

ADVISORY LOAN INSURANCE COMMITTEE

February 12, 2026



**Cal-Mortgage Loan Insurance Division
Department of Health Care Access and Information**

2020 West El Camino Avenue, Suite 1231
Sacramento, California, 95833
916-319-8800



2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov



Cal-Mortgage Loan Insurance Program Advisory Loan Insurance Committee (ALIC)

AGENDA

Thursday, February 12, 2026
at 10:30 a.m.

The ALIC may not discuss or act on any matter raised during the public comment section that is not included on this agenda, except to place the matter on a future meeting agenda. (Government Code §§ 11125, 11125.7, subd. (a).)

Location:

2020 West El Camino Avenue, Conference Room 1233, Sacramento, CA 95833

Microsoft Teams Link: [Click here to join the meeting](#)

Call-in audio only: (916) 535-0978, Conference ID: 309 589 823#

Item No. 1 Call to Order and Welcome

Jay Harris, Committee Chair (or designee)

- Roll call of ALIC members

Item No. 2 Public Comment Regarding Action Items on Today's Agenda

Jay Harris, Committee Chair (or designee)

Item No. 3 ALIC Chair and HCAI Executive Staff Remarks

- Jay Harris, Chair, ALIC Committee
- Elizabeth Landsberg, HCAI Director
- Scott Christman, MPDS, HCAI Chief Deputy Director
- Dean O' Brien, MBA, Cal-Mortgage Deputy Director

Item No. 4 Approval of the Minutes of the August 14, 2025, and September 11, 2025, meetings – Action Item

Jay Harris, Committee Chair (or designee)

The Committee will vote on a change made to the August 14, 2025, meeting minutes and vote on the minutes of the previous Committee meeting held on September 11, 2025.

Item No. 5 Loan Insurance Application Review: Odd Fellows Home of California dba Saratoga Retirement Community (Applicant) – Action Item
Lauren Hadley, Senior Account Manager

The Applicant is a California not-for-profit public benefit corporation originally established in 1893 that has operated a retirement community in Saratoga since 1912. The Applicant provides housing and health care services to seniors at two continuing care retirement communities.

The purpose of the proposed insured loan of \$107.25 million (2026 Bonds) is to: (1) fund the construction of 52 new independent living units in three separate buildings and a cottage, a fitness center, an auditorium, an emergency gate, various site developments, and dining improvements at the Saratoga Retirement Community campus; (2) fund capitalized interest; (3) fund a debt service reserve; (4) fund the HCAI insurance premium; and (5) fund the cost of issuance.

Item No. 6 Cal-Mortgage Loan Insurance Program 2024 Actuarial Study Results – Informational Item
Dean O'Brien, Cal-Mortgage Deputy Director

Mr. O'Brien will present to the Committee a summary of the 2024 Actuarial Study results for the Cal-Mortgage Loan Insurance Program.

Item No. 7 Cal-Mortgage Reports – Informational Item

A. Project Monitoring

Consuelo Hernandez, Cal-Mortgage Supervisor

Ms. Hernandez will report on the statistics for the existing portfolio of the Cal-Mortgage Borrowers.

B. Pending Projects

Consuelo Hernandez, Cal-Mortgage Supervisor

Ms. Hernandez will report on current and prospective borrower applications.

C. Problem Project Report

Dean O'Brien, MBA, Cal-Mortgage Deputy Director

Mr. O'Brien will report on projects appearing on the Cal-Mortgage Problem Projects Report.

D. Distressed Hospital Loan Program and Small and Rural Hospital Relief Program

Dean O'Brien, MBA, Cal-Mortgage Deputy Director

Mr. O'Brien will report on the activities of the Distressed Hospital Loan Program and Small and Rural Relief Program.

Item No. 8 Federal and State Budgets Discussion

Jay Harris, Committee Chair (or designee)

Mr. Dean O'Brien, MBA, Cal-Mortgage

The ALIC Committee and Mr. O'Brien will discuss the potential impact of the Federal and State Budgets on the Cal-Mortgage Loan Insurance Program.

Item No. 9 Future Agenda Items/Announcements from Committee Members

Jay Harris, Committee Chair (or designee)

Item No. 10 General Public Comment

Jay Harris, Committee Chair (or designee)

Item No. 11 Adjournment

Jay Harris, Committee Chair (or designee)

Board Members: Jay Harris, Chair*

*Attending Virtually

Derik Ghookasian, Vice Chair*

Soyla Reyna-Griffin*

Jonathon Andrus*

John Woodward*

Richard Tannahill*

Scott Coffin*

Mary Connick*

HCAI Staff: Elizabeth Landsberg, Director

Scott Christman, MPDS, Chief Deputy Director

Dean O'Brien, MBA, Cal-Mortgage Deputy Director

Consuelo Hernandez, Cal-Mortgage Supervisor

The Advisory Loan Insurance Committee agenda and other notices about meetings are posted online and can be found by searching for the Advisory Loan Insurance Committee and meeting month at <https://hcai.ca.gov/public-meetings>.

For further information about this meeting, please contact Joanna Luce at (916) 319-8828, or Joanna.Luce@hcai.ca.gov, or send a letter to The Department of Health Care Access and Information, 2020 West El Camino Avenue, Sacramento, CA 95833.

The Advisory Loan Insurance Committee may take action under any agenda item.

Every effort will be made to address each agenda item as listed. However, the agenda order is tentative and subject to change without prior notice. Items not listed on the agenda will not be considered. The Advisory Loan Insurance Committee may take a brief break during the meeting. Members of the public are NOT required to identify themselves or provide other information to attend or

participate in this meeting. If Microsoft Teams (or other platform) requires a name, you may enter "Anonymous". You may also input fictitious information for other requested information if required to attend the meeting (e.g., anonymous@anonymous.com).

This meeting is accessible to persons with a disability. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Joanna Luce at (916) 319-8828, Joanna.Luce@hcai.ca.gov, or sending a written request to that person at 2020 West El Camino Avenue, Sacramento, CA 95833. Providing your request at least seven (7) business days before the meeting will help ensure availability of the requested accommodation.

If you need help understanding or translating any of the meeting materials into another language or need interpretation services in another language including American Sign Language, at the meeting, please contact Joanna Luce at (916) 319-8828, or Joanna.Luce@hcai.ca.gov. Let us know at least seven (7) business days before the meeting so we can set up the services you need.

Spanish/ Español

Si necesita ayuda para comprender o traducir alguno de los materiales de la reunión a otro idioma, o requiere servicios de interpretación en otro idioma, incluido el lenguaje de señas americano, durante la reunión, comuníquese con Joanna Luce at Joanna.Luce@hcai.ca.gov. Avísenos al menos siete (7) días hábiles antes de la reunión para que podamos organizar los servicios que necesita.

Korean/ 한국어

회의 자료를 다른 언어로 이해하거나 번역하는 데 도움이 필요하거나 회의에서 미국 수화를 포함한 다른 언어로 통역 서비스가 필요한 경우 Joanna Luce at Joanna.Luce@hcai.ca.gov 으로 연락해 주세요. 필요한 서비스를 설정할 수 있도록 회의 개최 최소 7일(영업일 기준) 전에 알려주세요.

Chinese Simplified/ 简体中文

如果您需要帮助理解或将任何会议材料翻译成另一种语言，或者需要包括美国手语在内的另一种语言的口译服务，请在会议上联系 Joanna Luce at Joanna.Luce@hcai.ca.gov. 请在会议开始前至少七 (7) 个工作日通知我们，以便我们安排您所需的服务。

Tagalog/Tagalog

Kung kailangan mo ng tulong sa pag-unawa o pagsasalin ng alinman sa mga materyales sa pagpupulong sa ibang wika o kailangan ng mga serbisyo ng interpretasyon sa ibang wika kabilang ang American Sign Language, sa pulong, mangyaring makipag-ugnayan sa Joanna Luce at Joanna.Luce@hcai.ca.gov. Ipaalam sa amin nang hindi bababa sa pitong (7) araw ng negosyo bago ang pulong upang maihanda namin ang mga serbisyong kailangan mo.

Vietnamese/Tiếng Việt

Nếu quý vị cần sự trợ giúp để hiểu hoặc dịch bất kỳ tài liệu họp nào sang ngôn ngữ khác hoặc cần dịch vụ phiên dịch sang ngôn ngữ khác bao gồm cả Ngôn Ngữ Ký Hiệu Hoa Kỳ, tại cuộc họp, vui lòng liên hệ Joanna Luce at Joanna.Luce@hcai.ca.gov. Hãy cho chúng tôi biết ít nhất bảy (7) ngày làm việc trước cuộc họp để chúng tôi có thể thiết lập các dịch vụ quý vị cần.

Chinese 繁體中文

如果您需要協助理解或將任何會議資料翻譯成另一種語言，或需要另一種語言包括美國手語的口譯服務，請在會議上聯絡 Joanna Luce at Joanna.Luce@hcai.ca.gov。請在會議開始前至少七 (7) 個工作天通知我們，以便我們安排您所需的服務

Agenda Item 4

**Approval of the Minutes of the August 14, 2025
and the September 11, 2025 Meetings – Action
Item**



2020 West El Camino Avenue, Suite 800
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ADVISORY LOAN INSURANCE COMMITTEE MINUTES

August 14, 2025

1. CALL TO ORDER

Mr. Jay Harris, ALIC Chair, called to order the meeting of the Advisory Loan Insurance Committee (Committee) of the Cal-Mortgage Loan Insurance Program (Cal-Mortgage) of the Department of Health Care Access and information (HCAi) at 10:30 a.m.

Before Mr. Harris performed a voice roll call of Committee member and asked the Committee members to state their name and acknowledge they are present at today's meeting when their name is called.

COMMITTEE MEMBERS' PRESENT

Jay Harris, Chair, via teleconference
Derik Ghokasian, Vice Chair, via teleconference
Richard Tannahill, Member, via teleconference
Scott Coffin, Member, via teleconference
Mary Connick, Member, via teleconference

COMMITTEE MEMBERS ABSENT

Soyla Reyna-Griffin, Member
John Woodward, Member
Jonathon Andrus, Member

ADDITIONAL ATTENDEES

Scott Christman, MPDS, HCAi, Chief Deputy Director
Dean O'Brien, MBA, HCAi, Cal-Mortgage, Deputy Director
Consuelo Hernandez, HCAi, Cal-Mortgage, Supervisor
Geoff Trautman, HCAi, Staff Attorney
Arne Bracchi, HCAi, Cal-Mortgage, Account Manager
Lauren Hadley, HCAi, Cal-Mortgage, Senior Account Manager
Dennis Lo, HCAi, Senior Account Manager
Tom Wenas, HCAi, Cal-Mortgage, Account Manager
Frank Perry, HCAi, Cal-Mortgage, Reports and Data Manager
Michael Scannell, HCAi, Cal-Mortgage, Office Technician
Dr. Phil Wong, Chief Executive Officer, Gateways Hospital and Mental Health Center
Ms. Fay Ji, Chief Financial Officer, Gateways Hospital and Mental Health Center
Mr. Brian Thorne, Chief Development Officer, Gateways Hospital and Mental Health Center

Dr. John Calderone, Gateways Hospital and Mental Health Center Board Chair
Mr. Grant Wilson, Financial Advisor, HG Wilson Municipal Finance Inc.
Ms. Megan Hartman, Senior Manager, Wipfli LLP
Mr. Matthew Wilson, Attorney, Wilson Law Group
Mr. Mike Cavanaugh, Underwriter, Hilltop Securities
Ms. Hannah Hrich, Municipal Credit Analyst,

2. PUBLIC COMMENT REGARDING ACTION ITEMS ON TODAY'S AGENDA

Mr. Harris asked if there were any comments from the public on today's agenda. Hearing no public comments made, Mr. Harris moved to Agenda Item 3, ALIC Chair and HCAI Executive Staff Remarks

3. ALIC CHAIR AND HCAI EXECUTIVE STAFF REMARKS

- ALIC Chair**

Mr. Harris did not make any opening remarks, and then he turned over the meeting to Mr. Scott Christman, MPDS, HCAI, Chief Deputy Director, for his opening remarks.

- HCAI Director**

Ms. Elizabeth Landsberg, HCAI Director, did not attend today's meeting.

- HCAI Chief Deputy Director**

Mr. Christman told the Committee that Ms. Landsberg sends her regrets for being unable to attend today's meeting and said that he is happy to provide the Director's Report to the Committee.

Mr. Christman provided an update to the Committee on a health trailer bill enacted in the recent State Budget that requires Pharmacy Benefit Managers (PBM) to report their data to the Health Care Payments Data Program (HPD), which is the All-Payers' Claims Database managed by HCAI. PBMs' will report information about discounts and rebates; fees and other payments, including payments made to PBM owned pharmacies. The Department of Managed Care will be responsible for licensing PMBs to do business in the State. Mr. Christman noted that a fact sheet has been published on the HPD program page regarding the implementation timeline for the PBMs' data collection. The first step is to engage with the PBMs' themselves and seat a new PBM representative on the existing HPD Advisory Committee. That work is getting started right away.

Mr. Christman then told the Committee the Department of Health and Human Services Agency (Agency) has asked HCAI to take on some new program responsibilities. The new responsibilities are the transfers of the Office of the Patient Advocate and the Data Exchange Framework. These two programs exist at the Agency level and are now being transferred to HCAI. Mr. Christman said HCAI is excited to take on these new responsibilities and the programs fit well with HCAI's existing program portfolio and alignments; HCAI's mission statement;

and with HCAI's largest new program, the Office of Health Care Affordability. Mr. Christman provided a brief description of what each new responsibility entails for HCAI.

Mr. Christman then talked about the health workforce development program at HCAI. Noting that he has talked about BH-Connect in the past. BH-Connect is the behavioral health community based organized networks of equitable care. As of July 1, 2025, two new workforce programs have been launched in support of BH-Connect. The first BH-Connect program is a medical behavioral health student loan repayment program. Mr. Christman said HCAI has already received more than 2000 applications for this program and HCAI is excited for the response to this new program. The second program BH-Connect is a residency training program. This program has a service obligation and provides grants directly to the residency and fellowship programs to increase the availability of behavioral health providers in Medi-Cal safety net settings. More to come on these two programs.

Mr. Christman then mentioned the emerging rural health transformation program that was part of the HR-1 Budget Reconciliation Act at the federal level. Agency has asked HCAI to administer this new grant program. This program is for rural health provider organizations. HCAI is on standby and getting ready to launch this new program with limited information. Mr. Christman stated that Mr. Dean O'Brien, MBA, HCAI, Cal-Mortgage, Deputy Director, can share more on this item later on in the agenda.

At the conclusion of Mr. Christman's remarks there was a short discussion between the Committee and Mr. Christman.

- **Cal-Mortgage Deputy Director**

Mr. O'Brien stated he will save his opening remarks for the Deputy Director's reports section of the agenda.

Mr. Harris moved to Agenda Item No. 4, Approval of the Minutes of the June 14, 2025, meeting.

4. APPROVAL OF THE MINUTES OF THE JUNE 12, 2025, MEETING

Mr. Harris requested one correction to the previous Committee meeting's minutes. In the middle of page 9, Medicaid is misspelled. With no other corrections requested for the meeting minutes Mr. Harris asked for public comments on this agenda item. Hearing none, Mr. Harris then asked for a motion to approve the meeting minutes. Mr. Derik Ghokasian, ALIC Vice Chair, made the motion to approve the minutes with one correction. Scott Coffin, ALIC member second the motion. Before the Committee voted on this agenda item, Mr. Harris called for public comments. Hearing none, Mr. Harris preformed a voice roll-call vote. The motion passed, 5-0.

After the Committee vote on this agenda item, Mr. Harris asked Mr. O'Brien to introduce the Applicant in Agenda Item No. 5, Loan Application Review: Gateways Hospital and Mental Health Center.

5. LOAN INSURANCE APPLICATION REVIEW: GATEWAYS HOSPITAL AND MENTAL HEALTH CENTER (APPLICANT)

Arne Bracchi, Account Manager

The Applicant is a California not-for-profit corporation operating with several locations in Los Angeles. The purpose of the proposed insured \$57.2 million loan is to (i) fund \$29.8 million to construct a 37-bed behavioral health facility, (ii) pay off a \$21.0 million loan, (iii) reimburse the applicant \$4.1 million for the purchase of two cottages, (iv) fund capitalized interest, (v) fund a debt service reserve, (vi) fund the HCAI insurance premium, and (vii) fund the cost of issuance.

Mr. O'Brien welcomed everyone to today's meeting and then made a housekeeping remark before stating Cal-Mortgage was very happy to be welcoming back the Applicant before the Committee. Mr. O'Brien then made brief remarks of the Applicant's history with the Cal-Mortgage program and then introduced Arne Bracchi, Account Manager, to introduce today's Applicant to the Committee.

Mr. Bracchi introduced himself and the following representatives present on behalf of the Applicant:

Dr. Phil Wong, Chief Executive Officer, Gateways Hospital and Mental Health Center
Ms. Fay Ji, Chief Financial Officer, Gateways Hospital and Mental Health Center
Mr. Brian Thorne, Chief Development Officer, Gateways Hospital and Mental Health Center
Dr. John Calderone, Gateways Hospital and Mental Health Center Board Chair
Mr. Grant Wilson, Financial Advisor, HG Wilson Municipal Finance Inc.
Ms. Megan Hartman, Senior Manager, Wipfli LLP
Mr. Matthew Wilson, Attorney, Wilson Law Group

Mr. Bracchi provided the Committee with a summary background of the Applicant and the scope of their project with his recommendation to approve the request for loan insurance. Mr. Bracchi then called on Dr. Phil Wong, Chief Executive Officer, Gateways Hospital and Mental Health Center to present his opening remarks before the Committee asked their questions on today's loan insurance application.

Dr. Wong made brief opening remarks regarding the history of their corporation and stated their goal today is same goal when they first opened their doors 70 years ago, to provide mental health services to the underserved population and to build a continual care system that include housing, residential outpatient services, and an acute psychiatric hospital for the needs of our mentally ill population. Then Dr. Wong gave an extensive description of each service they provide to their clients.

Following Dr. Wong's opening remarks, a discussion of the loan application with the Committee and the Applicant occurred.

The following subjects related to the Applicant's project were discussed: the Applicant's history with Cal-Mortgage; referrals for admission; operational costs; staffing needs, recruitment, and retention; government legislation and funding cuts; government funded programs; private donations and fundraising; profitability; fees for service; accounts receivables, revenue, and cash flow; contract negotiations with Los Angeles County Department of Mental Health; CalAIM reimbursements; Jewish Federation Relationship; Eaton and Altadena fires; housing for fire victims; Hilltop Securities; premium bonds; expansion of management depth to handle the corporation's new expansion projects; OSHPD's approvals for the Glendale Heights construction; 10-percent contingency on the construction budget; and the opening date of the Glendale Heights location.

At the conclusion of this discussion and all questions were answered to the Committee's satisfaction Mr. Harris opened the discussion to the public for comment. No public comments were offered on the Applicant's loan application. Mr. Harris then called for a motion to vote on the loan application project. Ms. Mary Connick, ALIC member, made a motion to approve the application for loan insurance. Mr. Derik Ghookasian, ALIC Vice Chair, seconded the motion. Mr. Harris then preformed a voice roll-call vote. The Committee voted to approve the application. The motion passed, 5-0. Ms. Soyla Reyna-Griffin, ALIC member, Mr. John Woodward, ALIC member, and Mr. Jonathon Andrus, ALIC member, did not attend today's meeting.

At the conclusion of the discussion and the vote on this agenda item, Mr. Harris then moved the meeting to Agenda Item 6, Deputy Director's Reports.

6. DEPUTY DIRECTOR'S REPORTS

• Project Monitoring – Consuelo Hernandez, Supervisor

Mr. Harris asked Mr. O'Brien to preside over the Cal-Mortgage Reports.

Ms. Hernandez told the Committee there has been an improvement in receiving financial statements since the last ALIC meeting. This is because of the timing of when financial statements are due. Our account managers continue to reach out to our borrowers to make sure we get their current financial statements.

Ms. Hernandez said the borrowers that have missed their debt service coverage ratios are mostly borrowers listed on our internal Watch List and Problem Projects Report and that we continue to keep a close watch on these borrowers.

Ms. Hernandez also reported account managers are being encouraged to visit their borrowers as they have time available with their current workload.

At the conclusion of this report Ms. Hernandez then moved on to present the Pending Projects Report.

- **Pending Projects – Consuelo Hernandez**

Ms. Hernandez informed the Committee that since the last ALIC meeting on July 29, 2025, Cal-Mortgage closed the loan for Sequoia Living in the amount of \$151.0 million. Ms. Hernandez thanked Ms. Lauren Hadley, Senior Account Manager, for her good job and the hard work she put into this project to get the loan closed quickly. HCAI received a \$5.5 million premium from this loan.

Ms. Hernandez said the next ALIC meeting will be September for Channing House, a Continuing Care Retirement Community in Palo Alto. Channing House is a current borrower with HCAI. They have two current loans, one for \$54.0 million and the second loan is \$44.0 million. The new loan will be for \$40.0 million.

Ms. Hernandez gave a brief description of Channing House and their project; and said we are working diligently with them to bring their application for loan insurance to the ALIC September meeting.

At the conclusion of Ms. Hernandez's report, Ms. Hrich asked Ms. Hernandez if there was an update on Oroville Hospital. Ms. Hernandez said Oroville Hospital is waiting to get their 2024 audited financial statements finalized to submit their loan application. There was a brief conversation with Cal-Mortgage and Ms. Hrich about Oroville Hospital.

At the conclusion of this conversation Mr. O'Brien asked if there were any additional questions from the public or Committee members. Hearing none, Mr. Harris moved to Agenda Item 7, Federal and State Budgets Discussion.

- **Problem Project Report – Dean O'Brien, Cal-Mortgage Deputy Director**

Mr. O'Brien said there are no new additions to the current Problem Projects Report and then discussed the borrowers that are experiencing financial difficulties; and the action plan devised to address each borrower and their financial struggles.

Mr. O'Brien then provided the Committee with additional updates on the following borrowers:

St. Rose Hospital (St. Rose): Mr. O'Brien started this update stating tri-weekly chats with Alameda Health System (AHS) and St. Rose's management team continue. Mr. O'Brien then reviewed St. Rose's May 31, 2025 internally prepared financial statement and the pending year end audited financial statement; confirmation of St. Rose's receipt of Alameda County Measure A funds; certification for the new sub-acute unit; bids and build of cardiac catheterization of lab; and receipt of a \$62.4 million behavioral health continuum infrastructure program grant to build a 20-bed dedicated geriatric psychiatric unit.

