financial Report for the year ended December 31, 2023 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, 2023. A refund reserve is not required.



Mr. Jay Zimmer
President and CEO

04/29/2024

Date

SECTION 3

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

Insurance Coverage

December 31, 2023

Type	Crime
Coverage	\$1,000,000 for Employee Theft \$1,000,000 for Forgery \$1,000,000 for Other Fraud
Company	Federal Insurance Company/Chubb
Type	Management Liability
Coverage	\$1,000,000 \$10,000,000 for Excess Liability
Company	Caring Communities

2023-2024 Executive Summary

ITEM OF INSURANCE	2022 - 2023		2023 - 2024		2023 - 2024		2023 - 2024	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Liability	Arch Specialty/AON		Arch Specialty/AON		C.N.A		Caring Community	
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:	Claims Made		Claims Made		Claims Made		Claims Made	
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	
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		\$ 300,000	
Medical Expense Limit	\$ 10,000		\$ 10,000		\$ 5,000		\$ 5,000	
Each Abusive Act Limit	\$ 1,000,000		\$ 1,000,000					
Employee Criminal Defense Coverage	\$ 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		\$ 1,000,000	
Voluntary Worker Medical Expense Limit Any One Worker	\$ 25,000		\$ 25,000					
Crisis Management Reimbursement Deductible	\$ 500		\$ 500					
Evacuation Expense Reimbursement								
Aggregate Limit	\$ -		\$ -		\$ -		\$ 50,000	
Deductibles:								
Professional Liability	\$ -		\$ -		\$ -		\$ 35,000	
General Liability	\$ -		\$ -		\$ -		\$ 35,000	
Employee Benefits Liability	\$ -		\$ -		\$ 1,000		\$ 35,000	
Evacuation Expense Reimbursement	\$ -		\$ -		\$ -		\$ -	
Public Relations Expense Reimbursement	\$ -		\$ -		\$ -		\$ -	
Defense Costs:	Included Within Limit		Included Within Limit		Included Within Limit		Included Within Limit	
Duty to Defend:					Insurer		Insurer	
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	\$ 444.37		\$ 529.56		\$ 433.98		\$ 937.50	
Auditable?	No		No		No		No	
Admitted/Non-Admitted Status	Non-Admitted		Non-Admitted		Admitted		Admitted	
Minimum Earned Premium 25%	\$ 26,411		\$ 31,417		\$ 26,351		\$ 26,351	
Policy Premium		\$ 92,428.00		\$ 110,148.00		\$ 90,268.00		\$ 195,000.00
Policy Administration Charge		\$ 300.00		\$ 300.00		\$ -		\$ -
Liability Surplus Lines Taxes & Fees		\$ 3,003.91		\$ 3,579.81		\$ 2,933.71		\$ -
Total Liability Premium		\$ 95,731.91		\$ 114,027.81		\$ 93,201.71		\$ 195,000.00

ITEM OF INSURANCE	2022 - 2023		2023 - 2024		2023 - 2024		2023 - 2024	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Business Auto:	Arch Specialty/AON		Arch Specialty/AON		C.N.A		Progressive Estimated	
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		\$ -	
Employees as Insured?	Yes		Yes		Yes		Yes	
Comprehensive Deductible:								
Vehicle #'s 1,4,5,6,7,8 (AON) / 1,3,7 (C.N.A)	\$ 500		\$ 500		\$ 1,000		\$ 1,000	
Vehicle #'s 2,3 (AON)/ 2, 4, 5, 6, 8 (C.N.A)	\$ 1,000		\$ 1,000		\$ 1,000		\$ 1,000	
Hired Auto	\$ 100		\$ 100		\$ 100		n/a	
Collision Deductible:								
Vehicle #'s 1,4,5,6,7,8 (AON) / 1,3,7 (C.N.A)	\$ 500		\$ 500		\$ 2,000		\$ 1,000	
Vehicle #'s 2,3 (AON)/ 2, 4, 5, 6, 8 (C.N.A)	\$ 1,000		\$ 1,000		\$ 2,000		\$ 1,000	
Hired Auto	\$ 1,000		\$ 1,000		\$ 100		\$ 100	
Waiver of Collision Deductible	Yes		Yes		Yes		n/a	
Number of Power Units	8		8		8		8	
Rate	\$ 1,789		\$ 1,965		\$ 2,118		\$ 2,101	
Admitted/Non-Admitted Status	Admitted		Admitted		Admitted		Admitted	
Commercial Auto Premium		\$ 14,312.00		\$ 15,719.00		\$ 16,940.08		\$ 16,805.00
Excess Liability	Arch Specialty/AON		Arch Specialty/AON		C.N.A		Caring Communities	
Follow Form Excess Liability	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 10,000,000	
Health Care Professional Liability Aggregate Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 10,000,000	
Auto	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 10,000,000	
Defense Costs	Included Within Limit		Included Within Limit		Included Within Limit		Included Within Limit	
Retroactive Date	5/1/2018		5/1/2018		5/1/2018		5/1/2018	
Retained Limit	\$ -		\$ -		\$ -		\$ -	
Terrorism Coverage	Optional		Optional		Optional		Optional	
Admitted/Non-Admitted Status	Non-Admitted		Non-Admitted		Non-Admitted		Non-Admitted	
Minimum Earned Premium 25%	\$ 23,736		\$ 27,456		\$ 21,400		\$ 21,400	
Policy Premium		\$ 82,958.00		\$ 96,128.00		\$ 75,750.00		Included
Policy Administration Charge		\$ 300.00		\$ 300.00		\$ -		\$ -
Umbrella Surplus Lines Taxes & Fees		\$ 2,696.14		\$ 3,124.16		\$ 2,462.00		
Total Lead Excess Premium		\$ 85,954.14		\$ 99,552.16		\$ 78,212.00		\$ -
Excess Liability: Second \$5m in excess of \$5m (GL/PL)	TDC/AmWins		TDC/AmWins		TDC/AmWins		Not Required w/ C.C.	
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	
Admitted/Non-Admitted Status	Non-Admitted		Non-Admitted		Non-Admitted		Non-Admitted	
Minimum Earned Premium 25%	\$ 18,538							
Policy Premium		\$ 65,000.00		\$ 65,000.00		\$ 65,000.00		
Policy Fee		\$ 175.00		\$ 175.00		\$ 175.00		
Surplus Lines Taxes and Fees		\$ 2,113.00		\$ 2,067.00		\$ 2,067.00		
Total Excess \$5m/\$5m Premium		\$ 67,288.00		\$ 67,242.00		\$ 67,242.00		\$ -

ITEM OF INSURANCE	2022 - 2023		2023 - 2024		2023 - 2024		2023 - 2024	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Management Liability	Arch/AON		Arch/AON		Arch/AON		Arch/AON	
Nonprofit Organization Liability Coverage Aggregate Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
D&O Liability Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Excess Side A Limit	\$ 500,000		\$ 500,000		\$ 500,000		\$ 500,000	
Workplace Violence Coverage Sublimit	\$ 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	
Fair Labor Standards Acts Sublimit	\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Fiduciary Liability Limit	\$ 5,000,000		\$ 5,000,000		\$ 5,000,000		\$ 5,000,000	
Defense Costs:	Inside the Limit		Inside the Limit		Inside the Limit		Inside the Limit	
Deductible:								
D&O 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	
Management Liability Premium		\$ 40,627.00		\$ 44,690.00		\$ 44,690.00		\$ 44,690.00
Policy Administration Charge		\$ 35.00		\$ 35.00		\$ 35.00		\$ 35.00
Total Management Liability Premium		\$ 40,662.00		\$ 44,725.00		\$ 44,725.00		\$ 44,725.00
Crime	Federal Ins/Chubb		Federal Ins/Chubb		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		\$ 5,047.00		\$ 5,047.00		\$ 5,047.00

ITEM OF INSURANCE	2022 - 2023		2023 - 2024		2023 - 2024		2023 - 2024	
	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM	LIMIT	PREMIUM
Cyber Liability	Philadelphia		Philadelphia		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	
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	0.7139		1.29		1.29		1.29	
Rating Basis								
Revenue	\$ 19,763,014		\$ 21,000,000		\$ 21,000,000		\$ 21,000,000	
Employee Count	146		146		146		146	
Total Cyber Liability		\$ 14,109.00		\$ 27,121.00		\$ 25,616.00		\$ 25,616.00
TOTAL ANNUAL COSTS		\$ 323,104.05		\$ 373,433.97		\$ 330,983.79		\$ 287,193.00



**CARING COMMUNITIES, a RECIPROCAL RISK RETENTION
GROUP
(District of Columbia)**

A RECIPROCAL RISK RETENTION GROUP INSURER

POLICY DECLARATIONS

POLICY Number: CCRRRG-0089-23

Expiring POLICY Number: **N/A**

Important notice: This POLICY provides CLAIMS MADE COVERAGE to all coverage parts except for Primary and Excess Commercial General Liability. CLAIMS MADE COVERAGE applies only to CLAIMS first made against the INSURED and reported to US during the POLICY PERIOD that arise out of an EVENT taking place on or after the RETROACTIVE DATE. The RETROACTIVE DATE may be different for each Coverage or INSURED. Coverage A & B primary PER-CLAIM LIMITS OF LIABILITY and AGGREGATE LIMITS OF LIABILITY are available to pay DAMAGES and do not include OUR incurred CLAIM EXPENSES which WE will pay in addition to such limits. Coverage C, D and E primary PER-CLAIM LIMITS OF LIABILITY and AGGREGATE LIMITS OF LIABILITY and Coverage F Excess PER-CLAIM LIMITS OF LIABILITY and AGGREGATE LIMITS OF LIABILITY are available to pay DAMAGES, but do include OUR incurred CLAIM EXPENSES, meaning such limits are reduced by the amount of OUR incurred CLAIM EXPENSES. The INSURED'S RETENTION pays CLAIM EXPENSES and DAMAGES before this POLICY pays. The premium is subject to adjustments based on changes in rating units during the POLICY PERIOD in accordance with OUR rules, rates and procedures.

