



Report of Independent Auditors and  
Continuing Care Liquid Reserve Reports with  
Supplementary Information

**Northern California Congregational Retirement Homes,  
Inc.**

December 31, 2024

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## **Report of Independent Auditors**

The Board of Directors  
Northern California Congregational Retirement Homes, Inc.

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Northern California Congregational Retirement Homes, Inc., which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2024, and the related note to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the continuing care liquid reserve schedules Form 5-1 through Form 5-5 of Northern California Congregational Retirement Homes, Inc. as of and for the year ended December 31, 2024, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

#### ***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 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 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.

#### ***Basis of Accounting***

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

#### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether these 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 these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 on the effectiveness of Northern California Congregational Retirement Homes, Inc.'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 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.'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.

### ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedule to Form 5-4 and Supplementary Schedule to Form 5-5, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with 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, taken as a whole.

***Restriction on Use***

This report is intended solely for the information and use of the board of directors and management of Northern California Congregational Retirement Homes, Inc., 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.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California  
April 24, 2025

## **Reserve Reports and Notes**

**Northern California Congregational Retirement Homes, Inc.**  
**Form 5-1 – Long-Term Debt Incurred in a Prior Fiscal Year (Including Balloon Debt)**  
**For the Year Ended December 31, 2024**

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	08/01/22	\$565,000	\$1,770,265	\$0	\$2,335,265
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
TOTAL:		\$565,000	\$1,770,265	\$0	\$2,335,265

*(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.  
**COMMUNITY:** Carmel Valley Manor

**Northern California Congregational Retirement Homes, Inc.**  
**Form 5-2 – Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt)**  
**For the Year Ended December 31, 2024**

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					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>		\$0	\$0	0	\$0

*(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.  
**COMMUNITY:** Carmel Valley Manor



**Northern California Congregational Retirement Homes, Inc.**  
**Form 5-3 – Calculation of Long-Term Debt Reserve Amount**  
**For the Year Ended December 31, 2024**

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Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$ 2,335,265</u>
2	Total from Form 5-2 bottom of Column (e)	<u>-</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>-</u>
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<u><u>\$ 2,335,265</u></u>

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

**Northern California Congregational Retirement Homes, Inc.**  
**Form 5-4 – Calculation of Net Operating Expenses**  
**For The Year Ended December 31, 2024**

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Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$ 26,145,120</u>
2	Deductions		
a.	Interest paid on long-term debt (see instructions)	<u>\$ 1,770,265</u>	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
c.	Depreciation	<u>4,058,747</u>	
d.	Amortization	<u>-</u>	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>260,025</u>	
f.	Extraordinary expenses approved by the Department	<u>\$ -</u>	
3	Total deductions		<u>6,089,037</u>
4	Net operating expenses		<u>20,056,083</u>
5	Divide line 4 by 365 and enter the result.		<u>54,948</u>
6	<b>Multiply line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$ 4,121,100</u></u>
<b>PROVIDER:</b>	<u>Northern California Congregational Retirement Homes, Inc.</u>		
<b>COMMUNITY:</b>	<u>Carmel Valley Manor</u>		

**Northern California Congregational Retirement Homes, Inc.**  
**Form 5-5 – Annual Reserve Certification**  
**For the Year Ended December 31, 2024**

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Provider Name: Northern California Congregational Retirement Homes, Inc.  
Fiscal Year Ended: 12/31/2024

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2024 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	\$ <u>2,335,265</u>
[2] Operating Expense Reserve Amount	\$ <u>4,121,100</u>
[3] <b>Total Liquid Reserve Amount:</b>	<b>\$ <u>6,456,365</u></b>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ <u>4,012,060</u>	\$ <u>-</u>
[5] Investment Securities	\$ <u>-</u>	\$ <u>21,904,452</u>
[6] Equity Securities	\$ <u>-</u>	\$ <u>-</u>
[7] Unused/Available Lines of Credit	\$ <u>-</u>	\$ <u>-</u>
[8] Unused/Available Letters of Credit	\$ <u>-</u>	\$ <u>-</u>
[9] Debt Service Reserve	\$ <u>-</u>	(not applicable)
[10] Other:	\$ <u>-</u>	\$ <u>-</u>
<u>(describe qualifying asset)</u>		
<b>Total Amount of Qualifying Assets Listed for Reserve Obligation:</b>	[11] \$ <u>4,012,060</u>	[12] \$ <u>21,904,452</u>
<b>Reserve Obligation Amount:</b>	[13] \$ <u>2,335,265</u>	[14] \$ <u>4,121,100</u>
<b>Surplus/(Deficiency):</b>	[15] \$ <u>1,676,795</u>	[16] \$ <u>17,783,352</u>

Signature: \_\_\_\_\_

(Authorized Representative)

Date: 4/24/25

\_\_\_\_\_  
President and CEO

(Title)

# **Northern California Congregational Retirement Homes, Inc.**

## **Note to Reserve Reports**

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### **Note 1 – Basis of Accounting**

The accompanying reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 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.'s assets, liabilities, revenues, and expenses.

## **Supplementary Schedules**

**Northern California Congregational Retirement Homes, Inc.**  
**Supplementary Schedule to Form 5-4**  
**For the Year Ended December 31, 2024**

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Total operating expenses (Form 5-4, Line 1)	\$ 26,145,120
Mean number of all residents (Form 1-1, Line 10)	<u>216</u>
Per capita cost of operations	<u><u>\$ 121,042</u></u>
<b>Form 5-4 line 2e - Revenues received during the fiscal year</b>	
<b>for services to persons who did not have a continuing care contract</b>	\$ 260,025
Advances to applicants	825,215
Other resident services	<u>388,323</u>
Other operating cash receipts per cash flow	<u><u>\$ 1,473,563</u></u>

**Northern California Congregational Retirement Homes, Inc.**  
**Supplementary Schedule to Form 5-5**  
**For the Year Ended December 31, 2024**

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**Form 5-5, Line [4] - Cash**

Total cash & cash equivalents	\$ 4,286,766
less: Cash - Carmel Valley Foundation	(1,136,518)
Cash - Manor Annuity Trust Fund	(38,495)
Cash - Manor Residents' Association Fund	(29,700)
	<u>3,082,053</u>
Total cash & cash equivalents available for debt service	
Cash and cash equivalents whose use is limited	
Total cash & cash equivalents within limited use assets	8,462,637
less: Limited for use for capital purposes (Project Fund)	(7,532,630)
	<u>930,007</u>
Limited use assets available for debt service reserve	
Total cash & cash equivalents available for debt service reserve	<u>\$ 4,012,060</u>

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

Short-term investments	\$ 11,341,455
Long-term investments	27,299,836
less: Long-term investments - Carmel Valley Foundation	(15,929,941)
Long-term investments - Manor Annuity Trust Fund	(451,936)
Long-term investments - Manor Residents' Association Fund	(106,285)
Investments not readily liquidated for cash	(248,677)
	<u>21,904,452</u>
Total investments available to satisfy operating reserve obligation	<u>\$ 21,904,452</u>