San Benito Health Care District (San Benito): Mr. O'Brien began this update stating the transaction with Insite Health (Insite) has been canceled. According to the press release it was a joint decision by San Benito and Insite. Mr. O'Brien noted San Benito has done a really good job with cost containment strategies, but

a lot of this was ushered in under bankruptcy protection and San Benito has since exited bankruptcy protection. Mr. O'Brien said that we will continue to monitor San Benito on a monthly basis. The current insured loan pays off in March 2029, potentially in 2028 with a fully funded Debt Service Reserve Fund.

Hill Country Community Clinic (Hill Country): Mr. O'Brien told the Committee Hill Country will likely be coming off of the Problem Projects Report (PPR) soon. Financial improvements continue since selling the Center For Hope in Redding and moving operations back to Round Mountain. They are working on getting caught up on their overdue audited financial statements. Once we receive the audited overdue financial statements they will come off of the PPR.

Verdugo Mental Health and California-Nevada Methodist Homes: These borrowers are resolved default settlement agreements and Cal-Mortgage is continuing to collect regular payments without issues.

The Committee did not have any questions about this report.

- **Distressed Hospital Loan Program (DHLP) and Small and Rural Hospital Relief Program (SRHRP)**

Mr. O'Brien told the Committee that the quarterly financial reports from all sixteen hospitals are expected and due on August 15, 2025, so he does not have a financial update since the last Committee meeting.

Mr. O'Brien reported on the recent distressed hospital roundtable discussion hosted by California State Treasurer, Fiona Ma. The discussion included hospital Chief Executive Officers and Chief Financial Officers; and that this discussion was a listening feedback session. The topics of discussion included how the DHLP funds were used; challenges the hospitals still face; staff recruitment and retention; management of revenue cycles; cyber-attacks; and the future focus of growing their own staff with in-house residency and training programs.

Mr. O'Brien gave brief specific updates for Kaweah Delta Health Care District, Madera Community Hospital, and Hazel Hawkins Memorial Hospital.

At the conclusion of the DHLP discussion, Ms. Hannah Hrich, T Rowe Price asked about Oroville Hospital and Channing House under 6b. Pending Projects Report. Mr. O'Brien said he would report on the SRHRP program and then circle back to the Pending Projects Report.

Mr. O'Brien said currently there are about \$59.3 million in grant funds available. To date fifteen grants have been awarded totaling \$8.9 million. Mr. O'Brien noted that most of the grant awards have been for seismic evaluations and not big construction. It is expected in the second quarter of 2026 the hospitals will be past the evaluation stage and start construction that SRHRP can help them with.

Currently SRHRP is working with a handful of hospitals to help them finish their applications. Those awards total around \$2.1 million. Mr. O'Brien said that Cal-Mortgage has a good working relationship with many hospitals and hope they will come back to do repeat deals for their construction costs. SRHRP is focused on increasing program m awareness and has upcoming webinars scheduled.

Next Mr. O'Brien gave the Committee an overview about the new Rural Transformation Grant Program (Program). There are not a lot of details on this program as yet and stated that Cal-Mortgage is not administering this program. The HR-1 federal bill includes \$50.0 billion for states to administer a rural transformation grant program to support rural providers. This money is intended through grants and technical assistance to backfill some of the Medi-Care cuts. The money will be disbursed at \$10.0 billion per year over the next five years. The State Office of Rural Health housed within HCAI is being asked to take the lead on this new program. There has been one meeting to date so far. Cal-Mortgage, DHLP, and SRHRP programs are being asked to share their perspective on what is working and what is not working in these programs. Department of Health Care Services is also working on this program to move the application process forward. More details to come on this new Program.

At the conclusion of Mr. O'Brien's report on this agenda item the Committee had no questions. Mr. O'Brien then asked Ms. Consuelo Hernandez, HCAI, Cal-Mortgage Supervisor, to present 6a. Project Monitoring Report and 6b. Pending Projects Report.

7. FEDERAL AND STATE BUDGETS DISCUSSION

Mr. Harris asked Mr. O'Brien to lead this discussion for Ms. Landsberg. A lengthy discussion occurred with Mr. O'Brien and the Committee. The discussion covered the following subjects: the uncertainty of the future of healthcare with Medicare cuts and work requirements; Medi-Cal coverage and eligibility; the new federal Rural Transformation Grant Program; current federal programs that may end; the effects of the federal cuts to the Cal-Mortgage Portfolio; distressed hospitals; and what Cal-Mortgage will look for in revenue streams and feasibility on new Cal-Mortgage applications for loan insurance. Mr. O'Brien stated he appreciated this forum and the importance of coming together as a group to share and discuss what is being seen on the health care front in terms of the federal and state budget cuts.

At the conclusion of this discussion Mr. Harris called for public comment on this agenda item. No public comments were made.

8. FUTURE AGENDA ITEMS/ANNOUNCEMENTS FROM COMMITTEE MEMBERS

Mr. Harris asked that the Federal and State Budgets discussion be kept as an agenda item for discussions with Ms. Landsberg and the Committee at future meetings.

9. GENERAL PUBLIC COMMENT

No public comments were made.

10. ADJOURN

Mr. Geoff Trautman, HCAI, Staff Attorney told Mr. Harris, with four Committee members currently on the meeting call, that we can simply adjourn the meeting. The meeting was adjourned at 11:58 a.m.

The Minutes of the above meeting were approved during the meeting of the Committee held on February 12, 2026.

Jay Harris, Chair

Joanna Luce, Executive Secretary



2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov



ADVISORY LOAN INSURANCE COMMITTEE MINUTES

September 11, 2025

1. CALL TO ORDER

Mr. Jay Harris, ALIC Chair, called to order the meeting of the Advisory Loan Insurance Committee (Committee) of the Cal-Mortgage Loan Insurance Program (Cal-Mortgage) of the Department of Health Care Access and information (HCAI) at 10:30 a.m.

Before Mr. Harris performed a voice roll call of Committee member, Mr. Harris asked the Committee members to state their name and acknowledge they are present at today's meeting when their name is called.

COMMITTEE MEMBERS' PRESENT

Jay Harris, Chair, via teleconference
Derik Ghokasian, Vice Chair, via teleconference
John Woodward, Member
Jonathon Andrus, Member
Richard Tannahill, Member, via teleconference
Mary Connick, Member, via teleconference

COMMITTEE MEMBERS ABSENT

Soyla Reyna-Griffin, Member
Scott Coffin, Member

ADDITIONAL ATTENDEES

Elizabeth Landsberg, HCAI Director,
Scott Christman, MPDS, HCAI, Chief Deputy Director
Dean O'Brien, MBA, HCAI, Cal-Mortgage, Deputy Director
Consuelo Hernandez, HCAI, Cal-Mortgage, Supervisor
Ryan Buckley, HCAI, Chief Counsel
Lauren Hadley, HCAI, Cal-Mortgage, Senior Account Manager
Dennis Lo, HCAI, Senior Account Manager
Tom Wenas, HCAI, Cal-Mortgage, Account Manager
Frank Perry, HCAI, Cal-Mortgage, Reports and Data Manager
Wendy Benedetto, HCAI, Cal-Mortgage, Associate Governmental Program Analyst
Joanna Luce, HCAI, Cal-Mortgage, Executive Secretary
Michael Scannell, HCAI, Cal-Mortgage, Office Technician
Rhonda Bekkedahl, Channing House, Chief Executive Officer
Jaisie Lozano, Channing House, Chief Financial Officer

Bern Beecham, Channing House, Board Chair
Brad Straub, Greystone Communities, Executive Vice President
Matt McMahan, Greystone Communities, Marketing Senior Associate
Adam Vanucci, Ziegler, Assistant Vice President
Daren Bell, Ziegler, Managing Director
Bill Hendrickson, Hendrickson Consulting, Principal

2. PUBLIC COMMENT REGARDING ACTION ITEMS ON TODAY'S AGENDA

Mr. Harris asked if there were any comments from the public on today's agenda. Hearing no public comments made, Mr. Harris moved to Agenda Item 3, ALIC Chair and HCAI Executive Staff Remarks

3. ALIC CHAIR AND HCAI EXECUTIVE STAFF REMARKS

- ALIC Chair**

Mr. Harris did not make any opening remarks, and then he turned over the meeting to Ms. Elizabeth Landsberg, HCAI, Deputy Director, for her opening remarks.

- HCAI Director**

Ms. Elizabeth Landsberg, HCAI Director, began her opening remarks stating that she was very glad to attend today's meeting and that her main update today is on the Rural Health Transformation Program (RHTP). The RHTP is part of the passage of the Federal HR1 Bill. Ms. Landsberg began her update outlining the HR1 Bill's cuts to the Medicaid/Medi-Cal programs in California. The cuts include changes to allowable provider fees and some direct payments. Further saying in light of these cuts another part of the HR1 Bill is the \$50 billion RHTP. The purpose of the RHTP is for states to invest in new ways of providing healthcare in rural communities. Ms. Landsberg then outlined the application process; application submission deadline; and approximate timelines to receive federal dollars under the RHTP. Ms. Landsberg said that California is putting together an application to get some of these federal RHTP funds and how HCAI is involved in submitting an application to receive RHTP funds.

At the conclusion of Ms. Landsberg's RHTP update there was a brief discussion between Ms. Landsberg and the Committee. At the conclusion of this discussion Mr. Harris asked Scott Christman, HCAI Chief Deputy Director for his opening comments.

- HCAI Chief Deputy Director**

Mr. Christman greeted the Committee and said he did not have any comments to add to Ms. Landsberg's report. Mr. Harris then asked Mr. Dean O'Brien, HCAI, Cal-Mortgage Deputy Director for his opening remarks.

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- **Cal-Mortgage Deputy Director**

Mr. O'Brien stated he will save his opening remarks for after the presentation of today's loan application.

Mr. Harris moved to Agenda Item No. 4, Approval of the Minutes of the August 14, 2025, meeting.

4. APPROVAL OF THE MINUTES OF THE AUGUST 14, 2025, MEETING

Mr. Harris asked for public comment on this agenda item. Hearing none, Mr. Harris then said he had one question for the discussion under the Agenda Item No. 7. Federal and State Budgets Discussion. Mr. Harris asked for a review to clarify the which program Medicare, Medi-Cal, and Medicaid programs are associated with the immediate impact of the HR 1 Big Beautiful Bill. Ms. Joanna Luce, HCAI Executive Secretary confirmed a review of the subject will be done.

Mr. Harris then asked for additional comments or questions from the Committee. Hearing none, asked for a motion to approve the meeting minutes.

Ms. Mary Connick, Committee Member moved to approve the minutes.

Mr. Derik Ghokasian second the motion. The motion passed, 4-0 with Mr. John Woodward, Committee member and Mr. Jonathon Andrus, Committee member abstaining from the vote. Mr. Harris performed a roll-call vote and counted four yeses for this vote. Mr. Ryan Buckley, HCAI Chief Counsel, advised Mr. Harris that this vote is sufficient to pass the motion with getting a majority of the quorum to vote yes.

After the Committee vote on this agenda item, Mr. Harris asked Mr. O'Brien and Mr. Dennis Lo, Account Manager to introduce the Applicant in Agenda Item No. 5. Loan Application Review: Channing House.

5. LOAN INSURANCE APPLICATION REVIEW: CHANNING HOUSE (APPLICANT)

Dennis Lo, Account Manager

The Applicant is a California not-for-profit public benefit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986. The Applicant owns and operates a Continuing Care Retirement Community in Palo Alto. The purpose of the insured loan of \$36.2 million loan is to (i) finance the costs of an independent living (IL) expansion project that includes purchasing a 13-unit apartment complex at 430 Forest Avenue in Palo Alto and related capital improvements for converting the property to the Applicant's IL satellite facility; (ii) fund the HCAI insurance premium; and (iii) fund the cost of issuance.

Mr. O'Brien welcomed everyone to today's meeting and then made a housekeeping remark before stating Cal-Mortgage was very excited to be welcoming back the Applicant for the third time before the Committee. Mr. O'Brien then made brief remarks of the Applicant's history with the Cal-Mortgage program and then

introduced Mr. Dennis Lo, Account Manager, to introduce today's Applicant to the Committee.

Mr. Lo introduced himself and the following representatives present on behalf of the Applicant:

Rhonda Bekkedahl, Channing House, Chief Executive Officer
Jaisie Lozano, Channing House, Chief Financial Officer
Bern Beecham, Channing House, Board Chair
Brad Straub, Greystone Communities, Executive Vice President
Matt McMahan, Greystone Communities, Marketing Senior Associate
Adam Vanucci, Ziegler, Assistant Vice President
Daren Bell, Ziegler, Managing Director
Bill Hendrickson, Hendrickson Consulting, Principal

Mr. Lo provided the Committee with a summary background of the Applicant and the scope of their project with his recommendation to approve the request for loan insurance. Mr. Lo then called on Rhonda Bekkedahl, Channing House, Chief Executive Officer to present her opening remarks before the Committee asked their questions on today's loan insurance application.

Ms. Bekkedahl made brief opening remarks regarding the history of their corporation and stating Channing House is well-regarded and long-standing member in their community; and they are seeing increased demand for senior living as more people age. They have been investigating many opportunities to meet those needs and also to improve the financial sustainability of Channing House. Ms. Bekkedahl then told the Committee Channing House has a challenge with their goals because they are landlocked in downtown Palo Alto so they need and are taking a different approach to their expansion plans. They are excited to share their project of acquiring an apartment building with the Committee. Ms. Bekkedahl then introduced to the Committee Bern Beecham, Channing House, Board Chair to make opening remarks.

Mr. Beecham made very brief remarks to tell the Committee the Channing House's Board has been fully in the process of planning their project. Many questions the board raised about the project have been answered by their administration or consultants; and the Board is unanimously behind this acquisition. Mr. Beecham thanked the Committee for letting them present their project to them at today's meeting.

Prior to the Committee asking any questions of the Applicant's project, Mr. John Woodward, Committee Member disclosed that until two years ago he was the Chief Executive Officer of Front Porch Community and Services (Front Porch). Front Porch operated a community down the street from where Channing House is located.

The following subjects related to the Applicant's project were discussed: the purchase of an off-site building to convert it to independent living; the background of the building to be purchased; the purchase price and value of the building; occupancy and rent histories; financial statements; the repairs and proposed renovations; staffing and services needed for the new building; shared services between the new building and the Channing House building; area competition; new resident demographics; timetable to move residents into the new building; transportation services; resident activities; state licensing; costs and use of the new taxable bonds; payer mix; and current auditing firm.

At the conclusion of this discussion and all questions were answered to the Committee's satisfaction Mr. Harris opened the discussion to the public for comment. No public comments were offered on the Applicant's loan application. Mr. Harris then called for a motion to vote on the loan application project. Mr. Derik Ghookasian, ALIC Vice Chair, made a motion to approve the application for loan insurance. Ms. Mary Connick, ALIC member, seconded the motion. Mr. Harris then performed a voice roll-call vote. The Committee voted to approve the application. The motion passed, 6-0. Ms. Soyla Reyna-Griffin, ALIC member, and Mr. Scott Coffin, ALIC member, did not attend today's meeting.

At the conclusion of the discussion and the vote on this agenda item, Mr. Harris then moved the meeting to Agenda Item 6, Deputy Director's Reports.

6. DEPUTY DIRECTOR'S REPORTS

• Project Monitoring – Consuelo Hernandez, Supervisor

Mr. Harris asked Mr. O'Brien to preside over the Cal-Mortgage Reports. Prior to turning over the meeting to Ms. Consuelo Hernandez, Cal-Mortgage Supervisor to review the Project Monitoring and Pending Projects Reports Mr. O'Brien announced to the Committee that Arne Bracchi, Account Manager has left Cal-Mortgage. Mr. O'Brien then made a brief update on Cal-Mortgage's staff recruitment efforts. At the conclusion of Mr. O'Brien's update he turned the meeting over to Ms. Hernandez to present the Project Monitoring and Pending Projects Reports.

Ms. Hernandez told the Committee since last month's report there is a drop in the number of Corporations submitting their financial statements; stating this drop is a result of the timing in when the financial statements are due in our office. The account managers will be following up with their corporations to make sure they get their June 30 financial statements turned in. The number of Corporations missing their Debt Service Coverage Ratio (DSCR) has stayed consistent. The Corporations that are missing their DSCR are the Corporations that are monitored on our internal Watch List and Problem Projects Reports; and the Corporations are being continuously monitored by the Cal-Mortgage staff. Ms. Hernandez noted with being short staffed the Site Visits are behind schedule. Once Cal-Mortgage is able to hire more staff this number should improve.

At the conclusion of this report Ms. Hernandez asked the Committee if they have any questions about this report. Hearing none, she then moved on to present the Pending Projects Report.

- **Pending Projects – Consuelo Hernandez**

Ms. Hernandez said almost all of the projects appearing on the pending projects list are in the early stages of their application process; stating the earliest a project could be ready for the Committee would be in January 2026.

Ms. Hernandez highlighted two projects that are most likely to be presented to the Committee in early 2026. The first project is Odd Fellows Home of California dba Saratoga Retirement Community (Odd Fellows) is a Continuing Care Retirement Center located in Saratoga and they are an existing borrower with Cal-Mortgage. Odd Fellows is seeking a loan in the amount of \$78.0 million for the expansion of 50 independent living units and upgrades to the communal areas.

The second project is Castle Family Health Centers (Castle Family) located in Atwater in Merced County. Castle Family is a Federally Qualified Health Center. They are seeking a loan in the amount of \$44.0 million. The purpose of the loan is for the construction of a new clinic in Atwater and to refinance a bank loan.

The last project Ms. Hernandez mentioned is Oroville Hospital. Ms. Hernandez said since the last ALIC meeting the hospital has decided to pause their application until early 2026. Ms. Hernandez briefly updated the Committee on the status of the Oroville Hospital application.

At the conclusion of Ms. Hernandez's report, she asked the Committee if they had any questions on her reports. Hearing none, Mr. O'Brien then began reviewing the Problem Projects Report for the Committee.

- **Problem Project Report – Dean O'Brien, Cal-Mortgage Deputy Director**

Mr. O'Brien said he would keep his remarks brief. The current Problem Projects Report has the usual borrowers' on the report and then discussed the borrowers that are experiencing financial difficulties; and the action plan devised to address each borrower and their financial struggles. Mr. O'Brien then provided the Committee with additional updates on the following borrowers:

St. Rose Hospital (St. Rose): Mr. O'Brien started this update stating since the last report St. Rose received a \$30.0 million in a intergovernmental transfer (IGT) of funds which pushed their Days Cash on Hand up over 100 days and income into positive territory. What is exciting to see is Alameda Health System's (AHS) commitment to St. Rose as evidenced by the deployment of two new executives along with a Chief Administrative Officer to St. Rose. Also, management has been able to renegotiate its agreement with Alameda Alliance to align the reimbursement rate with the AHS rate and that it is retroactive. The specific dollar

amount and what the impact will be on the overall year to date when the new financials are received. Mr. O'Brien said this project was one of Mr. Bracchi's projects and Lauren Hadley, Senior Account Manager is helping with this project while he and Ms. Hernandez are continuing the tri-weekly meetings; and will continue to shepherd St. Rose until a new Account Manager is named to the project. At the conclusion of this update there was a short discussion between Mr. O'Brien and the Committee.

San Benito Health Care District (San Benito): Mr. O'Brien began this update stating that in his previous update at the last Committee meeting is that the potential purchase with Insite was canceled. According to the Chief Financial Officer it was a joint decision, but sounds like the decision related to the health current uncertainties going forward. Right now San Benito is in the best financial shape in recent history driven by them being in bankruptcy. Now they are renegotiating provider and vendor contracts. It's possible there could be a hit to their financial position once the new contracts are in place if they have to either retroact or significantly increase the pay for some of their providers. Mr. O'Brien said that we will continue to monitor San Benito on a monthly basis. The current insured loan pays off in March 2029, potentially in 2028 with a fully funded Debt Service Reserve Fund. At the conclusion of this update there was a short discussion between Mr. O'Brien and the Committee.

Hill Country Community Clinic (Hill Country): Mr. O'Brien told the Committee Hill Country is making improvements in their financial performance since the sale of the Center for Hope and them focusing on their clinic in Round Mountain. They also continue to make progress in getting caught up on their audited financial statements. Once fully caught up on their audits they will likely drop off the Problem Project Report.

Verdugo Mental Health and California-Nevada Methodist Homes: These borrowers are resolved default settlement agreements and Cal-Mortgage is continuing to collect regular payments without issues.

The Committee did not have any questions about this report.

- **Distressed Hospital Loan Program (DHLP) and Small and Rural Hospital Relief Program (SRHRP)**

Mr. O'Brien told the Committee that the quarterly June 30 financial reports from all sixteen hospitals are still being processed and finalized. There is a slight improvement moving towards more stability, but overall, there is continuing financial distress. The limited improvements is in the short term liquidity, but that is being driven by the likes of St. Rose getting their IGT funds and are not sustainable. The long term financial ratios are still struggling for most hospitals for a myriad of issues. This last year a lot of work has been done modifying 13 of the 16 loans for a Step One Loan Modification, which gives the hospitals an

additional 12-month grace period on their initial payments. The final three potential loan modifications are expected within the next couple of months. Applications for Step Two of the loan modification process, which involves loan forgiveness on a one year basis of the debt service if they are still experiencing financial distress, are expected to start arriving in the first quarter of 2026. Challenging times for our hospitals. However, San Benito is in the process of drawing down their final \$7.3 million, and is the last hospital to draw down all of their DHLP loan. Once the draw down is completed then the DHLP funds will be fully dispersed.

At the conclusion of the DHLP update, there was a short discussion with Mr. Christman, Mr. O'Brien, and the Committee.

Next Mr. O'Brien gave the Committee an update for the SRHRP. Currently there is about \$59.0 million in grant funds available. To date 17 grants have been awarded totaling \$9.4 million. Mr. O'Brien noted that most of the grant awards have been for seismic evaluations for current buildings and not big construction projects yet. It is hoped that applications for smaller construction projects will start coming in during the first quarter of 2026 and additional construction projects after that, which will make a big dent in the \$59.0 million. So far most of the grants that have been awarded have been in the \$150K to \$300K range. Currently the HCAI staff are working with nine hospitals to help them with their applications for awards totaling \$6.3 million. Some of these hospitals include Mendocino Coast, Eastern Plumas Hospital, Tulare Hospital, and Victor Valley Hospital. HCAI staff is providing technical assistance and working directly with eligible hospitals to get applications filled out and submitted. HCAI staff is really focused on engaging with the stakeholders and different associations to get general awareness out about our program. A webinar is scheduled with California Hospital Association on October 9, 2025. Mr. O'Brien said he would be participating in the webinar along with the seismic compliance unit and it is hoped to have good turnout for the webinar.