Item 1: SENIOR SERVICES ORGANIZATION and principal address:

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

Item 2: POLICY PERIOD:

Effective date: December 8, 2023

Expiration date: January 1, 2025

Both dates are at 12:01 AM at the principal address of the SENIOR SERVICES ORGANIZATION identified above.



Item 3: Coverages and Limits of Liability: Each Applicable PER-CLAIM LIMIT OF LIABILITY and AGGREGATE LIMIT OF LIABILITY apply to the following Coverages if elected by the SENIOR SERVICES ORGANIZATION and subject to the RETENTION per-Claim as indicated below.

Part	Coverage Description Primary Liability Insurance	Limits of Liability Primary per claim/Aggregate Limit	Per Claim Retention	Retroactive Date
A	SENIOR SERVICES ORGANIZATION PROFESSIONAL LIABILITY	Parts A, B, C, D, & E: \$1,000,000/\$3,000,000		
B	COMMERCIAL GENERAL LIABILITY	Included	\$35,000	05/01/2003
	Damage to Premises Rented to YOU sublimit	Included \$300,000	\$35,000	N/A
C	EMPLOYEE BENEFIT PROGRAM	Included	\$35,000	05/01/2003
	FIDUCIARY LIABILITY	Included	\$5,000	10/19/1994
	Voluntary Compliance Loss sublimit	\$150,000	\$5,000	
	HIPAA sublimit	\$250,000	\$5,000	
	Fiduciary Expenses sublimit (Section C.2F (6), (7), (8), (9))	\$250,000	\$5,000	
D	EMPLOYMENT PRACTICES LIABILITY	\$1,000,000	\$50,000	10/19/1994
	Wage & Hour (other than Discrimination) sublimit	\$50,000/\$100,000	\$25,000	
	EPLI Special Incident sublimit	\$50,000	\$10,000	
	Biometric Data sublimit	\$100,000/\$200,000	\$10,000	
E	DIRECTORS & OFFICERS LIABILITY	\$1,000,000	\$25,000*	10/19/1994
	Anti-Trust sublimit	\$1,000,000	\$25,000	
	EMTALA sublimit	\$500,000	\$25,000	
	Derivative sublimit	\$250,000	\$25,000	
	FCA Regulatory sublimit	\$500,000	\$25,000	
	HIPAA sublimit	\$250,000	\$25,000	
	Tax Claim sublimit	\$100,000	\$10,000	
	Excess Benefit sublimit	\$50,000	\$10,000	
	D&O Special Incident sublimit	\$50,000	\$10,000	
	*Note: Zero (\$0) retention for Coverage E(1)(a)			
F	Excess Liability Insurance	Excess per Claim/Aggregate Limit		
	Applicable to Part A, Part B, Part C and Employers Liability:	\$10,000,000/\$10,000,000	N/A	Follows Primary Coverage Part
	Advertising Injury sublimit:	\$5,000,000/\$5,000,000		
	Watercraft Liability sublimit:	\$5,000,000/\$5,000,000		
	Employee Benefits Program sublimit:	\$5,000,000/\$5,000,000		
	Fiduciary Liability (shared with Employee Benefit Program Excess sublimit)	\$5,000,000/\$5,000,000		
	Automobile liability sublimit:	\$10,000,000 any one accident/Aggregate		05/01/2003
	<i>Part B and Part C sub-limited Coverages not listed here are excluded from excess liability insurance.</i>			
	Applicable to Part D and Part E:	\$10,000,000/\$10,000,000	N/A	Follows Primary Coverage Part
	<i>All Part D and Part E sub-limited Coverages are excluded from excess liability insurance.</i>			
	COVID combined sublimit - applicable to all active Part F Coverages	\$5,000,000/\$5,000,000		

Maximum amounts payable under Coverage A, B, C, D, & E for covered CLAIMS first made against the INSURED are subject to the Primary AGGREGATE LIMIT OF LIABILITY reinstatement provision as described in Item 4 of the DECLARATIONS.

PER-CLAIM LIMITS OF LIABILITY and any applicable sublimits are included within and are not in addition to the Coverage Part AGGREGATE LIMIT OF LIABILITY.

Item 4: Limited POLICY PERIOD reinstatements of the primary PER-CLAIM LIMIT OF LIABILITY:

If the payment of a covered CLAIM first made against the INSURED would reduce the primary AGGREGATE LIMIT OF LIABILITY for **COVERAGES A, B, C, D & E** to an amount less than \$1,000,000 or exhaust that limit, a primary PER-CLAIM LIMIT OF LIABILITY of up to an additional \$1,000,000 will be reinstated:

1. to cover the difference between the then-remaining primary AGGREGATE LIMIT OF LIABILITY and the amount of that claim; and
2. to pay each CLAIM thereafter.

This limited reinstatement provision is only available if:

1. The SENIOR SERVICES ORGANIZATION has continuously remained an INSURED of CCRRRG at the time any such CLAIM payment is being made; and
2. All premiums owed on this and any other POLICY previously or subsequently issued has been paid in full.

Item 5: RETENTION:

- a) Coverage under this POLICY is subject to per-claim RETENTIONS as shown in Item #3.
- b) If a CLAIM arising from one EVENT, EMPLOYMENT PRACTICE LIABILITY EVENT, or WRONGFUL EVENT involves more than one Coverage under this POLICY, the CLAIM is deemed to arise only out of the Coverage with the highest RETENTION per-CLAIM.
- c) If a CLAIM arising from one EVENT, EMPLOYMENT PRACTICE LIABILITY EVENT, or WRONGFUL EVENT involves more than one sublimit under this POLICY, only the highest sublimit and its corresponding RETENTION and RETROACTIVE DATE will apply.

Item 6: Required UNDERLYING POLICY LIMITS:

- a) During the POLICY PERIOD each INSURED shall be insured for SENIOR SERVICES ORGANIZATION PROFESSIONAL LIABILITY, COMMERCIAL GENERAL LIABILITY and EMPLOYEE BENEFITS LIABILITY with limits of \$1,000,000 per-CLAIM and \$3,000,000 in the aggregate.
- b) During the POLICY PERIOD each INSURED shall be insured for primary automobile liability with limits of liability of not less than \$1,000,000 Each Accident.
- c) During the POLICY PERIOD each INSURED shall be insured for Workers' Compensation, as required by applicable law and for Employers' Liability with Limits of at least \$500,000 Bodily Injury by Accident; \$500,000 Bodily Injury by Disease - Each Employee; and \$500,000 Bodily Injury by Disease - Policy Limit, except in jurisdictions where such Employers' Liability insurance is not available from a compulsory state insurance fund.



Item 7: This policy DECLARATIONS forms a part of the POLICY issued to the SENIOR SERVICES ORGANIZATION for the POLICY PERIOD in Item 2, except as herein modified or endorsed. The policy DECLARATIONS, the CCRREG insurance policy form attached, and the policy endorsements and schedules contain a full explanation of YOUR coverage.

Item 8: Endorsement and Schedules attached to this DECLARATIONS:

Schedule of Named Insureds

Item 9: Premium for all Applicable Coverages: \$ 288,336

Important: This premium is subject to adjustments for changes in rating units.

CARING COMMUNITIES, a RECIPROCAL RISK RETENTION GROUP
By Caring Communities Shared Services, Ltd. its Attorney-in-Fact

A handwritten signature in black ink, appearing to read "Michael P. Zim", written over a light blue horizontal line.

By: _____
Authorized Representative



Caring Communities, a Reciprocal Risk Retention Group

Schedule of NAMED INSUREDS

Carmel Valley Manor

Policy # CRRRG-0089-23

Policy Period: 12/08/2023 - 01/01/2025

Coverage Description Key

A: Professional Liability

B: General Liability

C-EBL: Employee Benefit Program

C-FLI: Fiduciary Liability

D: Employment Practices Liability

E: Directors & Officers Liability

N/A: No Coverage Provided

Named Insured Main Address	Doing Business As	Coverage B Inception Date	Coverage Retro Active Dates				
			A	C-EBL	C-FLI	D	E
Northern California Congregational Retirement Homes, Inc. 8545 Carmel Valley Road Carmel, CA 93923	Carmel Valley Manor	12/08/2023	05/01/2003	05/01/2003	10/19/1994	10/19/1994	10/19/1994
Carmel Valley Manor Foundation 8545 Carmel Valley Road Carmel, CA 93923		12/08/2023	05/01/2003	05/01/2003	02/22/2018	02/22/2018	02/22/2018

February 15, 2023

RE: Confirmation of Binding for

To:

Account Number:	543720
Account:	Northern California Congregational Retirement Homes, Inc.
	8545 CARMEL VALLEY ROAD
	CARMEL, CA 93923

In care of:

Producer Contact:	Lisa Colon
Producer:	ALLIANT INSURANCE SERVICES, INC.
	P.O. BOX 28932
	FRESNO, CA 93720-0000
Licensed Producer:	N/A

Chubb Contact:	Maxine H Henry
	(860) 408-2637
	maxine.henry@chubb.com

Product:	Health Care Portfolio
----------	------------------------------

Writing Company:	Federal Insurance Company
------------------	---------------------------

Policy Form:	14-02-9523 (Ed. 08/2004)
--------------	--------------------------

Assigned Policy Number:	8210-0979
-------------------------	-----------

Billing Type:	Agency
---------------	--------

Installment Type:	None
-------------------	------

Policy Commission:	18.00%
--------------------	--------

Policy Period:	From: May 1, 2023
	To: May 1, 2024
	At 12:01 A.M. local time at the address in Item 1.