At the conclusion of Mr. O'Brien's updates on this agenda item there was a short discussion with Mr. O'Brien and Committee. At the conclusion of the discussion, Mr. Harris moved to the next agenda item 7. Federal and State Budgets discussion.

7. FEDERAL AND STATE BUDGETS DISCUSSION

There was no discussion under this agenda item.

8. FUTURE AGENDA ITEMS/ANNOUNCEMENTS FROM COMMITTEE MEMBERS

Mr. O'Brien said the Federal and State Budgets Discussion will stay on the agenda for updates. At future meetings there will be more robust updates on the Federal Rural Transformation Grant Program. Mr. O'Brien said that he would send out to the Committee a survey link to the Federal Rural Health Transformation Survey.

Mr. Derik Ghookasian asked for an update of the Health Facility Construction Insurance Fund at the next Committee meeting.

9. GENERAL PUBLIC COMMENT

No public comments were made.

10. ADJOURN

The meeting adjourned at 11:55 a.m.

The Minutes of the above meeting were approved during the meeting of the Committee held on February 12, 2026.

Jay Harris, Chair

Joanna Luce, Executive Secretary

Agenda Item 5

**Loan Insurance Application Review: Odd Fellows
Home of California dba Saratoga Retirement
Community (Applicant) – Action Item**

Cal-Mortgage Application
Advisory Loan Insurance Committee Meeting
February 12, 2026



Odd Fellows Home of California dba
Saratoga Retirement Community
14500 Fruitvale Avenue, Saratoga, CA 95070
-and-
The Meadows of Napa Valley
1800, 1900, & 2000 Atrium Parkway, Napa, CA 94559

Contents

- Project Summary & Feasibility Analysis
- Exhibit A Project Renderings
- Exhibit B Proposed Bond Model
- Exhibit C Detailed Financial Spread
- Exhibit D Audited Financial Statements FYE 2025 – 2023
- Exhibit E Internally Prepared Financial Statements YTD 8-Month Ended 11/30/2025
- Exhibit F Financial Feasibility Report

PROJECT SUMMARY & FEASIBILITY ANALYSIS

For the February 12, 2026 Meeting of the Advisory Loan Insurance Committee

Project Summary

Applicant: Odd Fellows Home of California (Corporation) dba
Saratoga Retirement Community
14500 Fruitvale Avenue, Saratoga, CA 95070
-and-
The Meadows of Napa Valley
1800, 1900, & 2000 Atrium Parkway, Napa, CA 94559

Loan No.: 1101

Account Manager: Lauren Hadley

Executive Summary:

The Corporation is a California nonprofit public benefit corporation originally established in 1893 that has operated a retirement community in Saratoga since 1912. The Corporation provides housing and health care services to seniors at two continuing care retirement communities (CCRC). Saratoga Retirement Community (SRC) is comprised of 141 Independent Living (IL) units, 85 Assisted Living (AL) units, 15 Memory Care (MC) beds, and a 94-bed skilled nursing facility (SNF) on a 37-acre campus in Saratoga, Santa Clara County. The Meadows of Napa Valley (MNV) is comprised of 227 IL units, 41 AL units, 20 MC beds, and a 60-bed SNF on a 20-acre campus in Napa, Napa County.

The Corporation has a long history with the Department of Health Care Access and Information's Cal-Mortgage Loan Insurance Program (HCAI). Since 1993, HCAI has insured five loans for the Corporation and consented to a parity debt financing. HCAI currently insures the Corporation's 2023 Bonds with a current outstanding balance of \$63.915 million.

The purpose of the proposed insured loan of \$107.25 million (2026 Bonds) is to: (i) fund the construction of 52 new IL units in three separate buildings and a cottage; a fitness center, an auditorium, an emergency gate, various site developments, and dining improvements at the SRC campus; (ii) fund capitalized interest; (iii) fund a debt service reserve; (iv) fund the HCAI insurance premium; and (v) fund the costs of issuance (Project).

The 2026 Bonds will consist of: (1) Series A in the amount of \$54.8 million (30-year long-term portion) and (2) Series B in the amount of \$52.4 million (5-1/2-year short-term entrance fee portion). The Series B is expected to be repaid from initial entrance fees following completion of the construction and resident move-ins beginning in April 2028. The Corporation has already received 10% deposits on 51 of the 52 new IL units.

For the year-to-date (YTD) 8-month period ended November 30, 2025, the Corporation had approximately \$68.6 million in unrestricted cash and investments, which is equivalent to 365 Days Cash on Hand (DCOH).

Insured Total:

The 2026 Bonds shall not exceed a par amount of \$107.25 million to be insured by HCAI, which is 90% of the total financing. The equity contribution consists of both pre-paid Project expenses and a cash contribution equal to 10%, which is sufficient to cover the required 10% equity contribution.

Credit Rating and Insurance Premium:

The sources and uses of funds assume the standard HCAI insurance premium of 3% of total principal and interest plus a certification and inspection fee of 0.4% of the principal, resulting in a total premium and fee estimated at \$5.6 million. However, the Corporation has applied for an independent credit rating from Fitch Ratings and anticipates receiving a BBB rating. If achieved, this rating would reduce the HCAI insurance premium to 1.85% of the total principal and interest, while the certification and inspection fee would remain at 0.4% of the principal, lowering the estimated total premium and fee to approximately \$3.7 million.

Legal Status and Eligibility:

The Corporation is a California nonprofit public benefit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code. The Corporation is eligible for loan insurance as a health facility, as defined in Section 129010(g) of the Health and Safety Code.

SB 1953:

The Corporation is not a hospital and does not have a multi-story skilled nursing facility, thus the seismic requirements of SB 1953 do not apply.

Cal-Mortgage Priority:

HCAI's Cal-Mortgage Loan Insurance Program's 2017, 2019, and 2021 Consolidated State Plan determined that certain types of projects are deemed to have a high priority and will be encouraged for new applications. The Corporation's Project meets two of the criteria: (1) the Project provides services to keep the elderly functioning optimally in a community-based environment and avoiding the need for institutional placement and (2) the Project enhances the actuarial stability of Cal-Mortgage, attributable to the Corporation's anticipated independent credit rating.

Corporation Background, Services, and Fee Structure:

The Corporation was originally established in 1893 and has operated a retirement community in Saratoga since 1912. It was incorporated in 1954 to develop a retirement community for the members of the Independent Order of Odd Fellows and Rebekahs and for the senior citizens of the general community. The Corporation was formed with the approval of the Grand Lodge of California Independent Order of Odd Fellows (IOOF), the parent corporation. In 1992, the Corporation purchased a second retirement community in Napa to expand services to seniors.

The Corporation provides housing and health care services to seniors at two CCRCs: SRC and MNV. SRC is comprised of 141 IL units, 85 AL units, 15 MC beds, and a 94-bed SNF on a 37-acre campus in Saratoga, Santa Clara County. MNV is comprised of 227 IL units, 41 AL units, 20 MC beds, and a 60-bed SNF on a 20-acre campus in Napa, Napa County.

The Corporation offers a range of contract options to appeal to prospective residents with varying budgets. SRC offers only CCRC contracts, while MNV offers both CCRC contracts and rental contracts. CCRC contracts require a one-time upfront entrance fee and an ongoing monthly fee, with pricing based on the selected IL unit. Entrance fees under CCRC contracts are refundable upon contract termination in one of two ways: (1) amortized entrance fees are prorated over a 36-month period following a 90-day cancellation period and refunded net of the months occupied or (2) refundable entrance fees are returned upon resale of the unit, up to the contractually specified percentage of the original entrance fee. Currently, prospective residents are offered refundable contracts of 80% at SRC and 90% at MNV. Rental contracts, offered only at MNV, require a monthly fee with no upfront entrance fee. As of November 30, 2025, MNV had 53 rental contracts (25%) out of 210 total contracts

All residents are provided with one to three meals a day (depending on level of care), housekeeping, utilities, and a full range of social and recreational activities. Optional services are provided for an additional fee, and include guest meals, private catered events, additional parking, special transportation, and a beauty salon. AL, MC, and SNF services are available to residents or through direct admissions. Residents with CCRC contracts receive a 10% to 25% discount on these services. The following tables identify the various types of services and pricing options at SRC and MNV for new residents.

SRC Fee Schedule Effective April 1, 2025				
Unit/Bed Type	Square Feet	Entrance Fee Amortized	Entrance Fee 80% Refundable	Monthly Fee CCRC
Independent Living:				
One Bedroom	722 - 1,040	\$443,600 - \$575,100	\$722,900 - \$1,038,800	\$5,164 - \$7,532
Two Bedroom	1,145 - 1,563	\$633,700 - \$983,200	\$1,140,700 - \$1,721,100	\$8,303 - \$11,414
Cottages	1,425 - 1,835	\$988,300 - \$1,205,900	\$1,755,600 - \$2,184,100	\$10,177 - \$12,592
Double Occupancy Fee				\$2,293
Unit/Bed Type	Square Feet	Monthly/Daily Fee Direct Admit	Monthly/Daily Fee CCRC	
Assisted Living:				
Studio	340 - 380	\$7,600 - \$8,089	\$6,812 - \$7,142	
One/Two Bedroom	565 - 900	\$10,644 - \$13,266	\$9,358 - \$11,759	
Double Occupancy Fee		\$13,053 - \$15,675	\$11,720 - \$14,121	
Level of Care Fees		\$1,082 - \$4,151	\$1,082 - \$4,151	
Memory Care:				
Semi-Private	830	\$12,205	\$10,124	
Private	830	\$13,650 - \$14,499	\$11,329 - \$12,126	
Skilled Nursing Facility:				
Semi-Private		\$608 - \$667	\$483 - \$543	
Private		\$811	\$655	

MNV Fee Schedule Effective April 1, 2025					
Unit/Bed Type	Square Feet	Entrance Fee Amortized	Entrance Fee 90% Refundable	Monthly Fee CCRC	Monthly Fee Rental
Independent Living:					
Studio	513	\$116,600	\$198,200	\$3,306 - \$3,734	\$3,803 - \$4,430
One Bedroom	544 - 1,080	\$155,300 - \$544,500	\$290,000 - \$665,500	\$2,317 - \$5,740	\$3,101 - \$8,611
Two Bedroom	722 - 2,470	\$146,500 - \$1,025,700	\$249,000 - \$1,773,600	\$4,578 - \$8,611	\$3,101 - \$5,200
Double Occupancy Fee				\$942 - \$1,147	\$1,238
Unit/Bed Type	Square Feet	Monthly/Daily Fee Direct Admit	Monthly/Daily Fee CCRC		
Assisted Living:					
One Bedroom	510	\$9,526 - \$11,449	\$7,067 - \$8,504		
Two Bedroom	560	\$11,722	\$8,707		
Double Occupancy Fee		\$1,788	\$1,405		
Level of Care Fees		\$534 - \$1,662	\$534 - \$1,662		
Memory Care:					
Studio	830	\$12,081	\$8,884		
Skilled Nursing Facility:					
Semi-Private		\$577	\$423		
Private		\$712 - \$745	\$522 - \$594		

The Corporation accepts Medicare and Medi-Cal for SNF services, which accounted for 38%, or approximately \$9.1 million, of total health center revenue fees for the fiscal year end (FYE) March 31, 2025. The entrance fee and monthly fee revenue consist entirely of private pay.

The following table presents each campus's average annual occupancy levels for each of the last five years, the five-year averages, and the average occupancy for the year-to-date period ended December 31, 2025. The December 31, 2025, figures reflect strong occupancy and exceed the five-year averages.

Occupancy	2021	2022	2023	2024	2025	Five-Year Average	YTD 12/31/2025
SRC:							
IL ¹	89%	92%	84%	94%	98%	91%	96%
AL	79%	82%	69%	74%	84%	78%	91%
MC	97%	96%	79%	95%	76%	89%	97%
SNF	64%	65%	61%	72%	73%	67%	75%
MNV:							
IL ²	79%	76%	84%	90%	91%	84%	91%
AL	71%	63%	69%	76%	77%	71%	87%
MC	76%	69%	79%	96%	96%	83%	99%
SNF	49%	54%	61%	65%	66%	59%	62%

Footnote:
¹The number of available IL units averaged 143 in FYE 2021-2025 and 141 in YTD 12/31/2025 due to two cottages that were taken offline in preparation for the SRC expansion project.
²The number of available IL units averaged 236 in FYE 2021-2023, 223 in FYE 2024, 226.2 in FYE 2025, and 227 in YTD 12/31/2025 due to the consolidation of several smaller units into larger units.

SRC Expansion 52 IL Units:

The 52 new IL units will be constructed in three separate buildings and a cottage. The construction will result in the removal of two existing cottages due to their proximity to the new buildings. One cottage was demolished in late 2025, and the second cottage will be demolished in 2026. The removal of two cottages results in a net increase of 50 IL units at SRC, which will bring the total IL units to 193 at SRC.

On August 19, 2025, the California Department of Social Services (CDSS) authorized SRC to accept 10% deposits on the 52 new IL units. The Corporation has seen a strong demand for the new IL units and has already received 10% deposits on 51 of the 52 new IL units (98%). The new units are expected to open in April 2028. The following table identifies the projected pricing options for the 52 new IL units at SRC.

SRC Fee Schedule - 52 New Expansion IL Units				
Unit/Bed Type	Square Feet	Entrance Fee Amortized	Entrance Fee 80% Refundable	Monthly Fee CCRC
Independent Living:				
One Bedroom	1,072 - 1,733	\$699,732 - \$1,131,174	\$1,295,800 - \$2,095,400	\$7,826 - \$12,651
Two Bedroom	1,301 - 1,914	\$796,770 - \$1,183,490	\$1,475,500 - \$2,191,648	\$9,172 - \$13,130
Cottage - Two Bedroom	1,800	\$1,148,400	\$2,126,667	\$12,366
Double Occupancy Fee				\$2,293

Executive Management/Management Agent:

Since 1999, the Corporation has contracted with Pacific Retirement Services, Inc. (PRS) as its management agent, responsible for overseeing operations, providing an executive director at each campus, and delivering billing, accounting, and marketing services. In 2025, the Corporation's Board of Directors elected to seek a new management agent. Following a nationwide search, the Board selected Gerontological Services, LLC dba GSI (GSI), as its new management agent.

PRS will continue to provide all management services through February 28, 2026, and will thereafter provide only health care management services from March 1, 2026, through April 30, 2026, including services related to AL, MC, and SNF. During this same transition period, GSI will provide management services solely for IL. This two-month transition period reflects a delay in obtaining approval for the transfer of the health care license from PRS to GSI.

The Corporation and GSI will enter into a Senior Living Community Management Agreement effective March 1, 2026 (Management Agreement). The Management Agreement provides for an initial five-year term with automatic annual renewals thereafter until terminated. Under the Management Agreement, GSI will provide comprehensive management services, including oversight of operations, providing an executive director and health care administrator at each campus, and providing billing, accounting, and marketing services. GSI will receive a monthly management fee equal to 5.5% of the adjusted cash operating revenue of SRC and MNV, excluding entrance fees, donations, and investment earnings, plus reimbursable expenses. During the initial two-month period, GSI will provide management services solely for IL.

GSI was founded in 1982 and provides consulting, development, management, and sales and marketing services to nonprofit and for-profit senior living communities and affordable housing communities nationwide. In California, GSI has developed or consulted on multiple projects, including Bethany Homes another senior living facility with an HCAI insured loan. GSI is an affiliate of Transforming Age (TA). TA was founded more than 60 years ago as Presbyterian Retirement Communities Northwest and rebranded as TA in 2016. TA is headquartered in Bellevue, Washington, and Omaha, Nebraska. TA offers an integrated network of housing, community services,

technology, philanthropy, and strategic partnerships; it owns and operates more than 75 communities across 23 states. In 2024, TA expanded its presence in California through its affiliation with Elder Care Alliance.

GSI and PRS have been collaborating since October 2025 with weekly coordination meetings to support a seamless transition. The existing executive directors at each campus will transition their employment to GSI and continue serving in their current roles. PRS will continue to provide accounting services through the end of the current fiscal year on March 31, 2026, after which accounting services will transition to GSI beginning April 1, 2026. In addition, GSI and PRS will enter into a Transition Services Agreement effective from March 1, 2026, to April 30, 2026, under which PRS will provide transition support services to GSI.

Sarah Stel has served as the Executive Director at SRC since 2020. Prior to joining SRC, Ms. Stel has served as Nursing Home Administrator, RCFE Executive Director and Divisional Director of Operations at several CCRCs. Ms. Stel attended Kent State University and holds a degree in Gerontology and Long-Term Care Administration.

Kristi Morrow has served as the Executive Director at MNV since 2025. Ms. Morrow initially joined MNV in 2018 as its start-up Project Manager during its expansion and later moved into operational leadership roles as its Director of Health Services.

Ms. Morrow began her career at PRS in 2011 and has supported many communities with development projects and operations. Ms. Morrow holds a Master of Business Administration in Healthcare Management from Western Governors University and a Bachelor of Science from University of Oregon. Ms. Morrow is licensed as a Nursing Home Administrator and a RCFE Administrator in California.

Torsten Hirche has served as the Chief Executive Officer (CEO) at TA since 2014. Mr. Hirche has worked in the hospitality and senior living industry for over 20 years, serving in executive roles. Between 2004 and 2012, Mr. Hirche served as Administrator of Operations and VP of Operations at PRS to support community development projects, affiliations, and operations management at SRC, MNV, University Retirement Community in Davis, and other PRS communities nationwide. Between 2012 and 2014 Mr. Hirche joined Oakmont Senior Living and served as Executive Director at Varenna at Fountaingrove in Santa Rosa, Senior Executive Director at Fountaingrove Lodge and Villa Capri in Santa Rosa, and Cardinal Point in Alameda. Mr. Hirche holds a Master of Business Administration and a Bachelor of Science in Business Administration from Southern Oregon University. In addition, Mr. Hirche has a Bachelors in International Tourism Studies from Hochschule Harz in Werneigerode, Germany.

Ken Noreen serves as the Chief Operating Officer (COO) at TA. Mr. Noreen has more than 38 years of senior leadership experience with a focus on operations, project development, and strategy for CCRCs and rental communities. Prior to joining Transforming Age, Mr. Noreen had a 19-year tenure at Covenant Living Communities and Services. During his tenure, he managed multiple communities, including the Samarkand in Santa Barbara, Covenant Living of Turlock, and Covenant Living at Mt. Miguel in Spring Valley. Mr. Noreen holds a Master of Business Administration from

Loyola University, Chicago and a Bachelor of Arts in Business Administration from North Park University.

Michael Connell serves as the Chief Financial Officer (CFO) at TA. Mr. Connell has worked in the senior living industry for over 20 years serving as CFO at multiple communities and in various finance and accounting roles. Mr. Connell formerly served as a healthcare and long-term care specialist auditor at Ernst & Young LLP. Mr. Connell has a Bachelor of Science in Accounting from College of Saint Rose in Albany, New York. Mr. Connell is a certified public accountant.

Succession Plan:

The Corporation does not have a formal succession plan due to the current management services agreement. The management services agreement requires the management agent to fill the Executive Director positions at each campus.

Board of Directors:

The Corporation's Board of Directors is comprised of 15 directors: four Odd Fellow directors elected by the Grand Lodge of California (Grand Lodge), three Rebekah directors elected by the Rebekah Assembly of California, four individual directors elected by the Grand Lodge, two resident directors (one for each campus) appointed by the board, and the Grand Secretary and Grand Treasurer of the Grand Lodge. Directors serve three-year terms with approximately one-third of the Directors elected annually. The resident directors serve two-year terms and have staggered terms. The current Board consists of the following members:

Board of Directors	Profession	Term Ends
Ignacio Delgado, Chair	Retired Mortgage Banker	2028
David Fleck, Vice Chair	Attorney	2027
Barry Prock, Secretary	Ex-Officio, Grand Lodge of California	2028
Marti Neumann, Asst. Secretary	Retired Clerk, Union Pacific Railroad	2027
Ron Mills, Treasurer	Ex-Officio, Grand Lodge of California, Property Management	2026
Diana Mann, Asst. Treasurer	General Manager Clear Lakes Oak County Water District	2028
Dan Dela Torre	Carpentry Business Owner	2028
James Jepson	Retired Correctional Lieutenant, Department of Corrections	2026
Debra LaVergne	Retired Software Engineer	2028
Thomas McDonald	Senior Clerk, Department of Public Health, City/County of San Francisco	2027
Malia Murchison Hall	Insurance Executive	2027
Terry Olson	Retired Health Care Director of Material Management	2028
Sherry Pruitt	Retired Budget Analyst, US Air Force	2026
Paul Colin, Resident	Retired Superior Court of Santa Clara County	2026
Henry Walker, Resident	Retired Professor Emeritus	2027

Outstanding Litigation:

The Corporation is not currently involved in any litigation.

Licensing and Certification:

The Corporation's SRC and MNV campuses are each licensed by the California Department of Social Services (CDSS) to operate the IL, AL, and MC units (licensed as Residential Care for the Elderly Continuing Care Retirement Community). Facility reports are available on the CDSS website covering the last five years. During this period, SRC received zero citations and MNV received one type A citation and one type B citation; corrective action plans were submitted and approved by CDSS.

The Corporation's SRC and MNV campuses are each licensed by the California Department of Public Health (CDPH) to operate their SNFs: Saratoga Retirement Community Health Center and The Meadows of Napa Valley Care Center. Facility reports are available on the CDPH website covering 2023 through 2026. During this period, there were zero enforcement actions at SRC and one enforcement action at MNV. The enforcement action was the result of a staffing shortage that occurred in 2022; the action is considered closed, and no penalties were assessed.

Centers for Medicare and Medicaid Services (CMS) Nursing Home Compare provides information for consumers about nursing homes. Ratings are provided for health inspections, staffing, and quality measures; additionally, these three ratings are combined to calculate an overall rating. Ratings range from one-to-five stars with one being the lowest and five being the highest. Overall ratings for the Corporation's campuses are as follows: SRC as five-stars and MNV as five-stars. SRCs overall five-star rating was calculated based on the following measures: health inspections received five-stars, staffing received four-stars, and quality measures received five-stars. MNVs overall five-star rating was calculated based on the following measures: health inspections received five-stars, staffing received five-stars, and quality measures received four-stars.