Northern California Congregational Retirement Homes, Inc.

February 15, 2023

Page 2

Dear Lisa:

On behalf of Federal Insurance Company, we are pleased to bind coverage on the following terms:

Healthcare Portfolio Package including:

General Terms and Conditions - Form # 14-02-9523

CRIME - Form # 14-02-9527

Chubb Group of Insurance Companies 82 Hopmeadow Street
P.O. Box 2002
Simsbury, CT 06070-7683

860.408.2000
Fax 860.408.2002

GENERAL TERMS AND CONDITIONS

- Endorsements: The titles and headings are for convenience only. Please refer to the policy and endorsements for a description of coverage.

- 14-02-1350(1/95 ed.) CALIFORNIA PREMIUM ENDORSEMENT
- 14-02-19726(12/18 ed.) PRO RATA CANCELLATION ENDORSEMENT
- 14-02-22814(12/17 ed.) CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
- 14-02-23030(5/18 ed.) NOTICE OF LOSS CONTROL SERVICES
- 14-02-9103B(12/04 ed.) AMEND TERMINATION OF PRIOR BONDS OR POLICIES
ENDORSEMENT
- 14-02-9962(12/04 ed.) AMEND SUBSECTION 11 TERMINATION OF POLICY OR
COVERAGE SECTION ENDORSEMENT
- 14-02-9981(8/04 ed.) CALIFORNIA AMENDATORY ENDORSEMENT TO THE
GENERAL TERMS AND CONDITIONS SECTION
- ALL-20887A(9/19 ed.) IMPORTANT NOTICE TO POLICY HOLDERS

CRIME COVERAGE SECTION

Limits:

- | | |
|---|-------------|
| (A) Insuring Clause 1 - Employee Theft Coverage | \$1,000,000 |
| (B) Insuring Clause 2 - Premises Coverage | \$1,000,000 |
| (C) Insuring Clause 3 - In Transit Coverage | \$1,000,000 |
| (D) Insuring Clause 4 - Forgery Coverage | \$1,000,000 |
| (E) Insuring Clause 5 - Computer Fraud Coverage | \$1,000,000 |
| (F) Insuring Clause 6 - Funds Transfer Fraud Coverage | \$1,000,000 |
| (G) Insuring Clause 7 - Money Orders And Counterfeit
Currency Fraud Coverage | \$1,000,000 |
| (H) Insuring Clause 8 - Credit Card Fraud Coverage | \$1,000,000 |
| (I) Insuring Clause 9 - Client Coverage | \$1,000,000 |
| (J) Insuring Clause 10 - Expense Coverage | \$5,000 |

Retention: \$10,000

Premium: \$5,047

- Endorsements: The titles and headings are for convenience only. Please refer to the policy and endorsements for a description of coverage.

- 14-02-12622(6/09 ed.) HEALTH CARE PORTFOLIO CRIME AMENDMENTS
ENDORSEMENT
- 14-02-19673(8/14 ed.) PRIVACY AND DATA BREACH EXCLUSIONS
ENDORSEMENT
- 14-02-21135(6/16 ed.) SOCIAL ENGINEERING FRAUD COVERAGE
ENDORSEMENT
- 14-02-8673(10/07 ed.) AMEND DEFINITION OF CLIENT

-ALL-317454(3/21 ed.) NOTICE TO POLICYHOLDERS - SOCIAL ENGINEERING
FRAUD INFORMATION
-FL-261182(7/18 ed.) FRAUDULENT INSTRUCTIONS EXCLUSION
-PF-233262(1/19 ed.) ERISA AMENDATORY ENDORSEMENT

- Total Policy Premium: \$5,047.00

- Payment Due:

Important

Term of Binder:

From: 12:01 a.m. on May-01-2023

To: 12:01 a.m. on May-31-2023

This Binder shall terminate automatically upon the expiration shown above, or upon the issuance of the policy, whichever occurs first. A short rate premium charge will be made for this Binder unless the Policy is issued by the Company and accepted by the entity referred to above.

The foregoing Binder for coverage is subject to modification or withdrawal by the Company if, before the proposed inception date, any new, corrected or updated information becomes known which relates to any proposed Insured's claims history or risk exposure or which could otherwise change the underwriting evaluation of any proposed Insured and the Company, in its sole discretion, determines that the terms of this Binder are no longer appropriate.

This binder does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from offering or providing insurance. To the extent any such prohibitions apply, this binder is void ab initio

We appreciate the opportunity to be of service to you, and we look forward to receiving payment of the premium by the due date. Once coverage becomes effective, cancellation for non payment will be on a pro-rata basis.

If you have any questions, please call me.

Sincerely,



Maxine H Henry

Chubb Group of Insurance Companies 82 Hopmeadow Street
P.O. Box 2002
Simsbury, CT 06070-7683

860.408.2000
Fax 860.408.2002

Northern California Congregational Retirement Homes, Inc.

February 15, 2023

Page 5

Underwriter

phone: (860) 408-2637

fax: (860) 408-2002

email: maxine.henry@chubb.com

Chubb Group of Insurance Companies 82 Hopmeadow Street
P.O. Box 2002
Simsbury, CT 06070-7683

860.408.2000
Fax 860.408.2002

OFFEREE DISCLOSURE NOTICE OF
TERRORISM INSURANCE COVERAGE
(new policies and renewals with no terrorism
exclusion or sublimit and no premium charge)

Insuring Company: Federal Insurance Company

You are hereby notified that, under the Terrorism Risk Insurance Act (the "Act") effective December 26, 2007, we are making available to you insurance for losses arising out of certain acts of terrorism. The policy you are purchasing already includes insurance for such acts. Terrorism is defined as any act certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

You should know that the insurance provided by your policy for losses caused by acts of terrorism is partially reimbursed by the United States under the formula set forth in the Act. Under this formula, the United States pays 85% of covered terrorism losses that exceed the statutorily established deductible to be paid by the insurance company providing the coverage. However, if aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

If aggregate insured losses attributable to terrorist acts certified under the Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

The portion of the offered policy's annual premium that is attributable to insurance for acts of terrorism is: \$ -0-.

If you have any questions about this notice, please contact your agent or broker.

SECTION 4

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

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

DECEMBER 31, 2023

**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, 2023, 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, 2023, 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 M. McGilloway, CPA, CVA | Sarita Shannon, CPA | Whitney Ernest, CPA | Laura Armbruster, CPA |
Rose Maxwell, CPA | Eleonora Garra, CPA | Lisette Craft, 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 are 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 25, 2024

**NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
AND SUPPORTING ORGANIZATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

Assets

Current Assets

Cash and cash equivalents	\$ 1,507,713
Accounts receivable	159,090
Contribution receivable	11,300
Other receivables	43,000
Accrued income	113,841
Short-term investments	8,753,631
Prepaid expenses	1,053,385
Limited use assets, current portion	14,960,466
Total current assets	<u>26,602,426</u>

Property and equipment, net	54,524,301
-----------------------------	------------

Other Long-term Assets

Long-term investments	32,505,117
Limited use assets, non-current portion	1,007,668
Note receivable - related party	275,000
Total long-term assets	<u>88,312,086</u>

Total assets	<u><u>\$ 114,914,512</u></u>
--------------	------------------------------

Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable	\$ 1,165,733
Accrued liabilities	951,075
Retainage payable	717,071
Advances from applicants	1,022,424
Accrued interest payable	227,070
Current portion of bonds payable, net	565,000
Total current liabilities	<u>4,648,373</u>

Long-term Liabilities

Bonds payable, less current portion, net	35,930,942
Deferred income from entrance fees	39,434,324
Annuity obligations	427,913
Total long-term liabilities	<u>75,793,179</u>
Total liabilities	<u>80,441,552</u>

Net Assets

Without donor restrictions, including quasi-endowment funds \$7,766,976	26,627,508
With donor restrictions	7,845,452
Total net assets	<u>34,472,960</u>
Total liabilities and net assets	<u><u>\$ 114,914,512</u></u>

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, 2023**

Changes in Net Assets Without Donor Restrictions

Revenues and Support

Income from Operations

Resident care fees	\$ 15,262,709
Amortization of entrance fees	4,799,507
Other resident services and operating income	1,418,290
Total income from operations	<u>21,480,506</u>

Other Income

Investment return, net	4,457,959
Contributions	290,550
Other income	95,233
Grant revenue	40,750
Total other income	<u>4,884,492</u>

Net Assets Released from Restrictions

Endowment income distribution	462,182
Purpose restrictions	65,873
Remainder of terminated annuity trusts	30,227
Total released from restrictions	<u>558,282</u>

Total revenue and other support	<u>26,923,280</u>
---------------------------------	-------------------

Expenses

Program

Nursing, assisted living, and medical services	6,087,930
Resident services	3,533,839
Dining services	4,778,834
Facility operations, maintenance, and utilities	3,254,712
Environmental services	1,164,155
Total program	<u>18,819,470</u>

Management and general	<u>6,360,375</u>
------------------------	------------------

Total expenses	<u>25,179,845</u>
----------------	-------------------

Change in net assets without donor restrictions	<u>1,743,435</u>
---	------------------

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, 2023**

Changes in Net Assets With Donor Restrictions

Other Income

Investment return, net	792,194
Contributions	52,420
Change in value of split interest trusts	(46,647)
Total other income	<u>797,967</u>

Net Assets Released from Restrictions

Endowment income distribution	(462,182)
Purpose restriction	(65,873)
Remainder of terminated annuity trusts	(30,227)
Total released from restrictions	<u>(558,282)</u>

Change in net assets with donor restrictions	<u>239,685</u>
--	----------------

Change in Net Assets	<u><u>1,983,120</u></u>
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Net Assets, Beginning of Year

Without donor restrictions	24,884,073
With donor restrictions	<u>7,605,767</u>
Total net assets, beginning of year	<u>32,489,840</u>