Financing History with HCAI:

In October 1993, HCAI insured a loan of \$18.995 million that was used for campus improvements at MNV (1993 Bonds). In October 1999, HCAI insured a second loan of \$34.5 million to complete phase one at SRC (1999 Bonds). Phase one consisted of: (1) renovation and expansion of an existing residential care facility for the elderly (RCFE) (110 AL units and 12 dementia units) and (2) construction of a new 94-bed SNF (to replace its 68-bed SNF). In January 2003, HCAI insured a third loan of \$80.0 million to complete phase two at SRC (2003 Bonds). Phase two consisted of: (1) renovation of the historic 1912 main building, (2) construction of 104 apartments and 39 cottages, and (3) construction of new common areas, which included a dining room, computer learning center, fitness center, library, woodworking shop, arts and crafts studio, auditorium, pool, and spa.

In October 2012, HCAI insured a fourth loan of \$98.55 to refinance the 1993 Bonds, the 1999 Bonds, and the 2003 Bonds, and to fund \$4.85 in capital improvements at MNV (2012 Bonds). In August 2023, HCAI insured a fifth loan of \$67.065 million to refinance the 2012 Bonds and fund \$10 million in capital improvements at SRC and MNV (2023 Bonds). The 2023 Bonds have a current outstanding balance of \$63.915 million with a final maturity on April 1, 2053.

In July 2016, the Corporation entered into a private placement bond transaction for \$71.429 million with Compass Mortgage Corporation (Compass) as the sole purchaser (2016 Parity Bonds). HCAI consented to the transaction and was party to uninsured parity debt with Compass. The financing was used to expand MNV with the construction of a 3-story building containing approximately 92 IL units with underground parking, new fitness and aquatics center, kitchen and dining expansion and remodel, utility relocation with general site improvements, atrium building renovation, and a physical therapy pavilion (MNV Expansion Project). The expansion IL units opened in August 2019 and reached full occupancy in late 2022. The 2016 Parity Bonds consisted of: (1) Series A in the amount of \$11.032 million (long-term portion) and (2) Series B in the amount of \$60.397 million (short-term entrance fee portion). Only \$65.97 million of the \$71.429 million was drawn from the 2016 Parity Bonds; the 2016 Parity Bonds were paid in full prior to maturity on July 29, 2021.

Project Description:

The proceeds of the 2026 Bonds will be used to fund the construction of 52 new IL units in three separate buildings and a cottage, a fitness center, an auditorium, an emergency gate, various site developments, and dining improvements at the SRC campus. The following table identifies the budget for the Project.

SRC Expansion Project Budget	Amount
Construction:	
Construction Phase I - Cottage, Fitness Center, & Emergency Gate*	\$3,145,954
Construction Phase II - Buildings A, C, & D, Auditorium, & Site Development*	\$67,930,685
Loading Dock & Other Consultants	\$814,861
Builders Risk/Payment & Performance Bond	\$890,184
Construction Subtotal	\$72,781,684
Entitlements	\$2,700,000
Design & Engineering	\$4,114,974
Consultants	\$1,255,907
Other Project Costs - FFE, City Fees, Construction Management, & Marketing	\$6,730,902
Development Fee	\$3,964,638
Contingency - Owner*	\$3,712,226
Dining Improvements	\$6,131,847
Total Project Budget	\$101,392,178
*Project budget includes a contractor contingency equal to 3% of construction budget & owner contingency equal to 5% of project budget less development fee.	

The SRC expansion includes the construction of 52 IL units in three separate buildings and a cottage. Building A consists of a three-story 56,465 square foot building that houses 20 IL units and an underground parking garage with 33 parking spaces. Building C consists of a four-story 74,244 square foot building that houses 20 IL units and an underground parking garage with 78 parking spaces. Building D consists of a two-story 32,438 square foot building that houses 11 IL units and an underground parking garage with 31 parking spaces. The cottage is a single story 2,300 square foot cottage that houses one 1,800 square foot IL unit and a 500 square foot single parking garage.

The fitness center expansion will consist of a single-story 2,300 square foot building constructed adjacent to the existing fitness and pool building and will be used for exercise classes. The new auditorium consists of a two-story 13,198 square foot

addition to the existing 60,600 square foot Manor building. The addition will house a 5,509 square foot auditorium and a 7,689 ground-level parking garage with 16 parking spaces.

As part of the Project, a new emergency gate for fire department access will be constructed. In addition, there will be changes to the parking, loading dock, utilities, pedestrian walkways, and vehicle roadways on campus due to the construction of all the new buildings.

Phase I of the Project includes the emergency gate, cottage, and fitness center; construction is currently underway and expected to be completed in the Summer of 2026. Phase II of the Project includes the construction of the three IL buildings, the auditorium, and all the site developments. Phase II will start construction immediately after the close of the 2026 Bonds and is expected to last 24 months through March 2028. Renderings of the IL buildings, cottage, fitness center, and auditorium are provided under Exhibit A.

The dining improvements include: (1) the reorganization of the main kitchen to create more workspace and to accommodate additional seating in the main dining room, (2) the conversion of the Rebekah Lounge to dining space which will expand the main dining room, (3) the conversion of the existing auditorium to a new bistro that will provide full dining service with seating for 40, plus the addition of outdoor dining at the front of the Manor, (4) the relocation of an office and the bakery to the lower level, (5) the replacement of all the dining room furniture, and (6) the purchase of new kitchen equipment for the bistro. The dining improvements are still in the early planning stage and architecture plans and permits will not be completed prior to the close of the 2026 Bonds. The dining improvements are budgeted at approximately \$6.35 million. The Board of Director's may elect to exclude the Dining Improvements from the Project and would instead use its cash reserves to cover the costs. A final decision on whether to finance the dining improvements will be made at the Corporation's March 4, 2026, Board meeting.

Project Team:

McLemore Development Advisors (MDA) serves as the developer on the Project. MDA provides master planning and development services for senior living communities nationwide. MDA has completed several development projects in California, including SRC, MNV, University Retirement Community in Davis, Masonic Homes in Union City, Monte Cedro in Altadena, and Carlsbad by the Sea in Carlsbad. The development fee is calculated at 5% of the total project cost, net of the project management fee, and is currently estimated at \$3.9 million.

For this Project, the Corporation and PRS entered into a Development Services Agreement on January 21, 2025 (PRS Development Agreement) for the development of the Project. Under this agreement, PRS subcontracted with MDA to provide development management services. As a result of the transition of the management agent from PRS to GSI, it was determined that the PRS Development Agreement would also transition to GSI. Accordingly, the PRS Development Agreement will be assigned

to GSI through an assignment agreement. GSI will subcontract with MDA to continue providing development management services. The Services Agreement between GSI and MDA will be effective from May 1, 2026, through the receipt of the certificate of occupancy for the new IL units at SRC. The MDA development team will remain unchanged throughout this transition.

Allied Partners (AP) serves as the project manager on the Project. AP is a national firm providing project management and consulting services. AP has extensive experience in managing new development, renovation, time shares, restaurants, senior living, offices, medical and dental, sports venue, and historic restoration projects for hotels. AP managed senior living projects in California at Monte Cedro and Oakmont Gardens.

RCP Construction (RCP) serves as the general contractor on the Project. RCP has a team of over 53 employees and is located in El Dorado Hills. RCP has extensive experience in building retirement/memory care facilities, skilled nursing facilities, medical health centers, labs, educational facilities, multi-family and mixed-use facilities, restaurants and retail spaces, religious spaces, fitness centers, and industrial projects. RCP has completed a project at MNV and has completed projects at other PRS managed senior living communities. The Corporation selected RCP as the general contractor due to their successful experience on prior projects. RCP is in the process of soliciting bids from subcontractors. A gross maximum price (GMP) construction contract is expected to be executed in March 2026. At which point, payment and performance bonds will be obtained.

Ankrom Mosian Architects, Inc. (AM) will serve as the architect on the Project. AM is a national firm with a team of over 200 employees located in San Francisco, California, Portland, Oregon, and Seattle, Washington. AM has extensive experience in mixed-use housing, condominiums, apartments, affordable housing, senior housing, healthcare, offices, hospitality, and retail. AM has successfully completed projects at SRC and MNV.

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Project Permits:

The architectural plans for Phase I and Phase II are currently under review by the City of Saratoga. A total of eight permits are required for the various components of the project. The City's plan review process is progressing as expected, with all required permits expected to be approved by the end of February 2026. However, dining improvements remain in the early planning stage, and architectural plans and related permits are not expected prior to the issuance of the 2026 Bonds. The following table summarizes the status of the building permits for each component of the Project.

Building Permit Status	Expected Issuance
Emergency Gate	Permit Issued
Cottage - 1 IL Unit	2/15/2026
Fitness Center	2/15/2026
Auditorium	2/15/2026
Building A - 20 IL Units	2/15/2026
Building C - 20 IL Units	2/15/2026
Building D - 11 IL Units	2/15/2026
Site Development w/Parking & Loading Dock	2/27/2026
Dining Improvements	TBD

Future Projects:

Over the next several years, the Corporation plans to complete the conversion of semi-private to private rooms at the SNFs at MNV and SRC.

Financing Timeline:

The following table identifies the tentative key dates of the financing timeline.

Event	Date
ALIC	2/12/2026
Building Permits Issued	2/27/2026
GMP Finalized	3/2/2026
Bond Pricing	3/16/2026
Bond Closing	3/31/2026
Construction Phase I - Emergency Gate, Fitness Center, & Cottage	2/1/2026-7/31/2026
Construction Phase II - IL Buildings, Parking, & Auditorium	4/1/2026-3/31/2028
Construction - Dining Improvements	TBD

Financing Team:

The following table identifies the key members of the financing team.

Role	Organization
Bond Counsel	Orrick, Herrington & Sutcliffe, LLP
Bond Insurer	Department of Health Care Access and Information
Bond Trustee	U.S. Bank Trust Company, National Association
Borrower Counsel	Burke, Williams & Sorensen, LLP
Development Consultant	McLemore Development Advisors
Feasibility Consultant	Hendrickson Consulting
Issuer	California Statewide Communities Development Authority
Title Company	Chicago Title Insurance Company
Underwriter	Ziegler
Underwriter Counsel	Chapman and Cutler LLP

Sources and Uses of Funds:

The following table identifies the estimated Sources and Uses of Funds related to the proposed 2026 Bonds.

Sources of Funds	2026A Bonds	2026B Bonds	Total	Percentage
Bond Proceeds:				
Par Amount	\$52,635,000	\$52,400,000	\$105,035,000	88.15%
Premium	\$2,210,089	-	\$2,210,089	1.85%
	<u>\$54,845,089</u>	<u>\$52,400,000</u>	<u>\$107,245,089</u>	<u>90.00%</u>
Equity Contribution:				
Prepaid + Cash Deposit	\$5,971,391	\$5,944,730	\$11,916,121	10.00%
	<u>\$5,971,391</u>	<u>\$5,944,730</u>	<u>\$11,916,121</u>	<u>10.00%</u>
Total Source of Funds	\$60,816,480	\$58,344,730	\$119,161,210	100.00%
<hr/>				
Uses of Funds	2026A Bonds	2026B Bonds	Total	Percentage
Project Fund	\$48,916,677	\$52,475,501	\$101,392,178	85.09%
Capitalized Interest (29 Months)	\$4,078,038	\$1,440,779	\$5,518,817	4.63%
Debt Service Reserve Fund	\$3,123,688	\$1,572,000	\$4,695,688	3.94%
Cost of Issuance	\$966,721	\$962,405	\$1,929,126	1.62%
Cal-Mortgage Premium (1.85%)	\$3,519,813	\$1,684,446	\$5,204,259	4.37%
Cal-Mortgage Inspection Fee (0.4%)	\$210,540	\$209,600	\$420,140	0.35%
Rounding	\$1,003	-	\$1,003	0.001%
Total Uses of Funds	\$60,816,480	\$58,344,730	\$119,161,210	100.00%

Financing:

The 2026 Bonds will have two series: Series 2026A and Series 2026B, and will be issued in an aggregate par amount of \$105,035,000 and with a premium of \$2,210,089. They will be financed through tax-exempt revenue bonds issued by the California Statewide Communities Development Authority and insured by HCAI. The proposed bond model, dated November 24, 2025, is available to review under Exhibit B.

Series 2026A will be issued with the following terms:

1. The Series 2026A will be issued with a par amount of \$52,635,000 and with a premium of \$2,210,089. The Series 2026A will have a 30-year term and mature on April 1, 2056. The Series 2026A debt service will wrap around the existing 2023 Bonds, and as a result the principal will be amortized over the last 14 years.
2. The Series 2026A are to be issued at fixed rates. Coupon rates for the Series 2026A and 2026B are 5% and 3%, respectively, with an aggregate all-in true interest cost of 5.36%.
3. The Series 2026A maximum annual debt service (MADS) is projected at \$6,399,750. Annual debt service equals approximately \$2.6 million through 2043. Beginning in 2044, when principal payments commence, annual debt service will be approximately \$5.1 million through 2053, then will rise to approximately \$6.4 million thereafter. The aggregate annual debt service of the 2026 Bonds and the existing 2023 Bonds is projected to be approximately \$7.5 million through 2042, \$8.4 million in 2043, and \$6.3 million thereafter.

4. The Series 2026A debt service reserve fund is shown at 50% of MADS, or \$3,123,688. This amount will be reduced to 25% of MADS, or \$1,599,938, if the Corporation obtains an independent credit rating of BBB- or better.
5. Interest payments are due semiannually every October and April, beginning 2026 through maturity. The financing includes 29-months of capitalized interest.
6. The Series 2026A principal payments are due annually every April, beginning 2043 through maturity; this allows the 2026A debt service to wrap around the existing 2023 Bonds debt service.
7. The Series 2026A are anticipated to be priced with a six year no call period, thereafter the redemption price shall be 103% at year seven, 102% at year eight, 101% at year nine, after which there shall be no prepayment penalty.

Series 2026B will be issued with the following terms:

1. The Series 2026B will be issued with a par amount of \$52,400,000. The Series 2026B will have a 5-1/2-year term and mature on October 1, 2031. Repayment of the Series 2026B will be funded from the initial entrance fees and expected to start in Fall 2028 following completion of construction and resident move-ins.
2. The Series 2026B are to be issued at fixed rates. Coupon rates for the Series 2026A and 2026B are 5% and 3%, respectively, with an aggregate all-in true interest cost of 5.36%.
3. The Series 2026B debt service reserve fund is projected at \$1,572,000, which is equal to one year of interest.
4. Interest payments are due semiannually every October and April, beginning in 2026 through maturity. The financing includes 29-months of capitalized interest. Annual interest payments are equal to \$1,572,000.
5. The Series 2026B principal payment is due at maturity on October 1, 2031.
6. The Series 2026B are anticipated to be priced with a two year no call period, after which there shall be no prepayment penalty.

Security:

HCAI shall receive a security interest on all the Corporation's real and personal property, secured by fixture filings, first deeds of trust, UCC-1s, and a gross revenue pledge with a Deposit Account Control Agreement and a Securities Account Control Agreement covering said property of the Corporation. Such real property shall include the following:

1. 14500 Fruitvale Avenue, Saratoga (APN Nos. 397-12-012, 397-12-019, 397-40-006).
2. 1800, 1900, 2000 Atrium Parkway, Napa (APN No. 043-070-022).

Appraisal and Loan-to-Value (LTV):

Senior Living Valuation Services, Inc. (SLVS) prepared an appraisal report for SRC dated May 27, 2025, which determined the as-is market value at \$165.15 million and the projected at-stabilization market value on June 1, 2029, at \$265.25 million. SLVS prepared an appraisal report for MNV, dated January 22, 2016, which determined the as-is market value at \$63.325 million and the projected at-stabilization market value on November 11, 2018, at \$95.025 million. SLVS used the income approach to value each campus. A sales comparison and cost approach analysis were not considered

appropriate to estimate the market value of the campuses because of the complex characteristics of the facilities' cash flow and lack of comparable sales of similar facilities. SLVS certified that SRC currently has a remaining useful life of 40 years, and that this will increase to 60 years at the completion of the proposed Project. The following table outlines the campus valuations and the estimated LTV.

Appraisals	As-Is	At Stabilization
SRC Valuation	\$165,150,000	\$265,250,000
MNV Valuation	\$63,325,000	\$95,025,000
Total Valuation	\$228,475,000	\$360,275,000
2026 Bonds - Proposed	\$107,250,000	\$107,250,000
2023 Bonds	\$63,850,000	\$63,850,000
Total Liability	\$171,100,000	\$171,100,000
LTV	47%	30%

Financial Performance:

The following table summarizes the historical results for several key ratios and financial statistics from the Corporation's consolidated audited financial statements for the FYE 2022 to 2025, and the internally prepared financial statements for the YTD 8-month period ended November 30, 2025. It should be noted that the table may include category variances compared to the actual financial statements and the Financial Feasibility Report due to the financial spread software utilized by the Account Manager. A detailed financial spread is provided under Exhibit C, and the audited financial statements and internally prepared financial statements are provided under Exhibits D and E, respectively.

Statement Date	3/31/2022	3/31/2023	3/31/2024	3/31/2025	11/30/2025
Months Covered	12	12	12	12	8
Audit Method	Unqualified	Unqualified	Unqualified	Unqualified	Internal
Unrestricted Cash & Investments	\$59,691,041	\$46,957,005	\$54,699,069	\$64,574,505	\$68,602,805
Net Assets	(\$14,906,033)	(\$15,939,259)	(\$15,317,864)	(\$14,958,748)	(\$7,824,913)
Operating Revenue	\$62,581,166	\$78,117,074	\$75,389,529	\$80,862,884	\$56,176,429
Operating Expenses	\$69,323,793	\$74,644,729	\$80,090,480	\$79,304,259	\$53,959,279
Operating Income (Loss)	(\$6,742,627)	\$3,472,345	(\$4,700,951)	\$1,558,625	\$2,217,150
Other Income (Expenses)	(\$1,856,104)	(\$4,505,571)	\$5,322,346	(\$1,199,509)	\$4,332,745
Net Income (Loss)	(\$8,598,731)	(\$1,033,226)	\$621,395	\$359,116	\$6,549,895
EBIDA	\$6,771,158	\$14,680,215	\$16,780,096	\$16,426,068	\$17,204,011
Debt Service Coverage Ratio	2.64	2.33	1.59	5.10	4.53
Current Ratio	2.61	2.92	4.45	4.51	4.78
Days Cash on Hand	358	263	286	340	365

Note: DSCR includes the net cash flow from entrance fees.

Between FYE 2022 and 2025, and in the 8-month YTD period ended November 30, 2025, the Corporation met the financial covenants as required under the Regulatory Agreement for Debt Service Coverage Ratio (DSCR), Current Ratio (CR), and Days Cash on Hand (DCOH).

Between FYE 2022 and 2025, unrestricted cash and investments increased from \$59.7 million to \$64.6 million, an increase of \$4.9 million. Over this period, unrestricted cash and investments declined in FYE 2023 but then improved in FYE 2024 and

thereafter. The decline in the Corporation's unrestricted cash and investments was caused by the following factors: (1) \$8 million in cash reserves were used for the final payment to the general contractor on the MNV Expansion Project; (2) negative market returns on its investment portfolio; and (3) cash reserves were used to renovate some IL Units at MNV. These cash outflows were offset by the receipt of a \$9.7 million Employee Retention Credit (ERC) that was received during FYE 2024 through the CARES Act. In addition, improved occupancy led to the receipt of entrance fees that increased its unrestricted cash and investments.

Between FYE 2022 and 2025, net assets fluctuated but ultimately remained level at negative \$14.9 million. In FYE 2013, the Corporation adopted a new accounting method issued by the Financial Accounting Standards Board (FASB) for continuing care retirement communities with refundable advance fees. This resulted in the establishment of a liability for the refundable portion of advance fees, which were previously included in deferred revenue and amortized into revenue over the life of the facility. This change caused the Corporation's liabilities to increase and resulted in negative net worth. The Corporation started to experience positive net worth in FYE 2017, but in FYE 2020 net worth returned to negative with the large number of refundable entrance fees received for the MNV Expansion Project.

Between FYE 2022 and 2025, operating revenue increased from \$62.6 million to \$80.9 million, an increase of \$18.3 million or 29%. Between FYE 2022 and 2025, operating expenses increased from \$69.3 million to \$79.3 million, an increase of \$10.0 million or 14%. Between FYE 2022 and 2025, net income was positive in FYE 2024 and 2025 and negative in FYE 2022 and 2023. In FYE 2022 and 2023, net losses were caused by higher expenses than revenue, unrealized losses from investments, and losses on the extinguishment of debt. Even with the net loss, the Corporation experienced earnings before interest, depreciation, and amortization (EBIDA) sufficient to meet the DSCR requirement of 1.25. DSCR includes the net cash flow from entrance fees and excludes unrealized losses from investments. The Corporation controlled its expenses and experienced positive net income in FYE 2024 and 2025.

In the 8-month YTD period ended November 30, 2025, the Corporation increased its unrestricted cash and investments balance by \$4.0 million over the prior year and ended the period with \$68.6 million or 365 DCOH. The net assets improved by \$7.1 million and ended the period at negative \$7.8 million. The operating revenue exceeds the YTD budget, and the operating expenses are below the YTD budget. The Corporation experienced positive operating income and positive net income of \$6.5 million.

Portfolio Comparison:

The following table compares the Corporation's financial covenant ratios to other entrance fee CCRC multi-level facilities within the HCAI portfolio. The financial statistics used are based on the most recently completed audited financial statements for each facility. When comparing the Corporation's performance to its peers, its

DSCR is above both the median and average, its CR is just below both the average and median, and its DCOH is just below the median.

CCRC Multi-Level Facility Comparisons in HCAI Portfolio				
Organization	City	DSCR	CR	DCOH
Odd Fellows Home of California	Saratoga/Napa	5.10	4.51	340
Aldersly	San Rafael	1.14	1.12	585
Atherton Baptist Homes	Alhambra	4.13	5.81	575
Carmel Valley Manor	Carmel	5.41	4.67	717
Channing House	Palo Alto	1.45	4.37	391
Los Angeles Jewish Home for the Aging	Reseda	-0.14	1.68	111
Moldaw Residences	Palo Alto	4.66	4.05	667
Paradise Valley Estates	Fairfield	2.00	4.00	197
Pilgrim Place	Claremont	1.58	4.83	224
Sequoia Living, Inc.	San Francisco/Portola Valley	6.17	5.70	607
Solvang Lutheran Home	Solvang	5.16	9.34	308
Town and Country Manor	Santa Ana	1.80	5.82	218
Average		3.21	4.66	412
Median		3.07	4.59	366

Market Analysis:

The following market analysis was extracted from the Market Analysis and Feasibility Study, dated December 2024, prepared by Novak Consulting (Market Study). The Market Study was used to understand the market depth and demand for the 52 new IL unit expansion project.