Net Assets, End of Year

Without donor restrictions	26,627,508
With donor restrictions	<u>7,845,452</u>

Total Net Assets, End of Year	<u><u>\$ 34,472,960</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, 2023

	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	\$ 3,966,651	\$ 624,463	\$ 2,569,078	\$ 917,723	\$ -	\$ 8,077,915	\$ 1,417,176	\$ 9,495,091
Employee benefits and taxes	1,255,487	213,459	1,006,730	385,929	19,950	2,881,555	437,978	3,319,533
Outside services	178,772	24,003	2,536	30,236	1,135,860	1,371,407	161,860	1,533,267
Professional fees	-	-	-	-	-	-	382,714	382,714
Bank and processing fees	-	-	-	-	-	-	77,994	77,994
Advertising and promotion	-	-	-	-	-	-	88,063	88,063
Office	-	-	-	-	-	-	59,385	59,385
Information technology	-	-	-	-	-	-	85,606	85,606
Occupancy	3,542	-	-	1,436,898	-	1,440,440	7,056	1,447,496
Travel	50	19,345	1,023	-	-	20,418	20,212	40,630
Conferences and meetings	-	-	-	-	-	-	4,058	4,058
Interest	-	-	-	-	-	-	2,012,473	2,012,473
Depreciation	483,662	2,623,411	68,986	28,309	2,697	3,207,065	17,833	3,224,898
Insurance	-	-	-	-	-	-	1,249,640	1,249,640
Uniforms	2,910	98	19,242	5,883	514	28,647	-	28,647
Supplies	85,920	6,864	100,317	15,488	4,384	212,973	17,326	230,299
Repairs and maintenance	-	11,842	-	326,628	-	338,470	-	338,470
Landscaping	-	-	-	104,743	-	104,743	-	104,743
Food	-	-	1,004,951	-	-	1,004,951	5,854	1,010,805
Cleaning and maintenance	-	-	4,705	-	750	5,455	-	5,455
License and permits	-	3,361	-	1,956	-	5,317	74,687	80,004
Pharmacy and medical	28,131	-	-	-	-	28,131	-	28,131
Education	16,862	6,797	904	120	-	24,683	20,727	45,410
Dues and subscriptions	378	-	362	-	-	740	64,143	64,883
Miscellaneous	9,443	196	-	799	-	10,438	31,732	42,170
Resident moving	-	-	-	-	-	-	25,146	25,146
Recruiting and fingerprinting	46,272	-	-	-	-	46,272	23,136	69,408
Party, music, and activity	9,850	-	-	-	-	9,850	12,313	22,163
Collateral production	-	-	-	-	-	-	63,263	63,263
Total expenses	\$ 6,087,930	\$ 3,533,839	\$ 4,778,834	\$ 3,254,712	\$ 1,164,155	\$18,819,470	\$ 6,360,375	\$25,179,845

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, 2023**

Cash Flows from Operating Activities

Cash received for resident care fees	\$ 15,267,091
Cash received from entrance fees	5,279,368
Cash received for other resident services and operating income	1,215,789
Cash received for services to nonresidents	202,501
Cash received from advances to applicants	479,246
Unrestricted investment income received	938,147
Unrestricted contributions received	290,550
Cash received from other income - sewer connection fees	52,233
Cash received from grants	40,750
Cash received from contributions (restricted)	52,420
Cash paid for suppliers, employees and others	(20,080,786)
Interest paid	(1,785,403)
Net cash provided by operating activities	<u>1,951,906</u>

Cash Flows from Investing Activities

Proceeds from sale of investments	53,602,616
Purchase of investments	(34,578,984)
Purchase of property and equipment	(15,977,316)
Net cash provided by investing activities	<u>3,046,316</u>

Cash Flows from Financing Activities

Restricted contributions - perpetual endowment	37,126
Investment income restricted for reinvestment	1,125,566
Investment income released from restrictions	(462,182)
Payment of annuity obligations	(86,496)
Payment of remainder of interest in annuity trusts	(30,227)
Net cash provided by financing activities	<u>583,787</u>

Net increase in cash, cash equivalents and restricted cash

5,582,009

Cash and cash equivalents beginning of year

8,724,723

Cash and cash equivalents ending of year

\$ 14,306,732

Cash, cash equivalents and limited use cash assets reconciliation

Unrestricted cash and investments	\$ 1,507,713
Cash and cash equivalents within limited use assets	12,799,019
Total cash and cash equivalents	<u><u>\$ 14,306,732</u></u>

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, 2023**

Reconciliation of change in net assets from operating activities:

Change in net assets	\$ 1,983,120
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Adjustments to reconcile change in net assets from operating activities:

Amortization of entrance fees	479,861
Change in split interest trust	76,874
Depreciation	3,224,898
Restricted investment earnings	(1,125,566)
Releases from restricted endowment	462,182
Net realized/unrealized loss on investments	(3,648,622)
(Increase) decrease in operating assets	
Accounts receivable	4,382
Other receivables	(43,000)
Prepaid expenses	(664,344)
Increase (decrease) in operating liabilities	
Accounts payable	(189,140)
Accrued liabilities	(15,780)
Retainage payable	717,071
Accrued interest payable	227,070
Amortization of bond	(16,346)
Advances from applicants	479,246
Net cash provided by operating activities	<u>\$ 1,951,906</u>

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

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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 146 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 226 residents. Located in the coastal beauty of the Monterey Peninsula, the Manor’s mission is to: Foster a vibrant community of engaged elders seeking holistic health, wellbeing and purposeful living.

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 of America. 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 displayed 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 Directors have discretionary control in carrying out the operations of the Organizations.

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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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year financial statement presentation, including \$3,775,428 reclassified from investments to cash.

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.

Limited Use Assets – Cash and Cash Equivalents and Current and Noncurrent Investments

Limited use assets at December 31, 2023 consist of cash, money market funds, fixed income, and U.S. government securities who use is held for capital projects, working capital, and debt service reserve funds held with a trustee in accordance with indenture requirements. The indenture terms require that the trustee control the expenditures of bond proceeds for capital projects and to pay down bonds.

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, 2023, cash and cash equivalents exceeded the Federal Deposit Insurance Corporation maximum insured by \$486,481. 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, 2023.

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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.

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, 2023. 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. \$1,311,521 of entrance fees were refunded during the year ended December 31, 2023. As of December 31, 2023, the Organization

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had \$18,567,022 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, 2023.

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 \$20,867,302 at December 31, 2023.

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, 2023, 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, 2023, 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, 2023, 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, 2023. A reserve fund escrow is not required for the Organization.

As of December 31, 2023, future revenues were estimated to exceed costs to provide future services, therefore, no long-term care commitment liability is necessary.

Annuity Trusts

Annuity obligations consist 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 6.67% in 2023, 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 \$664,149 at December 31, 2023 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. The Organization is licensed as a continuing care retirement community (CCRC) for its assisted living and skilled nursing facilities. 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 rental contracts during the year for all levels of care. No such contracts were entered into with residents during the year ending December 31, 2023.

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 0.21% of the resident care fees revenue for the year ended December 31, 2023. 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 it 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, 2023, the Organization had \$39,434,324 in deferred entrance fee revenue to be recognized as the performance obligations are satisfied. See Note 8 for changes in the deferred entrance fee revenue for the year ended December 31, 2023. The performance obligation is satisfied upon termination of the residency agreement.

Contract service revenue related balances as of December 31, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Ending Balance</u>
Accounts receivable	\$ 163,472	\$ 159,090

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.

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 \$88,063 for the year ended December 31, 2023.

Income Tax

The Manor and the Foundation are exempt from United States 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 2023.

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.

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.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of the bond. Such costs are being amortized over the term of the respective bond using the effective interest method. The unamortized debt issuance costs are reflected on the statement of financial position as a direct reduction from the outstanding balance owed on the bond payable.

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Bond Premium

Bond premium is amortized over the life of the related long-term debt using the effective interest method. As of December 31, 2023, the accumulated amortization was \$144,865 and the unamortized portion of bond premium was \$3,320,397.

2. Financial Assets Available and Liquidity

The following reflects the Organization's financial assets as of December 31, 2023, 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.

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, 2023 is \$4,575,846. 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.

Cash and cash equivalents	\$ 1,507,713
Receivables	213,390
Investments	41,258,748
Financial assets as of December 31, 2023	<u>42,979,851</u>
Less:	
Amounts subject to donor restrictions	(7,560,516)
Quasi-endowment funds	(7,766,976)
Amounts restricted for Annuity Fund	(664,149)
Amounts restricted for Residents' Association Fund	(143,250)
Amounts set aside for liquidity reserve	(4,575,846)
Amounts not due within one year	<u>(863,261)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 21,405,853</u></u>

3. Limited Use Assets

Limited use assets as of December 31, 2023 consist of the following cash and cash equivalents and current and non-current investments:

	Current	Non-Current	Total
Cash and cash equivalents	\$ 12,799,019	\$ -	\$ 12,799,019
Investments	2,161,447	1,007,668	3,169,115
Total	<u>\$ 14,960,466</u>	<u>\$ 1,007,668</u>	<u>\$ 15,968,134</u>

In accordance with the bond indenture requirements, \$2,389,597 is limited for use of the debt service reserve and \$13,578,537 is limited for use for capital projects.

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4. Investments

The Organization's investment portfolio consists of the following as of December 31, 2023:

Mutual bond funds	\$ 6,725,818
Mutual equity funds	9,977,729
Beneficial interest in assets held by Community Foundation	14,705,264
U.S. treasury bonds	8,853,305
Certificate of deposit and banker's acceptance	3,069,441
Alternative investments	233,045
Prana Realty Company I common stock	863,261
	<u>\$ 44,427,863</u>
Short-term investments	\$ 8,753,631
Long-term investments	32,505,117
Limited use asset investments, current	2,161,447
Limited use asset investments, non-current portion	1,007,668
	<u>\$ 44,427,863</u>

Investments Whose Use is Limited

Amounts included in total investments whose use is limited consists of \$3,169,115 related to bond debt reserve and capital project funds as of December 31, 2023, see Note 7. These amounts are presented as limited use assets on the statement of financial position.

5. 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 pricing the investments or life expectancies. Examples of these investments are annuity obligations and Community Foundation. Investments at Community Foundation for Monterey County (the "Foundation") are invested for long-term growth, both in equities and fixed income investments, which are valued at the proportional value of the assets held by the Foundation at year end.

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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, 2023:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual bond funds	\$ 6,725,818	\$ -	\$ -	\$ 6,725,818
Mutual equity funds	9,977,729	-	-	9,977,729
Beneficial interest in assets held by Community Foundation	-	-	14,705,264	14,705,264
U.S. treasury bonds	8,853,305	-	-	8,853,305
Certificate of deposit and banker's	3,069,441	-	-	3,069,441
Alternative investments	233,045	-	-	233,045
Total recurring fair value measurements	<u>\$28,859,338</u>	<u>\$ -</u>	<u>\$14,705,264</u>	43,564,602
Prana Realty Company I measured at NAV				<u>863,261</u>
Total investments				<u>\$44,427,863</u>
Liabilities:				
Annuity obligations:				
Annuity trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,913</u>	<u>\$ 427,913</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 – Stewardship Fund

The Organization has a beneficial interest in assets at Community Foundation for Monterey County (CFMC) in the amount of \$14,705,264 at December 31, 2023, 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 sets forth a summary of changes in fair value of the Organization's level 3 assets held by the CFMC for the year ended December 31, 2023:

Beginning balance	\$13,543,293
Contributed stocks and cash	360,323
Investment income (interest and dividends)	418,030
Realized gain	904,292
Unrealized gain	482,785
Distributions	(942,862)
Investment fees	(60,597)
Ending balance	<u>\$14,705,264</u>

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 6.67 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 for the year ended December 31, 2023:

Balance, beginning of year	\$ 467,838
Payments of annuity trusts	(86,572)
Change in value of annuity trusts	46,647
Balance, end of year	<u>\$ 427,913</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 (NAV), 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, 2023, the Company has valued each share at \$66,789. 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, 2023:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Prana Realty Company I	<u>\$ 863,261</u>	<u>\$ -</u>	Semi-annually	95 days advance notice required

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6. Property and Equipment, net

The major categories of property and equipment and accumulated depreciation thereon are as follows as of December 31, 2023:

Buildings and improvements	\$ 55,931,802
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	690,745
Computer equipment	459,268
Furniture	727,449
Health center equipment	371,398
Kitchen equipment	758,930
Maintenance equipment	261,971
Artwork and collections	305,462
Miscellaneous equipment	1,769,850
Motor vehicles	435,237
Landscaping	1,265,902
Telephone equipment	446,082
Water well	1,450,385
Total depreciable property and equipment	<u>77,073,782</u>
Less accumulated depreciation	<u>(42,970,945)</u>
Net depreciable property and equipment	<u>34,102,837</u>
Land	403,575
Construction in progress	
Sewer Extension project	8,297,829
Pavilion Renovation project	7,871,453
Health Center and Hillcrest Refresh project	1,264,290
Other projects	2,584,317
Total construction in progress	<u>20,017,889</u>
Total property and equipment, net	<u><u>\$ 54,524,301</u></u>

Depreciation expense for year ended December 31, 2023 was \$3,224,898.

7. Bonds Payable, net

Outstanding bonds payable as of December 31, 2023, represents tax-exempt, fixed rate revenue term bonds (Carmel Valley Manor Project), Series 2022 (“2022 Bonds”) issued on August 1, 2022, by the California Municipal Finance Authority (the “Authority”) in the amount of \$36,035,000, which will mature on May 15, 2052. The 2022 Bonds are a limited obligation of the Authority, which were issued pursuant to an Indenture of Trust between the Authority and the Bond Trustee, US National Bank. The proceeds from the 2022 Bonds were loaned to the Organization under a loan agreement between the Authority and the Organization.

The Organization used the proceeds from the 2022 Bonds to (1) refund the then existing loan payable and line of credit held with 1st Capital Bank, (2) finance costs of the renovations,

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
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improvements, furnishing and equipping of new facilities, and (3) pay the bond issuance cost and set aside required reserve funds. The 2022 Bonds are secured by funds held by the Bond Trustee and a Deed of Trust secured by the land, buildings, revenue from resident payments including entrance fees, and other assets of the Organization.

The 2022 Bonds hold an interest rate of 5.00% until the maturity of the bonds at May 15, 2054. The Organization makes semi-annual payments to the Bond Trustee of interest (in May and November) and principal sinking fund payments (in May). The principal sinking fund payments are sufficient to meet the term bond maturities when due. The amount at December 31, 2023 was \$2,389,597, see Note 3. Annual debt service payments vary year over year, with the maximum annual debt service being \$2,356,000. Under the Master Indenture, the Organization covenants that it will, among other requirements, maintain a debt service coverage ratio of 1.25 for each fiscal year, a current ratio of at least 1.50:1.00 for each fiscal year, and no less than 150 days cash on hand at the end of each fiscal year. Management believes that the Organization was in compliance with all covenants associated with the 2022 Bonds.

Current maturities on the bonds payable debt at December 31, 2023 are as follows:

<u>Years ending December 31,</u>	
2024	\$ 565,000
2025	595,000
2026	625,000
2027	660,000
2028	690,000
2029-2054	32,900,000
Total bond payable	<u>36,035,000</u>
Unamortized bond premium	3,302,937
Unamortized bond issue cost	<u>(2,841,995)</u>
	36,495,942
Current portion	<u>(565,000)</u>
Long-term portion	<u><u>\$ 35,930,942</u></u>

8. Deferred Income from Entrance Fees

The changes in the deferred income from entrance fees are as follows as of December 31, 2023:

Balance, beginning of year	\$ 38,954,463
New fees received	6,590,889
Recognition of fees	(4,799,507)
Refunds	(1,311,521)
Balance, end of year	<u><u>\$ 39,434,324</u></u>

9. 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

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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 \$161,992 in 2023.

10. Net Assets - With Donor Restrictions

Donor restricted net assets consist for the following purposes as of December 31, 2023:

Subject to expenditure for specified purpose:

Resident entertainment	\$ 48,700
Nurse education	8,757
Nurse recruiting	25,000
Employee education fund	22,996

Subject to Organization's spending policy and appropriation:

Income earned on perpetual endowment	
General operating support	344,407

Subject to appropriation and expenditure when a specified event occurs:

Terminated annuity trust funds	236,236
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Not subject to appropriation or expenditure:

Endowment funds in perpetuity (including original gift amount of \$5,627,845 as of December 31, 2023)	7,159,356
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Balance, end of year	<u>\$ 7,845,452</u>
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Releases from donor restricted net assets for the year ended December 31, 2023, are as follows:

Releases from restrictions:

Subject to expenditure for specified purpose:

Resident entertainment	\$ 4,600
Nurse education	46,272
Nurse recruiting	15,001
Total subject to expenditure for specified purpose	65,873

Subject to the Organization's spending policy and appropriation:

General operating support	462,182
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Subject to appropriation and expenditure when a specified event occurs:

Remainder of terminated annuity trusts	30,227
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Total releases from restrictions	<u>\$ 558,282</u>
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11. Board Designated Net Assets

The board designated net assets are comprised of the following at December 31, 2023:

Without donor restrictions

Designated by the Board for:

Quasi-endowment	\$ 7,766,976
Operating reserve	4,575,846
Resident welfare	143,250
Total designated net assets	<u>\$ 12,486,072</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
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12. 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 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.

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
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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, 2023.

Endowment net assets composition by type of fund as of December 31, 2023:

Net assets without donor restrictions:

Board designated quasi endowment funds	\$ 7,766,976
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Net assets with donor restrictions:

Perpetual endowment to provide income to the Manor and Foundation (Supporting Organization)	5,627,845
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Accumulated gains on perpetual endowment	1,875,918
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Total net assets with donor restrictions	7,503,763
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Total net endowment assets	\$15,270,739
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As of December 31, 2023, the endowment fund is comprised of:

	Without Donor Restrictions	With Donor Restrictions	Total
Assets:			
Investments	\$ 7,766,976	\$ 7,492,463	\$15,259,439
Contribution receivable	-	11,300	11,300
Total assets	\$ 7,766,976	\$ 7,503,763	\$15,270,739

Changes in endowment net assets for the year ended December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 7,184,291	\$ 7,249,515	\$14,433,806
Investment income, net	182,223	175,210	357,433
Net realized and unrealized gains	560,365	538,800	1,099,165
Contributions	320,777	2,420	323,197
Amount appropriated for expenditure	(480,680)	(462,182)	(942,862)
Endowment net assets, end of year	\$ 7,766,976	\$ 7,503,763	\$15,270,739

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

Improvements made during December 31, 2023, include (a) facilities and building of \$15,391,366 which consists of unit renovations and structural improvements to the Manor buildings, walkways and landscaping; (b) carpets, furnishings, and floor coverings of \$56,953; (c) computer equipment of \$93,219; and \$346,275 on equipment. The balance in work in progress as of December 31, 2023, was \$20,017,889 which mainly consists of unit renovations in progress, the main pavilion renovation, the health center refresh, and the new sewer system.

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, 2023

14. 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 2023, \$331,890 was paid for premiums to insurance companies represented by the Board member.