Primary Market Area (PMA): The PMA is defined as the area within an approximate 15-to-25-minute drive from SRC, based on resident origin data over the past 20-years. It includes zip codes in Los Altos, Mountain View, Sunnyvale, Cupertino, Los Gatos, Santa Clara, Saratoga, and San Jose. The Market Study assumes that approximately 70% of residents for the SRC expansion will be drawn from the PMA.

Demographics: The total population within the PMA is forecast to decline by 0.8%, from 828,921 in 2024 to 821,981 in 2029. However, the senior population is expected to grow significantly. The population aged 65 and older is forecast to increase by 11.8%, from 131,878 in 2024 to 147,406 in 2029, and the population aged 75 and older is forecast to increase by 7.8%, from 59,349 in 2024 to 63,980 in 2029.

The median household income (all ages) in the PMA was \$173,771 in 2024 and is projected to increase to \$193,408 by 2029. Households headed by someone aged 75 and older are forecast to increase by 6%, from 33,719 in 2024 to 35,755 in 2029. By 2029, it is projected that there will be 13,173 households with incomes over \$100,000, 10,730 households with income over \$125,000, and 8,742 households with income over \$150,000. In 2024, homeownership amongst households aged 75 and older was approximately 72%. By 2029, an estimated 92% of homes will be valued at \$1 million or greater. For context, the median list price of a home for sale in Saratoga, California was \$4.375 million in 2024.

Competition: The following table includes the six primary competitors within the PMA and immediate proximity to the PMA that were identified in the Market Study. Average

occupancy amongst the competitors was 94%. All competitors offer IL, AL, MC, and SNF services, with the exception of Moldaw Residences who does not offer SNF services. In addition, the Market Study identified six proposed projects within or near the PMA. If constructed, these projects could add approximately 390 new IL units to the market.

Organization	Primary Competitors					
	IL Units	Square Footage	Refund Options	Contract Types	Entrance Fee Range	Monthly Fee Range
Saratoga Retirement Community (SRC)	143	722 - 1,835	0%, 80%	B	\$402,370 - \$1,890,985	\$5,000 - \$11,800
Moldaw Residences	170	700 - 1,600	85%	C	\$860,900 - \$2,099,300	\$5,800 - \$11,400
Stoneridge Creek	565	686 - 2,800	75%	A	\$505,000 - \$1,790,000+	\$4,200 - \$7,000
Terraces at Los Altos	105	650 - 1,272	0%, 75%	B	\$433,068 - \$2,240,277	\$6,600 - \$8,600
Terraces at Los Gatos	175	632 - 1,312	0%, 75%	B	\$321,094 - \$2,026,348	\$5,000 - \$7,800
The Forum at Rancho San Antonio	342	720 - 1,710	For Purchase	B	\$800,000 - \$4,500,000	\$4,200 - \$9,000
Vi at Palo Alto	388	826 - 4,212	0%	A	\$1,176,100 - \$7,352,500	\$6,200 - \$13,800

Notes: Data from Market Analysis and Feasibility Study, prepared by Novak Consulting, dated December 2024.

Penetration Analysis: The Market Study projects that the total market pool of households aged 75 and older will be 32,670 in 2029 (total 75+ households of 35,755 less 3,085 existing IL units). From this total market pool, approximately 4,800 households are considered qualified in 2029 (aged 75+, income at or above \$125,000, homeowners with home values of at least \$750,000, and full home equity). Applying capture rates of 2%, 3%, and 4% to the qualified household pool results in demand for approximately 137, 206, and 274 households, respectively.

The projected gross market penetration rate (GMPR) in 2029 is 13.8%; this indicates an undersupplied and favorable development market. The projected project penetration rate (PPR) in 2029 is 0.2%; this indicates only 0.2% of qualified households need to be captured to fill the 52 new units, indicating very low absorption risk. The projected net market penetration rate (NMPR) in 2029 is 5.4%; this indicates an uncrowded market and is favorable for expansion projects.

The Market Study concludes that the PMA has sufficient and sustainable demand to support SRC's proposed expansion of 52 new IL units, even at upper-end entrance fee and monthly fee levels.

Community Needs/Benefit:

The Corporation offers a continuum of care to the elderly in the cities of Saratoga and Napa. Its services include independent living, assisted living, memory care, and skilled nursing care. The Corporation offers in-home care services to those IL residents who can remain in their unit instead of being transferred to a higher level of care.

At MNV, prospective residents have the option to move in under a month-to-month rental contract, which provides an easier method of entry for residents who cannot afford a large up-front entrance fee.

The Corporation accepts Medicare and Medi-Cal for its SNF services. Approximately 38% and 39% of the Corporation's SNF revenue for FYE 2025 and 2024, respectively, was from Medicare and Medi-Cal reimbursement programs.

For residents who need bilingual services, the Corporation employs staff at each campus who speak multiple languages in addition to English, including Spanish, Tagalog, Amharic, Hindi, and Mandarin. These bilingual capabilities help ensure clear communication, cultural sensitivity, and comfort for residents from diverse backgrounds.

Both campuses host resident and community programs focused on lifelong learning, dementia awareness, caregiver education, and health education partnerships with local organizations. MNV collaborates with Napa Valley Adult Education through the Napa Valley Unified School District, Blake Austin College, and Unitek to provide clinical rotation opportunities for Certified Nursing Assistant and Licensed Vocational Nurse students at no cost. This program supports workforce development for the region and strengthens the pipeline of future caregivers. MNV is involved with the Napa County Alzheimer's Association, Slow Down Napa Coalition, and the Napa County Alliance on Aging.

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Feasibility Analysis

Feasibility Summary:

The Financial Feasibility Report, dated January 5, 2026 (Feasibility Report), was prepared by Bill Hendrickson of Hendrickson Consulting (Hendrickson) for the proposed 2026 Bonds and is provided under Exhibit F. The Feasibility Report assumes the following:

1. A \$107.2 million bond issuance will be used to finance the construction of 52 new IL units with parking, an auditorium, a fitness center, and dining improvements.
2. The forecasts are based on a 30-year amortization schedule provided by the underwriter, Ziegler, that is “wrapped” around the existing 2023 Bonds and includes short-term debt repayable from entrance fees; with a maximum annual debt service (MADS) of \$4.9 million between FYE 2026 and 2028, \$6.2 million in FYE 2029, and \$7.5 million in FYE 2030 and 2031; and a maximum coupon rate of 5%.
3. The forecasts are based on historical financial information, historical occupancy and rate information, and discussions with management.

The Feasibility Report concludes the following for the FYE 2026 through 2031 projection period:

1. The DSCR will be equal to or greater than 3.95x MADS throughout the projection period.
2. The DCOH will be equal to or greater than 353 days throughout the projection period.

Revenue Assumptions:

The total revenue is projected to increase from \$91.7 million in FYE 2026 to \$114.9 million in FYE 2031; an average annual increase of 5% which includes the large revenue boost from the 52 new IL units being placed in service during FYE 2029. Monthly fees account for approximately 85% of total annual revenue. The forecast assumptions for entrance fees and move-ins; monthly fees, rates, and occupancy; investment earnings; and contributions and net assets released from restrictions follow.

Entrance Fees and Move-ins: The entrance fees are based on the weighted average entrance fees of the IL units at each campus. At SRC, the weighted average entrance fees assume that approximately 75% of new residents will select traditional amortized contracts and 25% will select the repayable contracts. At SRC, the entrance fees are forecast to increase by 5% in FYE 2027, and 4% each year thereafter. At MNV, the weighted average entrance fees assume the majority of new residents will select the repayable contracts. At MNV, the entrance fees are forecast to increase by 6% in FYE 2027, and 4% each year thereafter. The entrance fee assumptions are more conservative than the past three-year historical increases.

At SRC, move-ins are forecast at 10 units in FYE 2026, 11 units in FYE 2027 and 2028, and 13 units each year thereafter. At SRC, the new IL units are forecast to fill-up between April 2028 and March 2029 at an average of 4.2 move-ins per month, resulting in a total of 49 move-ins in FYE 2029. Resales of these new IL units will occur starting at 2 units in FYE 2030 and 3 units in FYE 2031. At SRC, the move-in

forecast assumes that 75% of new residents will select traditional amortized contracts and 25% will select the repayable contracts. In FYE 2029, the forecast assumes that \$52.4 million of the \$59 million entrance fees received for the new expansion IL units will be used to pay down the short-term debt. At MNV, move-ins are forecast at 15 units in FYE 2026, and 16 units each year thereafter. The move-in assumption is more conservative than the average three-year historical turnover.

Monthly Fees, Rates, and Occupancy: At SRC, the IL monthly fees are forecast to increase by 4.5% in FYE 2027, and 4% each year thereafter. At MNV, the IL monthly fees are forecast to increase by 5% in FYE 2027, and 4% each year thereafter. At both SRC and MNV, the AL and MC monthly fees are forecast to increase by 5.5% in FYE 2027, and 4% each year thereafter. The monthly fee assumptions are more conservative than the past three-year historical increases. At both SRC and MNV, the SNF average daily rate is forecast to increase by 3% each year throughout the projection period. The SNF average daily rate assumption is consistent with historical increases.

At SRC, the IL average annual occupancy is forecast at 97.2% in FYE 2026, 96.5% in FYE 2027, 95% in FYE 2028, 91.2% in FYE 2029, and 95.9% each year thereafter. The slight occupancy decline in FYE 2027 and 2028 is to reflect construction impacts on potential new residents. At SRC, the IL occupancy of the new IL units is expected to stabilize at 94% (49 of 52 units) during FYE 2029; this assumption is incorporated into the forecasted annual occupancy rates previously identified. At MNV, the IL average annual occupancy is forecast at 91.2% in FYE 2026, and 90.3% each year thereafter. The IL occupancy assumptions are consistent with the average two-year historical occupancy levels.

At SRC, the AL/MC average annual occupancy is forecast at 91% in FYE 2026, and 88% each year thereafter. At MNV, the AL/MC average annual occupancy is forecast at 90.2% in FYE 2026, and 86.9% each year thereafter. The AL/MC occupancy assumptions are consistent with the occupancy levels on December 31, 2025, but are more aggressive than the average three-year historical occupancy levels.

At SRC, the SNF average annual occupancy is forecast at 73.4% in FYE 2026, and 72.3% each year thereafter. The SRC SNF occupancy assumption is consistent with the occupancy levels on December 31, 2025, and FYE 2025, but is slightly more aggressive than the average three-year historical occupancy levels. At MNV, the SNF average annual occupancy is forecast at 62.5% in FYE 2026, and 63.3% each year thereafter. The MNV SNF occupancy assumption is consistent with the average three-year historical occupancy levels.

Investment Earnings: Investment earnings are forecast to earn 3% in interest, dividends, and realized gains on the cash and investment reserves beginning in FYE 2027 and thereafter. The forecast for investment earnings is consistent with historical amounts.

Contributions and Net Assets Released From Restrictions: Contributions and net assets released from restrictions are forecast at \$2 million in FYE 2026 and forecast to increase by 4% each year thereafter. Contributions make up approximately 75% of the forecasted amount and are typically received from the Grand Lodge based on the Grand Lodge's investment returns. The contributions and net assets released from restrictions assumption is consistent with historical amounts.

Expense Assumptions:

The total expenses are forecast to increase from \$83.9 million in FYE 2026 to \$110.5 million in FYE 2031; an average annual increase of 6% which includes an increase of \$3 million in FYE 2029 once the 52 new IL units are placed in service. Total expenses consist of operational expenses at SRC and MNV, management services, depreciation, amortization, and interest expenses.

The operational expenses at SRC and MNV are forecast to increase by 4% in FYE 2027 and each year thereafter. At SRC, an additional \$3 million in operational expenses is included in FYE 2029 to cover expenses related to the 52 new IL units placed in service. The \$3 million includes the cost of adding 23 new full-time equivalent employees and related food, utilities, supplies, insurance, and other operating expenses. The operational expenses forecast of 4% annual increases is less than the average three-year historical annual increase of 4.9%.

The management services fee is forecast at an annual rate of 6% of monthly fees and related operating revenue (excluding entrance fees and investment earnings). Depreciation expense is based on the depreciation schedule of 35-years for the Project and 10-years for ongoing capital expenditures. Amortization expense is based on the bond issuance costs amortized over a 30-year period. Interest expenses are based on the amortization schedules for the 2023 Bonds and 2026 Bonds.

In addition to the Project cost of \$101 million, the forecast assumes that the ongoing capital expenditures will be \$11-\$12 million in FYE 2027 and 2028, and \$15-\$16 million thereafter. This forecast is above the historical level.

Financial Covenant Ratio:

The following summarizes the financial covenant ratio projection included in the Feasibility Report. The DSCR will be equal to or greater than 3.95x MADS and the DCOH will be equal to or greater than 353 days throughout the projection period.

Base Case - Financial Covenant Ratio Projection					
Fiscal Year Ending March 31	2027	2028	2029	2030	2031
Debt Service Coverage Ratio - MADS	4.22	4.29	4.24	3.95	4.27
Days Cash on Hand	353	358	391	389	407

Sensitivity Analysis:

The Feasibility Report included five sensitivity scenarios to stress test the Corporation's projected financial performance between FYE 2027 and 2031.

Scenario 1 – SRC Low Expansion Occupancy

Under this scenario, the opening of the new IL units at SRC are delayed by six months from April 2028 to October 2028. In addition, the expansion IL units occupancy stabilizes at 85% (44 of 52 units) by the end of FYE 2030 compared to the original occupancy assumption of 94% (49 of 52 units) during FYE 2029.

<u>Scenario 1 - SRC Low Expansion Occupancy</u>					
Fiscal Year Ending March 31	2027	2028	2029	2030	2031
Debt Service Coverage Ratio - MADS	4.22	4.29	4.02	3.84	4.15
Days Cash on Hand	353	358	385	379	394

Scenario 2 – Lower Facility Occupancy (Breakeven)

Under this scenario, the overall occupancy at both SRC and MNV for all levels of care is reduced by 15%, to an average of 72%, in FYE 2027 and thereafter, to demonstrate the breakeven point. There are no changes to operating expenses throughout the projection period.

<u>Scenario 2 - Lower Facility Occupancy (Breakeven)</u>					
Fiscal Year Ending March 31	2027	2028	2029	2030	2031
Debt Service Coverage Ratio - MADS	2.05	2.13	2.22	1.75	1.93
Days Cash on Hand	293	241	181	125	81

Scenario 3 – Higher Interest Rates

Under this scenario, the annual debt service payments would increase by approximately \$550,000 per year, due to a 100-basis point increase from the base case 5% coupon rates.

<u>Scenario 3 - Higher Interest Rates</u>					
Fiscal Year Ending March 31	2027	2028	2029	2030	2031
Debt Service Coverage Ratio - MADS	4.22	4.29	4.10	3.69	3.98
Days Cash on Hand	353	358	391	385	400

Scenario 4 – Higher Operational Expenses

Under this scenario, the operational expenses increase by 2% per year over the base case assumption, from 4% to 6%. There are no changes to the revenue assumptions which remain at the base case forecast levels.

<u>Scenario 4 - Higher Operational Expenses</u>					
Fiscal Year Ending March 31	2027	2028	2029	2030	2031
Debt Service Coverage Ratio - MADS	4.12	3.96	3.75	3.23	3.27
Days Cash on Hand	348	340	351	325	311

Scenario 5 – Project Cost Overruns

Under this scenario, the project budget increases by \$10 million (10.5% of project budget) and is paid by cash reserves.

<u>Scenario 5 - Project Cost Overruns</u>					
Fiscal Year Ending March 31	2027	2028	2029	2030	2031
Debt Service Coverage Ratio - MADS	4.22	4.29	4.20	3.91	4.22
Days Cash on Hand	329	310	345	345	363

Staff Analysis:

As noted in the Feasibility Report, the base case projections indicate that both the DSCR and DCOH are expected to exceed the covenant requirements of 1.25x DSCR and 150 DCOH throughout the forecast period. The Feasibility Report assumptions are generally consistent with historical trends, unless otherwise noted.

Scenario 1 reflects a slight decline in the metrics, with DSCR and DCOH reaching a low of 3.84x and 379, respectively, in FYE 2030 due to a delay in project completion and fill-up. This outcome is plausible, as construction delays are common and fill-up rates depend on the market conditions at opening.

Scenario 2 reflects that DCOH will fall below the covenant requirement of 150 days in FYE 2030 and 2031 due to a significant reduction in occupancy levels, while DSCR remains above the covenant requirement of 1.25x but declines significantly compared to the base case. This scenario is considered unlikely but possible, as occupancy levels declined to comparable levels in FYE 2021 during the COVID-19 pandemic. However, as of December 31, 2025, occupancy levels have fully recovered.

Scenario 3 assumes higher interest rates would result in slight declines in the metrics, with DSCR and DCOH reaching a low of 3.69x and 385, respectively. While interest rate volatility has continued over the past year, the Corporation demonstrates sufficient capacity to service the higher debt service while remaining in compliance with the covenant requirements.

Scenario 4 reflects that increased operating expenses would result in slight declines in the metrics, with DSCR reaching a low of 3.23x in FYE 2030 and DCOH reaching a low of 311 in FYE 2031. This scenario is considered possible, as the assumptions are closer to historical expense growth than those in the base case. If necessary, the Corporation has the ability to increase fees to offset higher operating expenses.

Scenario 5 reflects that increased project costs would result in DCOH declining to a low of 310 in FYE 2028. This scenario is considered possible due to potential inflation or construction cost overruns. The Corporation maintains a contingency fund and reserves that may be utilized if needed; the DCOH remains well above the covenant requirement.

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Recommendation

Strengths:

1. Reputation: The Corporation is well respected among residents of Santa Clara and Napa Counties. It has operated a retirement community in Saratoga (SRC) for more than 100 years and in Napa (MNV) for approximately 25 years. Its affiliation with Independent Order of Odd Fellows, combined with its long-standing community presence, enhances its reputation and supports the proposed 2026 Bonds.
2. Range of Services: The Corporation provides a full continuum of care for seniors including IL, AL, MC, and SNF services. In addition, MNV offers IL rental contracts, which provide affordable and flexible financial options for prospective residents.
3. HCAI Financing History: The Corporation has participated in the HCAI portfolio through an insured loan since 1993. The Cal-Mortgage Loan Insurance Program has enabled the Corporation to complete multiple campus renovations over the past 33 years. The Corporation has demonstrated a strong track record of timely debt service payments, and its historical financial performance supports the proposed new loan.

Weaknesses:

1. Reliance of the Real Estate Market: CCRCs with entrance fee contracts depend heavily on the stability of the residential real estate market, as prospective residents often must sell their homes to fund the entrance fee.

Mitigation: Home values in both Saratoga and Napa have generally increased over the past seven years, supporting demand despite recent softening in Napa.

According to Zillow, Napa home values increased from \$643,199 in September 2017 to \$855,308 in December 2025, while Saratoga home values increased from \$2.02 million to \$3.92 million over the same period. Overall, sales and occupancy remain closely tied to the residential real estate market conditions. While long-term trends show appreciation since the housing market downturn in 2008, the cyclical nature of real estate suggests that future downturns remain a risk.

2. Negative Net Worth: The Corporation has reported negative net worth in prior fiscal years. The negative net worth originated in FYE 2013 following the adoption of a new accounting standard requiring refundable entrance fees to be recorded as liabilities. Net worth turned positive in FYE 2017 but reverted to negative in FYE 2020 due to the MNV expansion, during which a significant volume of refundable entrance fees was received.

Mitigation: Net worth is expected to improve steadily as operating performance strengthens, and debt service is reduced. The Feasibility Report projects net worth will return to positive in FYE 2029 and continue improving thereafter. Despite the negative net worth, the Corporation has historically generated strong and consistent EBIDA and operating cash flow, demonstrating its capacity to service debt obligations and maintain liquidity.

3. Management Transition: The Corporation has chosen to transition from its long-standing management agent of 26 years, PRS, to GSI. This change introduces potential operational disruptions that could adversely affect occupancy at SRC and MNV.

Mitigation: The incoming management agent, GSI, is well regarded and has demonstrated experience operating CCRCs. To facilitate a smooth transition, PRS and GSI have conducted weekly coordination meetings since October 2025. In addition, the existing executive directors at each campus will remain in their current roles, ensuring continuity for residents and staff and reducing transition related risk.

Recommendation:

I recommend that HCAI issue a commitment for six months to insure a loan to the Corporation, not to exceed \$107.25 million, for the previously described financing with the following conditions:

- A. HCAI shall receive a security interest on all of the Corporation's property. Such security shall be secured through first deeds of trust, fixture filings, UCC-1s, and a gross revenue pledge perfected by a Deposit Account Control Agreement and a Securities Account Control Agreement, covering all the property of the Corporation. Such real property shall include the following:
 1. 14500 Fruitvale Avenue, Saratoga (APN Nos. 397-12-012, 397-12-019, and 397-40-006).
 2. 1800, 1900, 2000 Atrium Parkway, Napa (APN No. 043-070-022).
- B. HCAI shall reserve the right to receive a security interest evidenced by deeds of trust on all real property acquired by the Corporation after the close of the loan insured by HCAI.
- C. The proposed services to be provided as a part of this Project and the transaction structure shall not differ from those set forth in the Financial Feasibility Report, dated January 5, 2026, the Application for Loan Insurance, the Project Description and Scope as agreed to by HCAI.
- D. The short-term bonds (entrance fee) shall have a term that, at a minimum, matures five years from the date of the loan. Principal shall be due at a minimum of five years from the date of the loan. The no-call period, if any, shall not extend beyond the first two years of the loan; after which there shall be no prepayment penalty, unless otherwise agreed to by HCAI.
- E. The long-term bonds shall have a term not to exceed the lesser of 30 years from the date of the loan or 75% of the estimated economic useful life of the Corporation's real property. Principal shall wrap around the existing 2023 Bonds and be amortized beginning on or before April 1, 2043. The no-call period, if any, shall not extend beyond the first eight years of the loan, thereafter the redemption price for the following two years shall not exceed 102% for the first year and 101% for the second

year, after which there shall be no prepayment penalty, unless otherwise agreed to by HCAI.