Note Receivable

The Organization issued a secured note receivable in the amount of \$275,000 to the President/CEO which is due on May 31, 2031. The note carries an interest rate of 2.99%, due in monthly installments of \$685. The note is secured by a first deed of trust on real property.

15. Commitments

The Organization entered into a construction contract for the Pavilion Renovation project on May 25, 2022. Construction began in May of 2022. The Pavilion Renovation project contract total is \$7,630,183. As of December 31, 2023, \$7,507,297 of costs have been occurred. The balance to finish is \$122,886. On August 23, 2022, a change order to the original contract was signed and included construction of the Health Center Refresh project. Construction began in October of 2023. The contract total for the Health Center Refresh project is \$4,728,271. As of December 31, 2023, \$1,222,357 of costs have been occurred. The balance to finish is \$3,505,914.

The Organization entered into a construction contract for the Sewer Extension project on August 29, 2022. The contract total is \$8,605,093. Construction began on January 18, 2023. As of December 31, 2023, \$8,109,388 of costs have been occurred. The balance to finish is \$495,705.

16. Subsequent Events

Management has evaluated subsequent events through April 25, 2024, 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, 2023

	Northern California Congregational Retirement Homes, Inc.					Carmel Valley		
	Manor Operating Fund	Manor Annuity Trusts Fund	Manor Alabaster Fund	Manor Residents' Assoc. Fund	Total All Funds	Manor Foundation	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	\$ 1,310,667	\$ 9,304	\$ -	\$ 143,250	\$ 1,463,221	\$ 44,492	\$ -	\$ 1,507,713
Accounts receivable	159,090	-	-	-	159,090	-	-	159,090
Contribution receivable	-	-	-	-	-	11,300	-	11,300
Other receivables	43,000	-	-	-	43,000	-	-	43,000
Accrued income	113,841	-	-	-	113,841	-	-	113,841
Due (to) from other funds	(48,700)	-	48,700	-	-	-	-	-
Short-term investments	8,753,631	-	-	-	8,753,631	-	-	8,753,631
Prepaid expenses	1,053,385	-	-	-	1,053,385	-	-	1,053,385
Limited use assets, current portion	14,960,466	-	-	-	14,960,466	-	-	14,960,466
Total current assets	26,345,380	9,304	48,700	143,250	26,546,634	55,792	-	26,602,426
Property and equipment, net	54,524,301	-	-	-	54,524,301	-	-	54,524,301
Other Long-term Assets								
Long-term investments	16,590,833	654,845	-	-	17,245,678	15,259,439	-	32,505,117
Limited use assets, noncurrent portion	1,007,668	-	-	-	1,007,668	-	-	1,007,668
Note receivable	275,000	-	-	-	275,000	-	-	275,000
Total long-term assets	17,873,501	654,845	-	-	18,528,346	15,259,439	-	33,787,785
Total assets	\$98,743,182	\$ 664,149	\$ 48,700	\$ 143,250	\$99,599,281	\$15,315,231	\$ -	\$ 114,914,512
Liabilities and Net Assets								
Liabilities								
Current Liabilities								
Accounts payable	\$ 1,165,733	\$ -	\$ -	\$ -	\$ 1,165,733	\$ -	\$ -	\$ 1,165,733
Accrued liabilities	951,075	-	-	-	951,075	-	-	951,075
Retainage payable	717,071	-	-	-	717,071	-	-	717,071
Advances from applicants	1,022,424	-	-	-	1,022,424	-	-	1,022,424
Accrued interest payable	227,070	-	-	-	227,070	-	-	227,070
Current portion off bonds payable	565,000	-	-	-	565,000	-	-	565,000
Total current liabilities	4,648,373	-	-	-	4,648,373	-	-	4,648,373
Long-term Liabilities								
Bonds payable, less current portion	35,930,942	-	-	-	35,930,942	-	-	35,930,942
Deferred income from entrance fees	39,434,324	-	-	-	39,434,324	-	-	39,434,324
Annuity obligations	-	427,913	-	-	427,913	-	-	427,913
Total current liabilities	39,434,324	427,913	-	-	39,862,237	-	-	39,862,237
Total liabilities	80,013,639	427,913	-	-	80,441,552	-	-	80,441,552
Net Assets								
Without donor restrictions, including quasi-endowment funds \$7,766,976	18,672,790	-	-	143,250	18,816,040	7,811,468	-	26,627,508
With donor restrictions	56,753	236,236	48,700	-	341,689	7,503,763	-	7,845,452
Total net assets	18,729,543	236,236	48,700	143,250	19,157,729	15,315,231	-	34,472,960
Total liabilities and net assets	\$98,743,182	\$ 664,149	\$ 48,700	\$ 143,250	\$99,599,281	\$15,315,231	\$ -	\$ 114,914,512

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, 2023

	Northern California Congregational Retirement Homes, Inc.					Carmel Valley		
	Manor Operating Fund	Manor Annuity Trusts Fund	Manor Alabaster Fund	Manor Residents' Assoc. Fund	Total All Funds	Manor Foundation	Eliminations	Consolidated
Changes in Net Assets Without Donor Restrictions								
Revenue and Support								
Income from Operations								
Resident care fees	\$ 15,262,709	\$ -	\$ -	\$ -	\$ 15,262,709	\$ -	\$ -	\$ 15,262,709
Amortization of entrance fees	4,799,507	-	-	-	4,799,507	-	-	4,799,507
Other resident services and operating income	1,349,845	-	-	68,445	1,418,290	-	-	1,418,290
Total income from operations	21,412,061	-	-	68,445	21,480,506	-	-	21,480,506
Other Income								
Investment return, net	3,717,740	-	-	(2,369)	3,715,371	742,588	-	4,457,959
Contributions	906,862	-	-	-	906,862	290,550	(906,862)	290,550
Other income	95,118	-	-	-	95,118	115	-	95,233
Grant revenue	40,750	-	-	-	40,750	-	-	40,750
Total other income	4,760,470	-	-	(2,369)	4,758,101	1,033,253	(906,862)	4,884,492
Net Assets Released from Restrictions								
Endowment income distribution	-	-	-	-	-	462,182	-	462,182
Purpose restriction	101,650	-	-	(35,777)	65,873	-	-	65,873
Remainder of terminated annuity trusts	-	-	-	-	-	30,227	-	30,227
Total released from restrictions	101,650	-	-	(35,777)	65,873	492,409	-	558,282
Total revenue and support and other income	26,274,181	-	-	30,299	26,304,480	1,525,662	(906,862)	26,923,280
Expenses								
Manor program								
Nursing, assisted living, and medical services	6,087,930	-	-	-	6,087,930	-	-	6,087,930
Resident services	3,533,839	-	-	-	3,533,839	-	-	3,533,839
Dining services	4,778,834	-	-	-	4,778,834	-	-	4,778,834
Facility operations, maintenance, and utilities	3,254,712	-	-	-	3,254,712	-	-	3,254,712
Environmental services	1,164,155	-	-	-	1,164,155	-	-	1,164,155
Management and general	6,323,196	-	-	-	6,323,196	944,041	(906,862)	6,360,375
Total expenses	25,142,666	-	-	-	25,142,666	944,041	(906,862)	25,179,845
Change in net assets without donor restrictions	1,131,515	-	-	30,299	1,161,814	581,621	-	1,743,435

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, 2023

	Northern California Congregational Retirement Homes, Inc.					Carmel Valley		
	Manor Operating Fund	Manor Annuity Trusts Fund	Manor Alabaster Fund	Manor Residents' Assoc. Fund	Total All Funds	Manor Foundation	Eliminations	Consolidated
Changes in Net Assets With Donor Restrictions								
Other Income (losses)								
Investment return, net	-	71,425	6,759	-	78,184	714,010	-	792,194
Contributions	50,000	-	-	-	50,000	2,420	-	52,420
Change in value of split interest trusts	-	(46,647)	-	-	(46,647)	-	-	(46,647)
Total other income (losses)	50,000	24,778	6,759	-	81,537	716,430	-	797,967
Net Assets Released from Restrictions								
Endowment income distribution	-	-	-	-	-	(462,182)	-	(462,182)
Purpose restriction	(61,273)	-	(4,600)	-	(65,873)	-	-	(65,873)
Remainder of terminated annuity trusts	-	(30,227)	-	-	(30,227)	-	-	(30,227)
Total released from restrictions	(61,273)	(30,227)	(4,600)	-	(96,100)	(462,182)	-	(558,282)
Change in net assets with donor restrictions	(11,273)	(5,449)	2,159	-	(14,563)	254,248	-	239,685
Change in Net Assets	1,120,242	(5,449)	2,159	30,299	1,147,251	835,869	-	1,983,120
Net Assets, Beginning of Year								
Without donor restrictions	17,541,275	-	-	112,951	17,654,226	7,229,847	-	24,884,073
With donor restrictions	68,026	241,685	46,541	-	356,252	7,249,515	-	7,605,767
Total net assets, beginning of year	17,609,301	241,685	46,541	112,951	18,010,478	14,479,362	-	32,489,840
Net Assets, End of Year								
Without donor restrictions	18,672,790	-	-	143,250	18,816,040	7,811,468	-	26,627,508
With donor restrictions	56,753	236,236	48,700	-	341,689	7,503,763	-	7,845,452
Total Net Assets, End of Year	<u>\$ 18,729,543</u>	<u>\$ 236,236</u>	<u>\$ 48,700</u>	<u>\$ 143,250</u>	<u>\$ 19,157,729</u>	<u>\$ 15,315,231</u>	<u>\$ -</u>	<u>\$ 34,472,960</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION
SCHEDULE OF FUNDS AND PURPOSE
FOR THE YEAR ENDED DECEMBER 31, 2023