- F. Within 90 days from the date of HCAI's commitment letter, the Corporation shall obtain approval from a lender or issuer.
- G. The Regulatory Agreement, Contract of Insurance, and Deed of Trust used for this transaction shall be HCAI's latest form of each with such changes as may be required by HCAI.
- H. The Regulatory Agreement shall contain provisions that the Corporation shall maintain the following:
 - A current ratio of at least 1.50 to 1, beginning Fiscal Year End (FYE) 2026 and thereafter, as determined by the annual audited financial statements.
 - A debt service coverage ratio of at least 1.25 to 1, beginning FYE 2026 and thereafter, as determined by the annual audited financial statements.
 - A non-restricted cash balance of at least 150 days cash, beginning FYE 2026 and thereafter, as determined by the annual audited financial statements.
- I. The Debt Service Reserve Fund shall be established at loan closing in the amount equal to the lesser of (i) 50% of the maximum annual debt service of the bonds, (ii) 125% of the average annual debt service of the bonds, or (iii) 10% of the outstanding principal amount of the bonds, or other amount to be determined by HCAI. If an investment grade credit rating is received, then (i) would be revised to 25% of the maximum annual debt service of the bonds.
- J. Prior to the sale or pricing of the insured loan transaction, HCAI shall receive the following:
 1. Confirmation that there has been no adverse material change in the financial condition of the Corporation or in any other market condition including, but not limited to, potential revenue sources and levels, expenses of operation, staffing levels, or any other condition or occurrence adversely affecting the Corporation's ability to pay debt service or comply with any of the terms and conditions of the Regulatory Agreement.
 2. Copies of the preliminary: (a) Sources and Uses of Funds, including documentary evidence verifying owner's equity, and (b) Debt Service Schedule, with all updates of both, each of which must be acceptable to HCAI.
 3. Proforma title report for issuance of ALTA Lender's title policy (6-17-06), or other form acceptable to HCAI, with exceptions to title acceptable to HCAI and with HCAI designated as a beneficiary and in an amount equal to the bond par amount, with the following endorsements:
 - a. CLTA 100.2-06, or ALTA 9-06 (Restrictions, Encroachments, Minerals)

- b. CLTA 103.1-06/103.2-06/103.3-06/103.4-06, or ALTA 28-06 (Easement)
- c. CLTA 103.11-06/103.12-06, or ALTA 17-06/17.1-06 (Access and Entry)
- d. CLTA 116.02-06, or ALTA 22.1-06 (Location and Map)
- e. CLTA 116.4.1-06, or ALTA 19-06 (Contiguity – Multiple Parcels)
- f. CLTA 123.1-06/123.2-06, or ALTA 3-06/3.1-06 (Zoning)
- g. ALTA Endorsement 33.06 and 32.2-06 (Construction)

HCAI may require additional endorsements and forms.

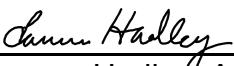
- 4. Evidence that the following insurance coverage is in effect for:
 - a. Statutory worker's compensation and employer's liability.
 - b. Bodily injury and property damage liability.
 - c. Such other insurance as required in the Regulatory Agreement, unless otherwise waived by HCAI.
- 5. Updates, if any, to the Financial Feasibility Report, which must be acceptable to HCAI.
- 6. As construction is part of this Project, HCAI shall receive:
 - a. Certification from the architect that the final set of the architectural plans, and the construction materials outline specifications for the Project are complete and available to HCAI upon request.
 - b. Copies of all required building permits and governmental agency approvals required for the Project or assurances from the governmental agency that permits will be issued. All such permits, approvals, and assurances must be acceptable to HCAI.
 - c. Copies of the executed construction contracts, including all amendments or additions thereto, based upon final approved architectural plans, with a fixed limit of construction cost (not-to-exceed price or guaranteed maximum price) for the Project, along with all correspondence between the contractor and the Corporation as requested by HCAI.
 - d. A detailed breakdown of total project costs by subcontractors and suppliers that identifies subcontractors and suppliers that are subject to mechanic's liens.
 - e. Evidence of fire and extended coverage for all work performed under contract and other improvements on the site against loss or damage to the extent of replacement value covered by the standard extended coverage insurance endorsement. The policies shall include a standard mortgage clause making any loss payable to the mortgagee and HCAI as their interest may appear.
 - f. Evidence of payment, performance, and materialman's bonds in the amount of the construction contract for all contractors and subcontractors.
 - g. Evidence of builder's risk coverage for all work performed under contract.
- 7. A satisfactory copy of a Deposit Account Control Agreement ready for signatures.

8. A satisfactory copy of a Securities Account Control Agreement ready for signatures.
9. An authorization from the California Department of Social Services for the Corporation to commence construction of the SRC Project upon verification that 10% deposits have been received from at least 50% of the new IL expansion units.
10. HCAI shall receive a corporate resolution authorizing the transaction and the execution of the Regulatory Agreement, Contract of Insurance, and Deed of Trust.
11. Documents indicating that any other conditions required by the Advisory Loan Insurance Committee and the Director of HCAI have been satisfied.

K. Prior to closing of the insured loan transaction, HCAI shall receive final copies of:
(a) Sources and Uses of Funds and (b) Debt Service Schedule after the bonds have been priced.

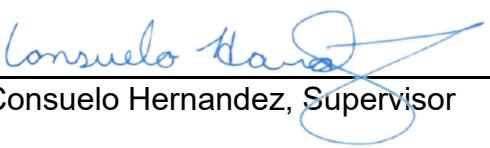
L. At the loan closing, HCAI shall receive an ALTA loan title policy (6-17-06), or other form acceptable to HCAI, with exceptions to title acceptable to HCAI, and with HCAI designated as a beneficiary in an amount equal to the bond par amount with the endorsements previously described.

In the event that additional facts, or changes in the law, or changes in the structure of the transaction come to the attention of HCAI, then HCAI may require additional conditions.


Lauren Hadley, Account Manager

Date: 2/2/2026

I approve the above recommendation.


Consuelo Hernandez, Supervisor

Date: 2/2/2026

I approve the above recommendation.


Dean O'Brien, Deputy Director

Date: 2/2/2026

Exhibit A
Project Renderings



Auditorium Additon



Fitness Center



Cottage – 1 IL Unit



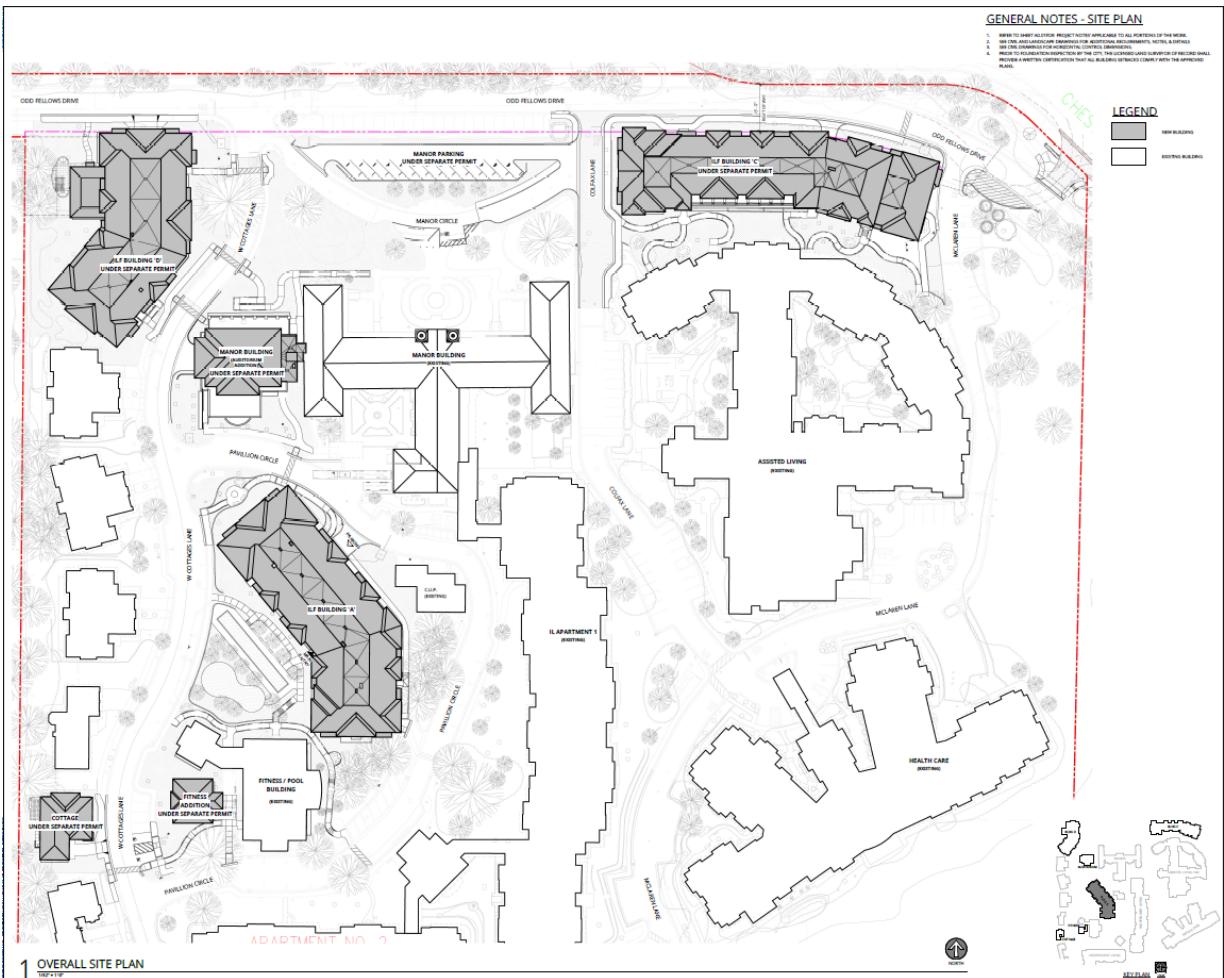
Building A – 20 IL Units



Building C – 20 IL Units



Building D – 11 IL Units



Site Plan

Exhibit B
Proposed Bond Model

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California Statewide Communities Development Authority
Insured Revenue Bonds, Series 2026
(Odd Fellows Home of California - Saratoga Project)

Cal-Mortgage Insured
Incl. Dining Room Renovation
TEMPS-80 | Wrap

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SOURCES AND USES OF FUNDS

California Statewide Communities Development Authority
 Insured Revenue Bonds, Series 2026
 (Odd Fellows Home of California - Saratoga Project)

Cal-Mortgage Insured
 Incl. Dining Room Renovation
 TEMPS-80 | Wrap

Dated Date 04/20/2026
 Delivery Date 04/20/2026

Sources:	Sereis 2026A Bonds	Sereis 2026B Bonds (TEMPS-80)	Total
Bond Proceeds:			
Par Amount	52,635,000.00	52,400,000.00	105,035,000.00
Premium	<u>2,210,088.75</u>	-	2,210,088.75
	<u>54,845,088.75</u>	52,400,000.00	107,245,088.75
Other Sources of Funds:			
Cal-Mortgage Equity (Due at Close)	1,024,438.40	1,019,864.57	2,044,302.97
Cal-Mortgage Equity (Spent to Date)	<u>4,946,952.35</u>	<u>4,924,865.65</u>	<u>9,871,818.00</u>
	<u>5,971,390.75</u>	<u>5,944,730.22</u>	<u>11,916,120.97</u>
	60,816,479.50	58,344,730.22	119,161,209.72

Uses:	Sereis 2026A Bonds	Sereis 2026B Bonds (TEMPS-80)	Total
Project Fund Deposits:			
Project Fund	48,916,677.03	52,475,500.97	101,392,178.00
Other Fund Deposits:			
Capitalized Interest (29 Months)	4,078,038.08	1,440,778.69	5,518,816.77
Debt Service Reserve Fund	<u>3,123,687.50</u>	<u>1,572,000.00</u>	<u>4,695,687.50</u>
	<u>7,201,725.58</u>	<u>3,012,778.69</u>	<u>10,214,504.27</u>
Delivery Date Expenses:			
Cost of Issuance	966,721.19	962,405.06	1,929,126.25
Cal-Mortgage Premium (3.0%)	3,519,813.06	1,684,445.50	5,204,258.56
Cal-Mortgage Inspection Fee	<u>210,540.00</u>	<u>209,600.00</u>	<u>420,140.00</u>
	<u>4,697,074.25</u>	<u>2,856,450.56</u>	<u>7,553,524.81</u>
Other Uses of Funds:			
Additional Proceeds	1,002.64	-	1,002.64
	60,816,479.50	58,344,730.22	119,161,209.72

BOND PRICING

California Statewide Communities Development Authority
 Insured Revenue Bonds, Series 2026
 (Odd Fellows Home of California - Saratoga Project)

=====
 Cal-Mortgage Insured
 Incl. Dining Room Renovation
 TEMPS-80 | Wrap

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Call Date for Arb Yield	Call Price for Arb Yield
2026B (TEMPS-80):										
<hr/>										
	02/01/2029	52,400,000	3.000%	3.000%	100.000	-	-	-	-	-
Serial Bonds:										
	04/01/2043	2,480,000	5.000%	4.020%	107.967 C	4.331%	04/01/2036	100.000	04/01/2036	100.000
	04/01/2044	2,610,000	5.000%	4.160%	106.783 C	4.447%	04/01/2036	100.000	04/01/2036	100.000
	04/01/2045	2,740,000	5.000%	4.230%	106.197 C	4.510%	04/01/2036	100.000	04/01/2036	100.000
	04/01/2046	2,890,000	5.000%	4.300%	105.614 C	4.568%	04/01/2036	100.000	-	-
	04/01/2047	3,035,000	5.000%	4.370%	105.036 C	4.622%	04/01/2036	100.000	-	-
	04/01/2048	3,190,000	5.000%	4.410%	104.707 C	4.655%	04/01/2036	100.000	-	-
	04/01/2049	3,355,000	5.000%	4.450%	104.379 C	4.686%	04/01/2036	100.000	-	-
	04/01/2050	<u>3,525,000</u>	5.000%	4.490%	104.052 C	4.716%	04/01/2036	100.000	-	-
		23,825,000								
Term 2056:										
	04/01/2056	28,810,000	5.000%	4.600%	103.161 C	4.800%	04/01/2036	100.000	-	-
		105,035,000								

Dated Date	04/20/2026
Delivery Date	04/20/2026
First Coupon	10/01/2026
Par Amount	105,035,000.00
Premium	2,210,088.75
Production	107,245,088.75
Underwriter's Discount	-
Purchase Price	107,245,088.75
Accrued Interest	-
Net Proceeds	107,245,088.75

BOND SUMMARY STATISTICS

California Statewide Communities Development Authority
Insured Revenue Bonds, Series 2026
(Odd Fellows Home of California - Saratoga Project)

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Cal-Mortgage Insured
Incl. Dining Room Renovation
TEMPS-80 | Wrap

Dated Date	04/20/2026
Delivery Date	04/20/2026
First Coupon	10/01/2026
Last Maturity	04/01/2056
Arbitrage Yield	5.082908%
True Interest Cost (TIC)	4.488481%
Net Interest Cost (NIC)	4.668104%
All-In TIC	5.368347%
Average Coupon	4.823878%
Average Life (years)	13.508
Weighted Average Maturity (years)	13.710
Duration of Issue (years)	8.841
Par Amount	105,035,000.00
Bond Proceeds	107,245,088.75
Total Interest	68,440,285.41
Net Interest	66,230,196.66
Bond Years from Dated Date	1,418,781,486.11
Bond Years from Delivery Date	1,418,781,486.11
Total Debt Service	173,475,285.41
Maximum Annual Debt Service	56,504,900.00
Average Annual Debt Service	5,792,700.38
Underwriter's Fees (per \$1000)	
Average Takedown	-
Other Fee	-
Total Underwriter's Discount	-
Bid Price	102.104145

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
2026B (TEMPS-80)	52,400,000.00	100.000	3.000%	2.384	14,148.00
Serial Bonds	23,825,000.00	105.454	5.000%	20.710	19,741.90
Term 2056	28,810,000.00	103.161	5.000%	27.783	23,048.00
105,035,000.00			13.508		56,937.90

	TIC	All-In TIC	Arbitrage Yield
Par Value	105,035,000.00	105,035,000.00	105,035,000.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	2,210,088.75	2,210,088.75	2,210,088.75
- Underwriter's Discount	-	-	-
- Cost of Issuance Expense		-1,929,126.25	
- Other Amounts	-	-5,624,398.56	-5,204,258.56
Target Value	107,245,088.75	99,691,563.94	102,040,830.19
Target Date	04/20/2026	04/20/2026	04/20/2026
Yield	4.488481%	5.368347%	5.082908%

AGGREGATE DEBT SERVICE

California Statewide Communities Development Authority
 Insured Revenue Bonds, Series 2026
 (Odd Fellows Home of California - Saratoga Project)

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Cal-Mortgage Insured
 Incl. Dining Room Renovation
 TEMPS-80 | Wrap

Period Ending	Sercis 2026A Bonds	Sereis 2026B Bonds (TEMPS-80)	2023A Bonds	Aggregate Debt Service
03/31/2027	1,176,977.08	703,033.33	1,413,675.00	3,293,685.41
03/31/2028	2,631,750.00	1,572,000.00	4,908,975.00	9,112,725.00
03/31/2029	2,631,750.00	53,873,150.00	4,904,600.00	61,409,500.00
03/31/2030	2,631,750.00	-	4,899,850.00	7,531,600.00
03/31/2031	2,631,750.00	-	4,899,350.00	7,531,100.00
03/31/2032	2,631,750.00	-	4,892,850.00	7,524,600.00
03/31/2033	2,631,750.00	-	4,890,100.00	7,521,850.00
03/31/2034	2,631,750.00	-	4,890,600.00	7,522,350.00
03/31/2035	2,631,750.00	-	4,884,100.00	7,515,850.00
03/31/2036	2,631,750.00	-	4,880,350.00	7,512,100.00
03/31/2037	2,631,750.00	-	4,878,850.00	7,510,600.00
03/31/2038	2,631,750.00	-	4,874,225.00	7,505,975.00
03/31/2039	2,631,750.00	-	4,871,100.00	7,502,850.00
03/31/2040	2,631,750.00	-	4,883,250.00	7,515,000.00
03/31/2041	2,631,750.00	-	4,881,950.00	7,513,700.00
03/31/2042	2,631,750.00	-	4,879,350.00	7,511,100.00
03/31/2043	2,631,750.00	-	5,791,550.00	8,423,300.00
03/31/2044	5,049,750.00	-	1,196,250.00	6,246,000.00
03/31/2045	5,052,500.00	-	1,194,350.00	6,246,850.00
03/31/2046	5,048,750.00	-	1,195,628.13	6,244,378.13
03/31/2047	5,058,000.00	-	1,190,565.63	6,248,565.63
03/31/2048	5,054,875.00	-	1,189,162.50	6,244,037.50
03/31/2049	5,054,250.00	-	1,191,212.50	6,245,462.50
03/31/2050	5,055,625.00	-	1,191,612.50	6,247,237.50
03/31/2051	5,053,625.00	-	1,190,362.50	6,243,987.50
03/31/2052	5,057,750.00	-	1,187,462.50	6,245,212.50
03/31/2053	5,057,500.00	-	1,187,809.38	6,245,309.38
03/31/2054	4,760,125.00	-	1,485,009.38	6,245,134.38
03/31/2055	6,247,375.00	-	-	6,247,375.00
03/31/2056	6,244,625.00	-	-	6,244,625.00
03/31/2057	6,247,375.00	-	-	6,247,375.00
	117,327,102.08	56,148,183.33	93,924,150.02	267,399,435.43

BOND DEBT SERVICE

Series 2026 Bonds Sereis 2026A Bonds

Period Ending	Principal	Coupon	Interest	Debt Service
03/31/2027	-	-	1,176,977.08	1,176,977.08
03/31/2028	-	-	2,631,750.00	2,631,750.00
03/31/2029	-	-	2,631,750.00	2,631,750.00
03/31/2030	-	-	2,631,750.00	2,631,750.00
03/31/2031	-	-	2,631,750.00	2,631,750.00
03/31/2032	-	-	2,631,750.00	2,631,750.00
03/31/2033	-	-	2,631,750.00	2,631,750.00
03/31/2034	-	-	2,631,750.00	2,631,750.00
03/31/2035	-	-	2,631,750.00	2,631,750.00
03/31/2036	-	-	2,631,750.00	2,631,750.00
03/31/2037	-	-	2,631,750.00	2,631,750.00
03/31/2038	-	-	2,631,750.00	2,631,750.00
03/31/2039	-	-	2,631,750.00	2,631,750.00
03/31/2040	-	-	2,631,750.00	2,631,750.00
03/31/2041	-	-	2,631,750.00	2,631,750.00
03/31/2042	-	-	2,631,750.00	2,631,750.00
03/31/2043	-	-	2,631,750.00	2,631,750.00
03/31/2044	2,480,000	5.000%	2,569,750.00	5,049,750.00
03/31/2045	2,610,000	5.000%	2,442,500.00	5,052,500.00
03/31/2046	2,740,000	5.000%	2,308,750.00	5,048,750.00
03/31/2047	2,890,000	5.000%	2,168,000.00	5,058,000.00
03/31/2048	3,035,000	5.000%	2,019,875.00	5,054,875.00
03/31/2049	3,190,000	5.000%	1,864,250.00	5,054,250.00
03/31/2050	3,355,000	5.000%	1,700,625.00	5,055,625.00
03/31/2051	3,525,000	5.000%	1,528,625.00	5,053,625.00
03/31/2052	3,710,000	5.000%	1,347,750.00	5,057,750.00
03/31/2053	3,900,000	5.000%	1,157,500.00	5,057,500.00
03/31/2054	3,795,000	5.000%	965,125.00	4,760,125.00
03/31/2055	5,515,000	5.000%	732,375.00	6,247,375.00
03/31/2056	5,795,000	5.000%	449,625.00	6,244,625.00
03/31/2057	6,095,000	5.000%	152,375.00	6,247,375.00
	52,635,000		64,692,102.08	117,327,102.08

NET DEBT SERVICE

Series 2026 Bonds Sereis 2026A Bonds

Period Ending	Total Debt Service	Capitalized Interest (29 Months)	Debt Service Reserve Fund	Net Debt Service
03/31/2027	1,176,977.08	-1,176,977.08	-	-
03/31/2028	2,631,750.00	-2,631,750.00	-	-
03/31/2029	2,631,750.00	-2,631,750.00	-	-
03/31/2030	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2031	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2032	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2033	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2034	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2035	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2036	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2037	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2038	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2039	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2040	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2041	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2042	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2043	2,631,750.00	-	-117,138.28	2,514,611.72
03/31/2044	5,049,750.00	-	-117,138.28	4,932,611.72
03/31/2045	5,052,500.00	-	-117,138.28	4,935,361.72
03/31/2046	5,048,750.00	-	-117,138.28	4,931,611.72
03/31/2047	5,058,000.00	-	-117,138.28	4,940,861.72
03/31/2048	5,054,875.00	-	-117,138.28	4,937,736.72
03/31/2049	5,054,250.00	-	-117,138.28	4,937,111.72
03/31/2050	5,055,625.00	-	-117,138.28	4,938,486.72
03/31/2051	5,053,625.00	-	-117,138.28	4,936,486.72
03/31/2052	5,057,750.00	-	-117,138.28	4,940,611.72
03/31/2053	5,057,500.00	-	-117,138.28	4,940,361.72
03/31/2054	4,760,125.00	-	-117,138.28	4,642,986.72
03/31/2055	6,247,375.00	-	-117,138.28	6,130,236.72
03/31/2056	6,244,625.00	-	-117,138.28	6,127,486.72
03/31/2057	6,247,375.00	-	-3,182,256.64	3,065,118.36
	117,327,102.08	-6,440,477.08	-6,344,990.20	104,541,634.80

PROJECT FUND

Series 2026 Bonds
Sereis 2026A Bonds

Project Fund (PROJ)

Date	Deposit	Interest @ 3.75%	Principal	Capitalized Interest (29 Months)	Scheduled Draws	Balance
04/20/2026	48,916,677.03	-	2,038,194.84	-	2,038,194.84	46,878,482.19
06/01/2026	-	-	2,038,194.84	-	2,038,194.84	44,840,287.35
07/01/2026	-	-	2,038,194.84	-	2,038,194.84	42,802,092.51
08/01/2026	-	-	2,038,194.84	-	2,038,194.84	40,763,897.67
09/01/2026	-	-	2,038,194.84	-	2,038,194.84	38,725,702.83
10/01/2026	-	722,497.62	2,038,194.84	-722,497.62	2,038,194.84	36,687,507.99
11/01/2026	-	-	2,038,194.84	-	2,038,194.84	34,649,313.15
12/01/2026	-	-	2,038,194.84	-	2,038,194.84	32,611,118.31
01/01/2027	-	-	2,038,194.84	-	2,038,194.84	30,572,923.47
02/01/2027	-	-	2,038,194.84	-	2,038,194.84	28,534,728.63
03/01/2027	-	-	2,038,194.84	-	2,038,194.84	26,496,533.79
04/01/2027	-	592,350.39	2,038,194.84	-592,350.39	2,038,194.84	24,458,338.95
05/01/2027	-	-	2,038,194.84	-	2,038,194.84	22,420,144.11
06/01/2027	-	-	2,038,194.84	-	2,038,194.84	20,381,949.27
07/01/2027	-	-	2,038,194.84	-	2,038,194.84	18,343,754.43
08/01/2027	-	-	2,038,194.84	-	2,038,194.84	16,305,559.59
09/01/2027	-	-	2,038,194.84	-	2,038,194.84	14,267,364.75
10/01/2027	-	363,053.47	2,038,194.84	-363,053.47	2,038,194.84	12,229,169.91
11/01/2027	-	-	2,038,194.84	-	2,038,194.84	10,190,975.07
12/01/2027	-	-	2,038,194.84	-	2,038,194.84	8,152,780.23
01/01/2028	-	-	2,038,194.84	-	2,038,194.84	6,114,585.39
02/01/2028	-	-	2,038,194.84	-	2,038,194.84	4,076,390.55
03/01/2028	-	-	2,038,194.84	-	2,038,194.84	2,038,195.71
04/01/2028	-	133,756.55	2,038,195.71	-133,756.55	2,038,195.71	-
	48,916,677.03	1,811,658.03	48,916,677.03	-1,811,658.03	48,916,677.03	

Yield To Receipt Date: 3.7489039%
 Arbitrage Yield: 5.0829082%
 Value of Negative Arbitrage: 615,902.53

RESERVE FUND

Series 2026 Bonds
Sereis 2026A Bonds

Capitalized Interest (29 Months) (CAPI)

Date	Deposit	Interest @ 3.75%	Principal	Debt Service Reserve Fund	Project Fund	Scheduled Draws	Balance
04/20/2026	4,078,038.08	-	-	-	-	-	4,078,038.08
10/01/2026	-	68,324.88	333,767.74	52,386.84	722,497.62	1,176,977.08	3,744,270.34
04/01/2027	-	70,205.07	594,750.40	58,569.14	592,350.39	1,315,875.00	3,149,519.94
10/01/2027	-	59,053.50	835,198.89	58,569.14	363,053.47	1,315,875.00	2,314,321.05
04/01/2028	-	43,393.52	1,080,155.79	58,569.14	133,756.55	1,315,875.00	1,234,165.26
10/01/2028	-	23,140.60	1,234,165.26	58,569.14	-	1,315,875.00	-
	4,078,038.08	264,117.57	4,078,038.08	286,663.40	1,811,658.03	6,440,477.08	

Yield To Receipt Date: 3.7500000%
 Arbitrage Yield: 5.0829082%
 Value of Negative Arbitrage: 88,291.77

RESERVE FUND

Series 2026 Bonds Sereis 2026A Bonds

Debt Service Reserve Fund (DSRF_A)

Date	Deposit	Interest @ 3.75%	Principal	Capitalized Interest (29 Months)	Debt Service	Balance
04/20/2026	3,123,687.50	-	-	-	-	3,123,687.50
10/01/2026	-	52,386.84	-	-52,386.84	-	3,123,687.50
04/01/2027	-	58,569.14	-	-58,569.14	-	3,123,687.50
10/01/2027	-	58,569.14	-	-58,569.14	-	3,123,687.50
04/01/2028	-	58,569.14	-	-58,569.14	-	3,123,687.50
10/01/2028	-	58,569.14	-	-58,569.14	-	3,123,687.50
04/01/2029	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2029	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2030	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2030	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2031	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2031	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2032	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2032	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2033	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2033	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2034	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2034	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2035	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2035	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2036	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2036	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2037	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2037	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2038	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2038	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2039	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2039	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2040	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2040	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2041	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2041	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2042	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2042	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2043	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2043	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2044	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2044	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2045	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2045	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2046	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2046	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2047	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2047	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2048	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2048	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2049	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2049	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2050	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2050	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2051	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2051	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2052	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2052	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2053	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2053	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2054	-	58,569.14	-	-	-58,569.14	3,123,687.50

RESERVE FUND

Series 2026 Bonds
Sereis 2026A Bonds

Debt Service Reserve Fund (DSRF_A)

Date	Deposit	Interest @ 3.75%	Principal	Capitalized Interest (29 Months)	Debt Service	Balance
10/01/2054	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2055	-	58,569.14	-	-	-58,569.14	3,123,687.50
10/01/2055	-	58,569.14	-	-	-58,569.14	3,123,687.50
04/01/2056	-	58,569.14	3,123,687.50	-	-3,182,256.64	-
	3,123,687.50	3,507,966.10	3,123,687.50	-286,663.40	-6,344,990.20	

Yield To Receipt Date: 3.7500905%
 Arbitrage Yield: 5.0829082%
 Value of Negative Arbitrage: 636,871.55

BOND DEBT SERVICE

Series 2026 Bonds
Sereis 2026B Bonds (TEMPS-80)

Period Ending	Principal	Coupon	Interest	Debt Service
03/31/2027	-	-	703,033.33	703,033.33
03/31/2028	-	-	1,572,000.00	1,572,000.00
03/31/2029	52,400,000	3.000%	1,473,150.00	53,873,150.00
52,400,000			3,748,183.33	56,148,183.33

NET DEBT SERVICE

Series 2026 Bonds Sereis 2026B Bonds (TEMPS-80)

Period Ending	Total Debt Service	Capitalized Interest (29 Months)	Debt Service Reserve Fund	Net Debt Service
03/31/2027	703,033.33	-703,033.33	-	-
03/31/2028	1,572,000.00	-1,572,000.00	-	-
03/31/2029	53,873,150.00	-1,352,175.00	-1,601,475	50,919,500
	56,148,183.33	-3,627,208.33	-1,601,475	50,919,500

PROJECT FUND

Series 2026 Bonds
Sereis 2026B Bonds (TEMPS-80)

Project Fund (PROJ)

Date	Deposit	Interest @ 3.75%	Principal	Capitalized Interest (29 Months)	Scheduled Draws	Balance
04/20/2026	52,475,500.97	-	2,186,479.16	-	2,186,479.16	50,289,021.81
06/01/2026	-	-	2,186,479.16	-	2,186,479.16	48,102,542.65
07/01/2026	-	-	2,186,479.16	-	2,186,479.16	45,916,063.49
08/01/2026	-	-	2,186,479.16	-	2,186,479.16	43,729,584.33
09/01/2026	-	-	2,186,479.16	-	2,186,479.16	41,543,105.17
10/01/2026	-	775,061.33	2,186,479.16	-775,061.33	2,186,479.16	39,356,626.01
11/01/2026	-	-	2,186,479.16	-	2,186,479.16	37,170,146.85
12/01/2026	-	-	2,186,479.16	-	2,186,479.16	34,983,667.69
01/01/2027	-	-	2,186,479.16	-	2,186,479.16	32,797,188.53
02/01/2027	-	-	2,186,479.16	-	2,186,479.16	30,610,709.37
03/01/2027	-	-	2,186,479.16	-	2,186,479.16	28,424,230.21
04/01/2027	-	635,445.53	2,186,479.16	-635,445.53	2,186,479.16	26,237,751.05
05/01/2027	-	-	2,186,479.16	-	2,186,479.16	24,051,271.89
06/01/2027	-	-	2,186,479.16	-	2,186,479.16	21,864,792.73
07/01/2027	-	-	2,186,479.16	-	2,186,479.16	19,678,313.57
08/01/2027	-	-	2,186,479.16	-	2,186,479.16	17,491,834.41
09/01/2027	-	-	2,186,479.16	-	2,186,479.16	15,305,355.25
10/01/2027	-	389,466.62	2,186,479.16	-389,466.62	2,186,479.16	13,118,876.09
11/01/2027	-	-	2,186,479.16	-	2,186,479.16	10,932,396.93
12/01/2027	-	-	2,186,479.16	-	2,186,479.16	8,745,917.77
01/01/2028	-	-	2,186,479.16	-	2,186,479.16	6,559,438.61
02/01/2028	-	-	2,186,479.16	-	2,186,479.16	4,372,959.45
03/01/2028	-	-	2,186,479.16	-	2,186,479.16	2,186,480.29
04/01/2028	-	143,487.71	2,186,480.20	-143,487.71	2,186,480.20	0.09
	52,475,500.97	1,943,461.19	52,475,500.88	-1,943,461.19	52,475,500.88	

Yield To Receipt Date: 3.7489037%
 Arbitrage Yield: 5.0829082%
 Value of Negative Arbitrage: 660,711.25

RESERVE FUND

Series 2026 Bonds
Sereis 2026B Bonds (TEMPS-80)

Capitalized Interest (29 Months) (CAPI)

Date	Deposit	Interest @ 3.75%	Principal	Debt Service Reserve Fund	Project Fund	Scheduled Draws	Balance
04/20/2026	1,440,778.69	-	-	-	-	-	1,440,778.69
08/01/2026	-	-	-16,538.75	16,538.75	-	-	1,457,317.44
10/01/2026	-	24,139.31	-96,167.31	-	775,061.33	703,033.33	1,553,484.75
02/01/2027	-	-	-29,475.00	29,475.00	-	-	1,582,959.75
04/01/2027	-	27,467.21	123,087.26	-	635,445.53	786,000.00	1,459,872.49
08/01/2027	-	-	-29,475.00	29,475.00	-	-	1,489,347.49
10/01/2027	-	27,372.61	369,160.77	-	389,466.62	786,000.00	1,120,186.72
02/01/2028	-	-	-29,475.00	29,475.00	-	-	1,149,661.72
04/01/2028	-	21,003.50	621,508.79	-	143,487.71	786,000.00	528,152.93
05/01/2028	-	1,637.73	13,624.77	-	-	15,262.50	514,528.16
06/01/2028	-	1,595.48	28,929.52	-	-	30,525.00	485,598.64
07/01/2028	-	1,505.77	44,319.23	-	-	45,825.00	441,279.41
08/01/2028	-	1,368.35	18,006.65	29,475.00	-	48,850.00	423,272.76
09/01/2028	-	1,312.51	59,749.99	-	-	61,062.50	363,522.77
10/01/2028	-	1,127.23	363,522.77	-	-	364,650.00	-
	1,440,778.69	108,529.70	1,440,778.69	134,438.75	1,943,461.19	3,627,208.33	

Yield To Receipt Date: 3.6711153%
 Arbitrage Yield: 5.0829082%
 Value of Negative Arbitrage: 39,168.76

RESERVE FUND

Series 2026 Bonds
Sereis 2026B Bonds (TEMPS-80)

Debt Service Reserve Fund (DSRF_B)

Date	Deposit	Interest @ 3.75%	Principal	Capitalized Interest (29 Months)	Debt Service	Balance
04/20/2026	1,572,000	-	-	-	-	1,572,000
08/01/2026	-	16,538.75	-	-16,538.75	-	1,572,000
02/01/2027	-	29,475.00	-	-29,475.00	-	1,572,000
08/01/2027	-	29,475.00	-	-29,475.00	-	1,572,000
02/01/2028	-	29,475.00	-	-29,475.00	-	1,572,000
08/01/2028	-	29,475.00	-	-29,475.00	-	1,572,000
02/01/2029	-	29,475.00	1,572,000	-	-1,601,475	-
	1,572,000	163,913.75	1,572,000	-134,438.75	-1,601,475	

Yield To Receipt Date: 3.7516230%
 Arbitrage Yield: 5.0829082%
 Value of Negative Arbitrage: 53,609.50

YIELD TO MATURITY

California Statewide Communities Development Authority
Insured Revenue Bonds, Series 2026
(Odd Fellows Home of California - Saratoga Project)

Cal-Mortgage Insured
Incl. Dining Room Renovation
TEMPS-80 | Wrap

YTM

YTM 4.4885%

Exhibit C
Detailed Financial Spread

Odd Fellows Home of California (0982)
Odd Fellows Home of California
CCRC Template (GEN)
Statement in Actual (U.S. Dollar)
January 12, 2026 5:04 PM

3/31/2022	3/31/2023	3/31/2024	3/31/2025	11/30/2025
Historical	Historical	Historical	Historical	Historical
12M	12M	12M	12M	8M
Unqualified	Unqualified	Unqualified	Unqualified	Company Prepared

Assets Common Size	USD	%								
Cash	6,936,643	2.7	7,544,141	3.0	4,235,348	1.7	12,809,382	5.1	10,894,346	4.2
Marketable Securities	52,754,398	20.2	39,412,864	15.5	50,463,721	20.3	51,765,123	20.5	57,708,459	22.4
Cash & Marketable Securities	59,691,041	22.8	46,957,005	18.5	54,699,069	22.0	64,574,505	25.6	68,602,805	26.6
Trustee Held	5,641,177	2.2	5,714,577	2.2	3,191,822	1.3	4,028,138	1.6	2,261,405	0.9
Assets Limited To Use	5,641,177	2.2	5,714,577	2.2	3,191,822	1.3	4,028,138	1.6	2,261,405	0.9
Accounts Receivable	3,285,886	1.3	3,109,008	1.2	3,449,189	1.4	3,070,754	1.2	2,908,153	1.1
Accts. Rec. from Affiliates	90,000	0.0	97,941	0.0	359,126	0.1	127,070	0.1	266,420	0.1
Other Accounts Receivable	0	0.0	9,305,999	3.7	0	0.0	0	0.0	0	0.0
Net Accounts Receivable	3,375,886	1.3	12,512,948	4.9	3,808,315	1.5	3,197,824	1.3	3,174,573	1.2
Prepaid Expenses and Deferreds	1,550,422	0.6	1,353,203	0.5	1,497,782	0.6	1,402,288	0.6	1,366,687	0.5
Deposits CP	0	0.0	0	0.0	0	0.0	0	0.0	3,716,460	1.4
Total Current Assets	70,258,526	26.9	66,537,733	26.2	63,196,988	25.4	73,202,755	29.0	79,121,930	30.7
Trustee Held	6,352,679	2.4	6,427,634	2.5	7,832,233	3.2	1,495,457	0.6	1,523,987	0.6
Assets Held in Remainder Trusts	2,841	0.0	2,846	0.0	2,852	0.0	2,858	0.0	2,861	0.0
Asset Limited to Use	6,355,520	0.0	6,430,480	0.0	7,835,085	0.0	1,498,315	0.0	1,526,848	0.0
Land and Improvements	6,887,183	2.6	6,887,183	2.7	6,887,183	2.8	6,887,183	2.7	0	0.0
Buildings and Improvements	269,151,197	103.0	276,399,028	108.7	285,608,114	115.0	293,505,720	116.3	177,264,998	68.7
Machinery & Equipment	23,714,558	9.1	24,040,834	9.5	25,222,155	10.2	26,187,722	10.4	0	0.0
Construction in Progress	8,072,732	3.1	9,213,262	3.6	7,763,578	3.1	12,082,712	4.8	0	0.0
Gross Fixed Assets	307,825,670	117.8	316,540,307	124.5	325,481,030	131.0	338,663,337	134.2	177,264,998	68.7
Accumulated Depreciation (-)	(123,072,848)	(47.1)	(135,323,678)	(53.2)	(148,085,588)	(59.6)	(160,917,272)	(63.7)	0	0.0
Accumulated Depreciation (-)	(123,072,848)	(47.1)	(135,323,678)	(53.2)	(148,085,588)	(59.6)	(160,917,272)	(63.7)	0	0.0
Net Fixed Assets	184,752,822	70.7	181,216,629	71.3	177,395,442	71.4	177,746,065	70.4	177,264,998	68.7
TOTAL ASSETS	261,366,868	100.0	254,184,842	100.0	248,427,515	100.0	252,447,135	100.0	257,913,776	100.0

	3/31/2022 Historical 12M Unqualified	3/31/2023 Historical 12M Unqualified	3/31/2024 Historical 12M Unqualified	3/31/2025 Historical 12M Unqualified	11/30/2025 Historical 8M Company Prepared
Liabilities Common Size	USD %				
PPP Loan	1,999,999 0.8	0 0.0	0 0.0	0 0.0	0 0.0
Current Portion Long Term Debt Bank/Bonds	3,825,000 1.5	4,020,000 1.6	1,215,000 0.5	1,935,000 0.8	2,030,000 0.8
Total Short Term Debt	5,824,999 2.2	4,020,000 1.6	1,215,000 0.5	1,935,000 0.8	2,030,000 0.8
Trade Accounts Payable	14,223,274 5.4	7,016,460 2.8	5,646,120 2.3	6,539,010 2.6	4,373,746 1.7
A/P to Management Company (PRS)	614,581 0.2	4,697,538 1.8	1,371,612 0.6	1,300,663 0.5	936,020 0.4
Total Accounts Payable	14,837,855 5.7	11,713,998 4.6	7,017,732 2.8	7,839,673 3.1	5,309,766 2.1
Interest Payable	1,790,125 0.7	1,694,500 0.7	1,543,175 0.6	1,512,800 0.6	493,491 0.2
Other Accruals	0 0.0	0 0.0	0 0.0	0 0.0	58,722 0.0
Total Accruals	1,790,125 0.7	1,694,500 0.7	1,543,175 0.6	1,512,800 0.6	552,213 0.2
Refundable Deposits	622,938 0.2	558,041 0.2	427,954 0.2	1,447,011 0.6	4,590,748 1.8
Refundable Entrance Fees - CP	3,849,690 1.5	4,799,805 1.9	3,988,943 1.6	3,489,750 1.4	4,078,575 1.6
Total Current Liabilities	26,925,607 10.3	22,786,344 9.0	14,192,804 5.7	16,224,234 6.4	16,561,302 6.4
Long Term Debt Bank/Bond	71,267,449 27.3	66,938,750 26.3	66,542,287 26.8	64,556,604 25.6	62,492,831 24.2
Deferred Revenue from Entrance Fees	52,174,978 20.0	52,503,524 20.7	57,681,243 23.2	55,890,220 22.1	54,909,896 21.3
Refundable Deposits/Entrance Fees(CCRC)	125,904,867 48.2	127,895,483 50.3	125,329,045 50.4	130,734,825 51.8	131,774,660 51.1
Total Liabilities	276,272,901 105.7	270,124,101 106.3	263,745,379 106.2	267,405,883 105.9	265,738,689 103.0
Net Worth Common Size	USD %				
Unrestricted	(15,086,209) (5.8)	(16,091,276) (6.3)	(15,484,719) (6.2)	(15,133,808) (6.0)	(8,583,909) (3.3)
Temporarily Restricted	180,176 0.1	152,017 0.1	166,855 0.1	175,060 0.1	758,996 0.3
Net Assets	(14,906,033) (5.7)	(15,939,259) (6.3)	(15,317,864) (6.2)	(14,958,748) (5.9)	(7,824,913) (3.0)
TOTAL LIABILITIES & NET WORTH	261,366,868 100.0	254,184,842 100.0	248,427,515 100.0	252,447,135 100.0	257,913,776 100.0

Odd Fellows Home of California (0982)
 Odd Fellows Home of California
 CCRC Template (GEN)
 Statement in Actual (U.S. Dollar)
 January 12, 2026 5:04 PM