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 6.67% in 2023 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 \$664,150 at December 31, 2023, 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	<p>The <i>Carmel Valley Manor Foundation Fund</i> is comprised of two parts, Part A and Part B -</p> <p><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.</p> <p><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 .</p>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Endowment Part A	Annuity Trusts Fund	Alabaster Fund	Total
Assets					
Cash	\$ 56,753	\$ -	\$ 9,304	\$ -	\$ 66,057
Accounts receivable	-	-	-	-	-
Contributions receivable	-	11,300	-	-	11,300
Dividend receivable	-	-	-	-	-
Due (to) from other funds	-	-	-	48,700	48,700
Total current assets	56,753	11,300	9,304	48,700	126,057
Investments	-	7,492,463	654,845	-	8,147,308
Total assets	<u>\$ 56,753</u>	<u>\$ 7,503,763</u>	<u>\$ 664,149</u>	<u>\$ 48,700</u>	<u>\$ 8,273,365</u>
Liabilities and Net Assets					
Annuity obligations	\$ -	\$ -	\$ 427,913	\$ -	\$ 427,913
Net assets with donor restrictions	56,753	7,503,763	236,236	48,700	7,845,452
Total liabilities and net assets	<u>\$ 56,753</u>	<u>\$ 7,503,763</u>	<u>\$ 664,149</u>	<u>\$ 48,700</u>	<u>\$ 8,273,365</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF NET ASSETS WITH DONOR RESTRICTIONS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Endowment Part A	Annuity Trusts Fund	Alabaster Fund	Total
Other Income (loss)					
Investment return, net	\$ -	\$ 714,010	\$ 71,425	\$ 6,759	\$ 792,194
Contributions	50,000	2,420	-	-	52,420
Change in value of split-interest trusts	-	-	(46,647)	-	(46,647)
Total other income	<u>50,000</u>	<u>716,430</u>	<u>24,778</u>	<u>6,759</u>	<u>797,967</u>
Net Assets Released from Restrictions					
Endowment income distribution	-	(462,182)	-	-	(462,182)
Remainder of terminated annuity trusts	-	-	(30,227)	-	(30,227)
Satisfaction of program restrictions:					
Purpose restrictions	(61,273)	-	-	(4,600)	(65,873)
Total released from restrictions	<u>(61,273)</u>	<u>(462,182)</u>	<u>(30,227)</u>	<u>(4,600)</u>	<u>(558,282)</u>
Change in Net Assets	(11,273)	254,248	(5,449)	2,159	239,685
Net Assets, Beginning of Year	<u>68,026</u>	<u>7,249,515</u>	<u>241,685</u>	<u>46,541</u>	<u>7,605,767</u>
Net Assets, End of Year	<u>\$ 56,753</u>	<u>\$ 7,503,763</u>	<u>\$ 236,236</u>	<u>\$ 48,700</u>	<u>\$ 7,845,452</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF DESIGNATED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Endowment Part B	Residents' Association Fund	Total
Assets				
Cash	\$ -	\$ -	\$ 143,250	\$ 143,250
Total current assets	-	-	143,250	143,250
Investments	4,575,846	7,766,976	-	12,342,822
Total assets	<u>\$4,575,846</u>	<u>\$ 7,766,976</u>	<u>\$ 143,250</u>	<u>\$12,486,072</u>
Liabilities and Net Assets				
Designated net assets	<u>\$4,575,846</u>	<u>\$ 7,766,976</u>	<u>\$ 143,250</u>	<u>\$12,486,072</u>
Total liabilities and net assets	<u>\$4,575,846</u>	<u>\$ 7,766,976</u>	<u>\$ 143,250</u>	<u>\$12,486,072</u>

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.
COMBINING SCHEDULES OF DESIGNATED NET ASSETS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund	Endowment Part B	Residents' Association Fund	Total
Income from Operations				
Other resident services and operating income	\$ -	\$ -	\$ 68,445	\$ 68,445
Other Income (loss)				
Investment return, net	-	742,588	(2,369)	740,219
Contributions	-	320,777	-	320,777
Total other income (loss)	-	1,063,365	(2,369)	1,060,996
Board Designated Transfers				
Endowment income distribution	-	(480,680)	-	(480,680)
Board-designated transfers	85,433	-	(35,777)	49,656
Total released from restrictions	85,433	(480,680)	(35,777)	(431,024)
Change in Net Assets	85,433	582,685	30,299	698,417
Net Assets, Beginning of Year	4,490,413	7,184,291	112,951	11,787,655
Net Assets, End of Year	<u>\$4,575,846</u>	<u>\$ 7,766,976</u>	<u>\$ 143,250</u>	<u>\$12,486,072</u>

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, 2023

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

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Fax 831-373-3437

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Salinas, CA 93901
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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 (the "Organization") which comprise the continuing care reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the continuing care reserve schedules, Form 5-1 through Form 5-5, of the Organization as of and for the year ended December 31, 2023, 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 further described in the Auditor's Responsibility for the Audit of Financial Statements section of our report. We are required to be independent of the 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 financial statements, which describes the basis of accounting. As described in Note 1 of the financial statements, the financial statements are prepared by the 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. Our opinion is not modified with respect to this matter.

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility 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 the 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 the Organization's ability to continue as a going concern for a reasonable amount 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules to Form 5-1, Reconciliation to Audit Report, Supplementary Schedule to Form 5-5, Reconciliation to Audit Report, and Supplementary Schedule Refund Reserves Memorandum, are presented for the purpose of additional analysis and are 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 the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of Board of Directors and management of the 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.

Other Information

Management is responsible for the other information included in the California Department of Social Services Annual Report (the “annual report”). The other information comprises Form 1-1, Resident Population and Form 1-2, Annual Provider Fee but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



McGilloway, Ray, Brown & Kaufman
Salinas, California
April 25, 2024

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, 2023

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	8/1/2022	\$ -	\$ 2,012,473	\$ -	\$ 2,012,473
2					
3					
4					
5					
TOTAL			\$ 2,012,473	\$ -	\$ 2,012,473

*(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, 2023

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					
3					
4					
5					
6					
7					
8					
TOTAL		\$ -	\$ -	\$ -	\$ -

*(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, 2023**

Line	TOTAL
1 Total from Form 5-1 bottom of Column (e)	\$ 2,012,473
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	<u><u>\$ 2,012,473</u></u>

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, 2023

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$ 25,179,845
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	\$ 2,012,473
b.	Credit enhancement premiums paid for long-term debt (see instructions)	-
c.	Depreciation	3,224,898
d.	Amortization	-
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	202,501
f.	Extraordinary expenses approved by the Department	-
3	Total Deductions	<u>5,439,872</u>
4	Net Operating Expenses	<u>19,739,973</u>
5	Divide Line 4 by 365 and enter the result	<u>54,082</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount	<u><u>\$ 4,056,150</u></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, 2023

Provider Name: Northern California Congregational Retirement Homes, Inc.

Fiscal Year Ended: December 31, 2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the fiscal year ended December 31, 2023 and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$ 2,012,473
[2] Operating Expense Reserve Amount	4,056,150
[3] Total Liquid Reserve Amount	<u><u>\$ 6,068,623</u></u>

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

	<u>Amount</u> <u>(market value at end of quarter)</u>	
<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ 2,012,473	\$ -
[5] Investment Securities	-	25,035,378
[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>2,503,953</u>	[12] <u>25,035,378</u>
Reserve Obligation Amount	[13] <u>2,012,473</u>	[14] <u>4,056,150</u>
Surplus/(Deficiency)	[15] <u><u>\$ 491,480</u></u>	[16] <u><u>\$ 20,979,228</u></u>

Signature: _____

(Authorized Representative)

Date: 4/25/2024

President and Chief Executive Officer

(Title)

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
NOTES TO CONTINUING CARE LIQUID RESERVE SCHEDULES
DECEMBER 31, 2023

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 (the "Organization"), assets, liabilities, revenues, and expenses.

NOTE 2 – BONDS PAYABLE (Form 5-1)

The Organization issued a tax-exempt, fixed rate revenue term bond (Carmel Valley Manor Project), Series 2022 on August 1, 2022, in the amount of \$36,035,000, which will mature on May 15, 2054. The first principal payment of \$565,000 is due on May 15, 2024.

SUPPLEMENTARY SCHEDULES

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
SUPPLEMENTARY SCHEDULE TO FORM 5-1
RECONCILIATION TO AUDIT REPORT
DECEMBER 31, 2023

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) \$ -

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

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) \$ 1,785,403

Plus accrued interest payable 227,070

Total interest paid during the year per Form 5-1 \$ 2,012,473

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
SUPPLEMENTARY SCHEDULE TO FORM 5-5
RECONCILIATION TO AUDIT REPORT
DECEMBER 31, 2023

Schedule of Qualifying Assets for Liquid Reserve Obligations

Form 5-5, Line [4] - Cash

Total cash & cash equivalents - page 3	\$ 1,507,713
Less Restricted Cash	
Carmel Valley Manor Foundation	(44,492)
Manor Annuity Trusts Fund	(9,304)
Manor Residents' Association Fund	(143,250)
Total cash & cash equivalents - without restriction	<u>1,310,667</u>
Cash and cash equivalents whose use is limited	
Total cash & cash equivalents within limited use assets - page 3 & 10	12,799,019
Limited use assets held for other bond related purposes	(11,605,733)
Limited use assets available for debt service reserve	<u>1,193,286</u>
Total cash & cash equivalents available for debt service reserve	<u>\$ 2,503,953</u>
Cash allocated to debt service reserve	\$ 2,012,473
Cash allocated to operating reserve	<u>-</u>
Total cash available to satisfy liquid reserve obligation	<u>\$ 2,012,473</u>

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

Total investments - short-term and long-term (Page 3 of the consolidated financial statements)	\$ 41,258,748
Less restricted investments:	
Carmel Valley Manor Foundation	(15,259,439)
Manor Annuity Trusts Fund	(654,845)
Less investments not readily liquidated for cash	
Prana income and equity investments	(309,086)
Total investments available to satisfy operating reserve obligation	<u>\$ 25,035,378</u>
Investments allocated to debt service reserve	\$ -
Investments allocated to satisfy liquid reserve obligation	<u>25,035,378</u>
Total cash available to satisfy liquid reserve obligation	<u>\$ 25,035,378</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)

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
SUPPLEMENTARY SCHEDULE TO FORM 5-5
RECONCILIATION TO AUDIT REPORT
DECEMBER 31, 2023

Per Capita Cost of Operations

Operating expenses per Form 5-4 #1	\$ 25,179,845
Mean # of all resident from Form 1-1 #10	<u>218</u>
Per capita cost of operations	<u><u>\$ 115,504</u></u>

**NORTHERN CALIFORNIA CONGREGATIONAL
RETIREMENT HOMES, INC. AND SUPPORTING ORGANIZATION**
SUPPLEMENTARY SCHEDULE
REFUND RESERVES MEMORANDUM
DECEMBER 31, 2023

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: 04/26/2024

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

HEALTH CARE

APARTMENTS — STUDIO: 6

ASSISTED LIVING: 24

APARTMENTS — 1 BDRM: 70

SKILLED NURSING: 36

APARTMENTS — 2 BDRM: 43

SPECIAL CARE: NONE

COTTAGES/HOUSES: 27

DESCRIPTION: >

RLU OCCUPANCY (%) AT YEAR END: 91.1%

OVERALL CCRC OCCUPANCY (%) AT YEAR END: 85.4%

TYPE OF OWNERSHIP: × NOT-FOR-PROFIT □ FOR-PROFIT

ACCREDITED?: × YES □ NO BY: CARF Accreditation

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: \$ 299,779 - \$ 3,101,560 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: Mary Seiersen & Larry Finch, Resident and Voting

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

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

FACILITY SERVICES AND AMENITIES

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

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

	2020	2021	2022	2023
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	12,658,953	13,109,446	14,692,355	16,680,999
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	17,503,673	18,412,011	18,612,234	19,942,474
NET INCOME FROM OPERATIONS	-4,844,720	-5,302,565	-3,919,879	-3,261,475
LESS INTEREST EXPENSE	156,820	155,342	421,095	2,012,473
PLUS CONTRIBUTIONS	992,496	972,595	574,745	290,550
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-8,060	11,300	-3,173,777	4,593,942
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-4,017,104	-4,474,012	-6,940,006	-389,456
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	4,354,003	7,263,473	8,289,714	5,279,368

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
California Municipal Finance Authority Insured Revenue Bond	36,035,000.00	5.0%	8/1/2022	5/1/2052	30 Years

FINANCIAL RATIOS (see next page for ratio formulas)

2017 CCAC Medians
50th Percentile
(optional)

	2021	2022	2023
DEBT TO ASSET RATIO	4.76%	32.81%	31.27%
OPERATING RATIO	140.45%	116%	131.62%
DEBT SERVICE COVERAGE RATIO	12.57	14.67	2.68
DAYS CASH ON HAND RATIO	534.39	560	567

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2020	%	2021	%	2022	%	2023	%
STUDIO	\$3,973	4.26	\$4,164	4.8	\$4,377	5.0	\$4,814	10.0
ONE BEDROOM	\$4,912	4.26	\$5,148	4.8	\$5,405	5.0	\$6,140	13.6
TWO BEDROOM	\$7,891	4.26	\$8,270	4.8	\$8,684	5.0	\$10,421	20.0
COTTAGE/HOUSE	\$8,831	4.26	\$9,255	4.8	\$9,718	5.0	\$11,190	15.1
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE								

COMMENTS FROM PROVIDER: > _____
> _____
> _____

PROVIDER NAME: Carmel Valley Manor

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) | _____ | _____ | _____ |
| [2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | _____ | _____ | _____ |
| <input type="checkbox"/> Check here if monthly care fees at this community were <u>not</u> increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.) | | | |
| [3] Indicate the date the fee increase was implemented: _____
(If more than one (1) increase was implemented, indicate the dates for each increase.) | | | |
| [4] Check each of the appropriate boxes: | | | |
| <input type="checkbox"/> Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators. | | | |
| <input type="checkbox"/> All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. Date of Notice: _____ Method of Notice: _____ | | | |
| <input type="checkbox"/> 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: _____ | | | |
| <input type="checkbox"/> 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. | | | |
| <input type="checkbox"/> The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. Date of Notice: _____ | | | |
| <input type="checkbox"/> 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: _____ Location of Posting: _____ | | | |
| [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 <u>PART 7 REPORT ON CCRC MONTHLY CARE FEE</u> in the Annual Report Instruction booklet for further instructions. | | | |

PROVIDER: _____
COMMUNITY: _____

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

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

December 31, 2023

[1] Monthly fees for unit type as of January 1, 2023.

<u>Unit Type</u>	<u>Fees effective 01/01/2022</u>	<u>Fees effective 01/01/2023</u>
Residential Living	\$4,372 - \$10,249	\$4,814 - \$11,190
Assisted Living	\$4,372 - \$10,249	\$4,814 - \$11,190
Skilled Nursing	\$4,372 - \$10,249	\$4,814 - \$11,190

[5] In arriving at a 7.7% increase in the monthly fees for 2023, the following was considered:

- 2022 financial results annualized.
- 2023 financial budget and guidelines provided by the Budget & Finance Committee of the Board of Directors.
- 2023 budgets by department are produced. President/CEO, CFO, 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) 2023**

Line	Fiscal Years	2021	2022	2023
1	FY 2021 Operating Expenses*(1)	\$ 18,446,089		
2	FY 2022 Operating Expense - Budgeted		\$ 17,550,705	
3	FY 2023 Operating Expense - Budgeted			\$ 18,710,136
				18,710,136

6.6%

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

2022 Budget to 2023 Budget, Wage Increases represented 22% of the total cost increase.

2022 Budget to 2023 Budget, Property & General Liability Insurance represented 20% of cost increase

2022 Budget to 2023 Budget, Utility Expenses accounted for 18% of cost increase.

SECTION 8

NORTHERN CALIFORNIA CONGREGATIONAL RETIREMENT HOMES, INC.

Supplementary Schedule

Refund Reserve Requirement

December 31, 2023

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

KEY INDICATORS REPORT

Date Prepared: 4/29/2024
Northern California Congregational Retirement Homes, Inc.


 Chief Executive Officer Signature

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

significant trends or variances in the key operational indicators.	2019	2020	2021	2022	2023	Projected 2024	Forecast				Preferred Trend Indicator
	2025	2026	2027	2028							
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	87.20%	85.40%	82.20%	83.60%	85.80%	87.00%	87.00%	87.00%	87.00%	87.00%	N/A
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	-18.75%	-38.27%	-40.45%	-26.90%	-19.55%	-15.88%	-13.00%	-11.00%	-9.00%	-7.00%	⬆️
3. Net Operating Margin - Adjusted (%)	20.20%	1.35%	7.61%	18.90%	9.19%	23.25%	25.00%	27.00%	29.00%	30.00%	⬇️
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments (\$000)	\$24,106	\$26,489	\$26,957	\$29,207	\$34,089	\$41,599	\$42,639	\$43,704	\$44,797	\$45,917	⬆️
5. Days Cash on Hand (Unrestricted)	572	552	534	560	567	684	700	700	700	700	⬆️
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees (\$000)	\$32,089	\$31,907	\$34,641	\$38,954	\$39,434	\$40,223	\$43,441	\$46,916	\$50,669	\$54,723	N/A
7. Net Annual E/F proceeds (\$000)	\$6,121	\$5,085	\$6,819	\$8,523	\$5,279	\$8,980	\$9,698	\$10,474	\$11,312	\$12,217	N/A
8. Unrestricted Net Assets (\$000)	\$27,457	\$22,567	\$21,550	\$24,884	\$26,628	\$27,000	\$27,675	\$28,367	\$29,076	\$29,803	N/A
9. Annual Capital Asset Expenditure (\$000)	\$3,360	\$3,213	\$4,136	\$8,811	\$15,888	\$15,816	\$5,718	\$3,240	\$3,240	\$3,240	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	-10.58	-0.49	-5.44	-1.24	-0.22	-0.30	-0.27	-0.20	-0.13	-0.06	⬆️
11. Annual Debt Service Coverage (x)	29.71	11.03	12.57	14.67	2.68	3.51	3.23	3.23	3.23	3.23	⬆️
12. Annual Debt Service/Revenue (%)	1.44%	1.31%	1.50%	3.10%	7.41%	9.99%	8.00%	8.00%	8.00%	8.00%	⬇️
13. Average Annual Effective Interest Rate (%)	4.81%	4.46%	4.38%	0.25%	5.51%	4.97%	5.00%	5.00%	5.00%	5.00%	⬇️
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	705%	831%	895%	80%	95%	117.62%	80.00%	80.00%	80.00%	80.00%	⬆️
15. Average Age of Facility (years)	13.90	13.08	13.32	13.34858	13.32	8.35	8.00	8.00	8.00	8.00	⬇️

Memorandum

2023 Key Indicators Main Variances:

Annual Capital Expenditure: The Carmel Valley Manor took out a 36-million-dollar Bond in 2022 to fund big capital projects. These projects are in progress, and some are almost done, which leads to a higher capital expense in 2023 and a slightly smaller capital plan for 2024.

Average Annual Effective Interest Rate: The Carmel Valley Manor did not have to pay as much interest as expected in 2022 due to their loan being paid off as part of the bond process. In 2023 Interest payments for the bond began.

Annual Debt Service Coverage: The Carmel Valley Manor began to pay interest on their 36-million-dollar bond in 2023. This resulted in a lower annual debt service coverage.