	3/31/2022 Historical 12M Unqualified	3/31/2023 Historical 12M Unqualified	3/31/2024 Historical 12M Unqualified	3/31/2025 Historical 12M Unqualified	11/30/2023 Historical 8M Company Prepared					
Revenue Common Size										
Service Fees	34,575,086	55.2	37,387,485	47.9	41,805,292	55.5	46,675,068	57.7	33,469,824	59.6
Health Center Revenues	19,459,560	31.1	21,042,650	26.9	22,404,608	29.7	23,770,752	29.4	16,077,346	28.6
Subtotal Resident Revenue	54,034,646	0.0	58,430,135	0.0	64,209,900	0.0	70,445,820	0.0	49,547,170	0.0
Amortization of Entrance Fees Earned	6,692,698	10.7	6,931,591	8.9	7,993,454	10.6	7,610,968	9.4	4,891,007	8.7
Unrestricted Donations/Contributions	384,224	0.6	11,870,617	15.2	1,913,680	2.5	1,581,026	2.0	1,131,843	2.0
Assets Released from Restrictions	435,749	0.7	502,059	0.6	493,593	0.7	550,848	0.7	0	0.0
Other Revenue	1,033,849	1.7	382,672	0.5	778,902	1.0	674,222	0.8	606,409	1.1
Other Revenue	1,469,598	0.0	884,731	0.0	1,272,495	0.0	1,225,070	0.0	606,409	0.0
Total Operating Revenue	62,581,166	100.0	78,117,074	100.0	75,389,529	100.0	80,862,884	100.0	56,176,429	100.0
Operating Expenses Common Size										
Administrative & Marketing	8,224,474	13.1	9,445,923	12.1	9,930,009	13.2	8,879,475	11.0	6,888,777	12.3
Administrative & Marketing	8,224,474	0.0	9,445,923	0.0	9,930,009	0.0	8,879,475	0.0	6,888,777	0.0
Management Services (PRS)	3,946,767	6.3	3,448,412	4.4	4,006,558	5.3	4,430,425	5.5	2,908,391	5.2
Fund Disbursement	435,749	0.7	502,059	0.6	1,754,237	2.3	2,334,093	2.9	1,241,828	2.2
Dietary Services	11,044,469	17.6	12,019,977	15.4	13,793,037	18.3	13,627,395	16.9	9,423,118	16.8
Facility Services & Utilities	12,070,517	19.3	13,351,371	17.1	14,958,334	19.8	14,655,754	18.1	9,819,215	17.5
Health & Social Services	17,399,444	27.8	18,547,071	23.7	15,812,493	21.0	15,596,529	19.3	10,074,129	17.9
Recreation	518,603	0.8	469,181	0.6	462,431	0.6	296,856	0.4	251,823	0.4
Assisted Living	3,761,667	6.0	4,294,997	5.5	6,166,883	8.2	6,415,172	7.9	4,512,431	8.0
Depreciation	11,922,103	19.1	12,565,738	16.1	13,206,498	17.5	13,068,560	16.2	8,714,885	15.5
Amortization	0	0.0	0	0.0	0	0.0	0	0.0	124,682	0.2
Operating Expenses	69,323,793	110.8	74,644,729	95.6	80,090,480	106.2	79,304,259	98.1	53,959,279	96.1
Operating Profit	(6,742,627)	(10.8)	3,472,345	4.4	(4,700,951)	(6.2)	1,558,625	1.9	2,217,150	3.9
Other R. & E. (Net Income) Common Size										
Investment Income	4,346,784	6.9	(2,523,912)	(3.2)	1,770,212	2.3	4,128,334	5.1	1,873,738	3.3
Gain/(Loss) on Sale of Assets	0	0.0	0	0.0	0	0.0	0	0.0	33,156	0.1
Restricted Contributions	446,330	0.7	473,900	0.6	508,431	0.7	559,053	0.7	0	0.0
Restricted Grants and Donations	446,330	0.0	473,900	0.0	508,431	0.0	559,053	0.0	0	0.0
In Kind / Non Cash Income (Excluded from NIADS)	0	0.0	0	0.0	2,147,427	2.8	0	0.0	0	0.0
In Kind and Non Cash Income (Excluded from NIADS)	0	0.0	0	0.0	2,147,427	2.8	0	0.0	0	0.0
Net Assets Released from Restrictions	(435,749)	(0.7)	(502,059)	(0.6)	(493,593)	(0.7)	(550,848)	(0.7)	0	0.0
Total Other Income	4,357,365	7.0	(2,552,071)	(3.3)	3,932,477	5.2	4,136,539	5.1	1,906,894	3.4
Interest Expense	3,447,786	5.5	3,147,703	4.0	2,952,203	3.9	2,998,392	3.7	1,814,549	3.2
In Kind / Non Cash Expense (Excluded from NIADS)	302,604	0.5	0	0.0	0	0.0	0	0.0	0	0.0
Total Other Expenses	3,750,390	6.0	3,147,703	4.0	2,952,203	3.9	2,998,392	3.7	1,814,549	3.2
Profit Before Tax	(6,135,652)	(9.8)	(2,227,429)	(2.9)	(3,720,677)	(4.9)	2,696,772	3.3	2,309,495	4.1
Unrealized Gain/(Loss) (excluded from NIADS)	(2,463,079)	(3.9)	1,194,203	1.5	4,342,072	5.8	(2,337,656)	(2.9)	4,240,400	7.5
NET INCOME	(8,598,731)	(13.7)	(1,033,226)	(1.3)	621,395	0.8	359,116	0.4	6,549,895	11.7

Odd Fellows Home of California (0982)
 Odd Fellows Home of California
 CCRC Template (GEN)
 Statement in Actual (U.S. Dollar)
 January 12, 2026 5:04 PM

3/31/2022	3/31/2023	3/31/2024	3/31/2025	11/30/2025
Historical	Historical	Historical	Historical	Historical
12M	12M	12M	12M	8M
Unqualified	Unqualified	Unqualified	Unqualified	Company Prepared

Changes in Retained Earnings Common Size	USD	%	USD	%	USD	%	USD	%	USD	%
Beginning Net Worth	(6,307,302)	42.3	(14,906,033)	93.5	(15,939,259)	104.1	(15,317,864)	102.4	(14,958,748)	191.2
Changes in Retained Earnings:										
Net Income (Loss)	(8,598,731)	57.7	(1,033,226)	6.5	621,395	(4.1)	359,116	(2.4)	6,549,895	(83.7)
Other Incr(Decr) to RE	0	0.0	0	0.0	0	0.0	0	0.0	583,940	(7.5)
Total Change in RE	(8,598,731)	57.7	(1,033,226)	6.5	621,395	(4.1)	359,116	(2.4)	7,133,835	(91.2)
Changes in Net Worth Common Size	USD	%	USD	%	USD	%	USD	%	USD	%
Changes in Other NW										
Change in Net Worth	(8,598,731)	57.7	(1,033,226)	6.5	621,395	(4.1)	359,116	(2.4)	7,133,835	(91.2)
Ending Total Net Worth	(14,906,033)	100.0	(15,939,259)	100.0	(15,317,864)	100.0	(14,958,748)	100.0	(7,824,913)	100.0
Other Lines Common Size	USD	%	USD	%	USD	%	USD	%	USD	%
Principal Payments on ST and LTD	3,645,000	0.0	3,825,000	0.0	4,020,000	0.0	1,215,000	0.0	1,935,000	0.0
Number of Months	12	0.0	12	0.0	12	0.0	12	0.0	8	0.0
Cash Flows from Entrance Fees	16,304,620	0.0	10,137,939	0.0	9,319,419	0.0	18,531,670	0.0	10,668,628	0.0
Cash Refund of Entrance Fees	0	0.0	0	0.0	0	0.0	7,618,023	0.0	4,678,950	0.0

Short Description:

Exhibit D
Audited Financial Statements
FYE 2025 – 2023

Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2025 and 2024

 **bakertilly**

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Report of Independent Auditors

The Board of Directors
Odd Fellows Home of California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Odd Fellows Home of California 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Odd Fellows Home California's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities 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 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 Odd Fellows Home of California'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 Odd Fellows Home of California'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Odd Fellows Home of California's basic financial statements. The supplementary schedules of statement of activities by location and the schedule of patient revenues are presented for purposes 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of statement of activities by location and schedule of patient revenues are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

San Francisco, California

July 28, 2025

Financial Statements

Odd Fellows Home of California
Statements of Financial Position
March 31, 2025 and 2024

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,809,382	\$ 4,235,348
Investments	51,765,123	50,463,721
Accounts receivable, net	3,070,754	3,449,189
Supplies and other prepaid expenses	1,402,288	1,497,782
Due from Grand Lodge Endowment Fund	127,070	359,126
Current portion of assets restricted under bond indenture agreement	4,028,138	3,191,822
Total current assets	<u>73,202,755</u>	<u>63,196,988</u>
Property and equipment, net	<u>177,746,065</u>	<u>177,395,442</u>
Other assets		
Assets held in trust	2,858	2,852
Assets restricted under bond indenture agreement, net of current portion	<u>1,495,457</u>	<u>7,832,233</u>
Total other assets	<u>1,498,315</u>	<u>7,835,085</u>
Total assets	<u>\$ 252,447,135</u>	<u>\$ 248,427,515</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,539,010	\$ 5,646,120
Accrued interest payable	1,512,800	1,543,175
Repayable deposits	1,447,011	427,954
Current portion of repayable entrance fees	3,489,750	3,988,943
Current portion of long-term debt	1,935,000	1,215,000
Due to/from PRS MI, net	1,300,663	1,371,612
Total current liabilities	<u>16,224,234</u>	<u>14,192,804</u>
Long-term debt, net of current portion	64,556,604	66,542,287
Repayable entrance fees, net of current portion	130,734,825	125,329,045
Deferred revenue from entrance fees	<u>55,890,220</u>	<u>57,681,243</u>
Total liabilities	<u>267,405,883</u>	<u>263,745,379</u>
Net assets (deficit)		
Without donor restrictions	(15,133,808)	(15,484,719)
With donor restrictions	<u>175,060</u>	<u>166,855</u>
Total net deficit	<u>(14,958,748)</u>	<u>(15,317,864)</u>
Total liabilities and net deficit	<u>\$ 252,447,135</u>	<u>\$ 248,427,515</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2025 and 2024

	2025	2024
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Service fees	\$ 46,675,068	\$ 41,805,292
Health center revenues, net	23,770,752	22,404,608
Entrance fees earned	7,610,968	7,993,454
Contributions	1,581,026	1,913,680
Investment income, net	4,128,334	1,770,212
Unrealized change in value of investments	(436,818)	6,655,485
Other revenue	674,222	778,902
	<hr/>	<hr/>
Total revenues	84,003,552	83,321,633
	<hr/>	<hr/>
Net assets released - restricted purpose met	550,848	493,593
	<hr/>	<hr/>
Total revenues, gains, and support	<u>84,554,400</u>	<u>83,815,226</u>
	<hr/>	<hr/>
Expenses:		
Dietary services	13,627,395	13,793,037
Facility services and utilities	14,655,754	14,958,334
Health and social services	15,596,529	15,812,493
Recreation	296,856	462,431
Assisted living	6,415,172	6,166,883
Administrative and marketing	8,879,475	9,930,009
Interest	2,998,392	2,952,203
Depreciation	13,068,560	13,206,498
Fund disbursement	2,334,093	1,754,237
Management services	4,430,425	4,006,558
	<hr/>	<hr/>
Total expenses	82,302,651	83,042,683
	<hr/>	<hr/>
Operating income	<u>2,251,749</u>	<u>772,543</u>
	<hr/>	<hr/>
Nonoperating gain (loss):		
Unrealized change in value of investments	(1,900,838)	(2,313,413)
Gain on extinguishment of debt	-	2,147,427
	<hr/>	<hr/>
Total nonoperating loss	<u>(1,900,838)</u>	<u>(165,986)</u>
	<hr/>	<hr/>
Change in net assets without donor restrictions	<u>350,911</u>	<u>606,557</u>
	<hr/>	<hr/>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	559,053	508,431
Net assets released - restricted purpose met	<u>(550,848)</u>	<u>(493,593)</u>
	<hr/>	<hr/>
Change in net assets with donor restrictions	<u>8,205</u>	<u>14,838</u>
	<hr/>	<hr/>
CHANGE IN NET ASSETS		
Net deficit, beginning of year	<u>(15,317,864)</u>	<u>(15,939,259)</u>
Net deficit, end of year	<u>\$ (14,958,748)</u>	<u>\$ (15,317,864)</u>
	<hr/>	<hr/>

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 70,637,141	\$ 64,344,172
Advanced fees received	5,213,445	13,225,870
Other operating cash receipts	674,222	778,902
Cash paid to employees and suppliers	(64,317,134)	(72,703,942)
Interest and bond fees paid	(3,079,450)	(3,113,543)
Contributions received	2,140,079	11,728,110
Interest income	6	3
Net cash provided by operating activities	<u>11,268,309</u>	<u>14,259,572</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,401,263)	(8,539,894)
Proceeds from sale of property and equipment	-	3,605
Proceeds from sale of investments	196,890	4,659,316
Purchases of investments	-	(9,893,145)
Change in assets restricted under bond indenture agreement	197,931	5,717,963
Change in Due from Grand Lodge Endowment Fund	232,056	(261,185)
Net cash used in investing activities	<u>(12,774,386)</u>	<u>(8,313,340)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayable portion of entrance fees received	13,318,225	9,091,787
Refunds of repayable entrance fees	(7,618,023)	(12,998,238)
Principal payments on long-term debt	(1,215,000)	(68,778,212)
Proceeds from issuance of long-term debt	-	70,484,346
Bond issue and financing costs paid	-	(2,690,552)
Net cash provided by (used in) financing activities	<u>4,485,202</u>	<u>(4,890,869)</u>
Net increase in cash, cash equivalents, and restricted cash	2,979,125	1,055,363
Cash, cash equivalents, and restricted cash - beginning	<u>15,353,852</u>	<u>14,298,489</u>
Cash, cash equivalents, and restricted cash - ending	<u>\$ 18,332,977</u>	<u>\$ 15,353,852</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 12,809,382	\$ 4,235,348
Cash and cash equivalents in assets restricted - bond indenture	<u>5,523,595</u>	<u>11,118,504</u>
	<u>\$ 18,332,977</u>	<u>\$ 15,353,852</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2025 and 2024

	2025	2024
Reconciliation of change in net assets to net cash flows provided by operating activities		
Change in net assets	\$ 359,116	\$ 621,395
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	13,068,560	13,206,498
Net amortization of bond premium, financing and issuance costs	(50,683)	(10,015)
Nonrepayable portion of entrance fees received from new residents	5,819,945	13,225,870
Entrance fee refunds on nonrepayable contracts	(606,500)	-
Entrance fees earned	(7,610,968)	(7,993,454)
Employee retention tax credit	-	9,305,999
Unrealized change in value of investments	2,337,656	(4,342,072)
Investment loss	(4,128,328)	(1,770,209)
Gain on extinguishment of debt	-	(2,147,427)
Net change in:		
Accounts receivable, net	191,319	134,272
Supplies and other prepaid expenses	95,494	(144,579)
Accounts payable and accrued expenses	874,971	(2,219,362)
Other liabilities	(6)	(6)
Accrued interest payable	(30,375)	(151,325)
Due to PRS MI, net	(70,949)	(3,325,926)
Repayable deposits	1,019,057	(130,087)
Net cash provided by operating activities	<u>\$ 11,268,309</u>	<u>\$ 14,259,572</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 3,055,975</u>	<u>\$ 3,213,932</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	<u>\$ 921,481</u>	<u>\$ 903,562</u>

See accompanying notes.

Odd Fellows Home of California

Notes to Financial Statements

Note 1 – Organization

Organization and basis of presentation – The Odd Fellows Home of California (the Corporation) is a non-profit public benefit corporation organized under the California Non-Profit Public Benefit Corporation Law for charitable purposes. It was originally established by the Grand Lodge of California, Independent Order of Odd Fellows (Grand Lodge) in 1893 and has been operating in Saratoga since 1912. On July 31, 2002, the Corporation merged with the California Odd Fellows Home of Napa, Inc. (The Meadows), also a non-profit public benefit corporation, established by the Grand Lodge in 1992. The Meadows continues to operate as in the past, but its corporate structure has been joined with the Odd Fellows Home of California (the surviving corporation).

The Saratoga facility (dba Saratoga Retirement Community) is a life plan community, located in Saratoga, California, consisting of 143 independent living apartments, 85 assisted living apartments, a 94-bed skilled nursing facility, and 15 memory care beds.

The Napa facility (dba The Meadows of Napa Valley) is a life plan community, located in Napa, California, consisting of 227 independent living apartments, 41 assisted living apartments, a 60-bed skilled nursing facility, and 20 memory care beds.

Note 2 – Summary Of Significant Accounting Policies

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Updated (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represent resources available to support the Corporation's operations and donor restricted resources which have become available for use by the Corporation in accordance with the intention of the donor. Board designated net assets totaled \$9,947,507 and \$8,338,814 at March 31, 2025 and 2024, respectively.

Net assets with donor restrictions – Represent contributions that are limited in use by the Corporation in accordance with donor-imposed stipulations. Some donor-imposed 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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Performance indicator – "Operating income," as reflected in the accompanying statements of activities and changes in net assets is the performance indicator. Operating income includes all changes in net assets without donor restrictions and exclude unrealized change in value of investments related to debt securities and gain on extinguishment of debt.

Odd Fellows Home of California

Notes to Financial Statements

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenses, gains, and losses during the reporting period. Significant items subject to such estimates and assumptions include the future services obligation and deferred revenue from entrance fees. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include cash, money market accounts, and other securities with maturities of three months or less at the date of acquisition that are not otherwise held by an investment advisor or restricted under bond indenture agreements.

Investments – Investments are stated at fair value based on quoted market prices. Investments acquired by gift are recorded at fair value on the date received. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported in the statements of activities and changes in net assets. Investment income is reported as an increase in net assets without donor restrictions, depending on donor-imposed restrictions on the use of the income. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees. The Corporation's policy is to recognize transfers in and out of Level 1 and Level 2 (see Note 14) as of the end of the reporting period.

Accounts receivable – Accounts receivable primarily represents amounts due from residents for living accommodations and services, amounts due from third parties, and interest receivable. The Corporation receives payment for health services from residents, insurance companies, Medicare, Medi-Cal, Health Maintenance Organizations (HMOs), and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts and by providing appropriate allowances for uncollectible accounts. An allowance for credit losses is established based on past collection history and specific identification of uncollectible amounts.

Accounts receivable are stated at amounts management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to bad debt and a credit to a credit loss allowance based on its assessment of the current status of individuals' balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the residents accounts receivable.

Resident and insurance collection efforts are documented according to policy and include receivables that have a contractual maturity of less than one year.

The accounts receivable balance as of April 1, 2023, was \$3,109,008.

Employee retention tax credit – In fiscal year 2023 the Corporation applied for an employee retention tax credit under the CARES Act with the IRS, which is recorded as a conditional contribution in accordance with ASC 958-605. We have evaluated the conditions required by the IRS to be eligible for the credit and believe we have fulfilled all those conditions as of March 31, 2023, and have recognized \$9,305,999 as contribution revenue during the year then ended and collected during the year ended March 31, 2024.

Supplies inventory – The accounting method used to record inventory is the first in first out (FIFO) method. Inventory is valued at the lower of cost or net realizable value as of March 31, 2025 and 2024.

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Notes to Financial Statements

Assets restricted under bond indenture agreements – The bond indenture agreements require that certain funds be invested and held with a Trustee in various required accounts. These required deposits and their related actual account balances are as follows:

	Investment Location	Invested Balance 2025	Invested Balance 2024
Bond project fund	Trustee	\$ -	\$ 6,397,916
Revenue fund	Trustee	4,028,138	3,191,822
Debt service reserve	Trustee	1,495,457	1,434,317
Total assets restricted under bond indenture agreement		\$ 5,523,595	\$ 11,024,055

Property and equipment – Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. The Corporation capitalizes fixed assets with a cost of greater than \$2,500. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in expense for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the years ended March 31, 2025 and 2024.

Repayable deposits – Repayable deposits contain application fees paid and deposits paid by residents who have selected a unit for move-in.

Each applicant for residency is required to pay a \$1,000 application fee deposit. This deposit will be repaid if the application is denied. If the application is approved, but subsequently withdrawn, the application fee will be repaid per the provisions of the application form. When a unit becomes available, a CCRC applicant is required to pay an entrance fee deposit, which varies in amount, prior to occupancy. This deposit is repayable prior to occupancy. For applicants who execute a rental agreement, the \$1,000 is nonrepayable after three months of residency.

Deferred revenue from entrance fees – Nonrepayable fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue. On March 31, 2025 and 2024, the Corporation had nonrepayable deferred entrance fees of \$55,890,222 and \$57,681,243, respectively.

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Notes to Financial Statements

Entrance fees repayable upon reoccupancy – The other contracts are 50%, 85%, 90%, or 95% repayable at the time of reoccupancy after termination of the contract. The nonrepayable portion is amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such balances are amounts expected to be repaid to residents as actuarially determined. The repayable portion of entrance fees as of March 31, 2025 and 2024, were \$134,224,575 and \$129,317,988, respectively, of which \$3,489,750 and \$3,988,943, respectively, is due to residents, at the time the apartment is re-occupied by another resident and is included in current portion of entrance fees repayable upon reoccupancy. Actual repayments of such entrance fees were \$7,618,023 and \$12,998,238 for the years ended March 31, 2025 and 2024, respectively.

Obligation to provide future services – The Corporation regularly analyzes the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities to be provided exceeds the balance of deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% for 2025 and 2024, based on the expected long-term rate of return on government obligations. The Corporation evaluates this annually, and a liability was not deemed to exist at March 31, 2025 and 2024.

Professional and general liability – The Corporation has secured claims-made policies for general and professional liability insurance for the period January 1, 2025 to January 1, 2026, with self-insured retentions of \$75,000 per claim with limits of \$1,000,000 per claim and \$3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of \$10,000,000 per claim and \$10,000,000 aggregate per policy period. The Corporation has secured claims-made policies for general and professional liability insurance for the period January 1, 2024 to January 1, 2025, with self-insured retentions of \$50,000 per claim with limits of \$1,000,000 per claim and \$3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of \$10,000,000 per claim and \$10,000,000 aggregate per policy period.

Contributions – The Corporation reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Donor-restricted contributions and related gains and investment income are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a 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 statements of activities and changes in net assets as net assets released from restrictions.

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Notes to Financial Statements

Revenue recognition

Service fees revenue

Service fees revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for the services provided. Under the Corporation's continuing care agreements, the Corporation provides senior living services to residents for a stated monthly fee. The Corporation recognizes revenue for senior living services under the continuing care agreement for independent living, assisted living, and memory care services in accordance with the provisions of ASC 842, *Leases* (ASC 842).

Under the Corporation's senior living residency agreements, which are generally for a contractual term of 30 days to one year, the Company provides senior living services to residents for a stated daily or monthly fee. The Corporation has elected the lessor practical expedient within ASC 842 and recognizes, measures, presents, and discloses the revenue for services under the Corporation's senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. The Corporation has determined that the services included under the Corporation's independent living, assisted living, and memory care residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. The Corporation recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers* (ASC 606) for its independent living, assisted living, and memory care residency agreements for which it has estimated that the nonlease components of such residency agreements are the predominant component of the contract.

Health center revenue

Health center revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for providing care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills patients and third-party payors at the beginning of each month and sends a final bill or reconciliation at the time of discharge. Revenue is recognized in the month in which the performance obligations are satisfied.

The Corporation determines the transaction price based on standard charges for goods and services provided, adjusted by contractual agreements with third parties. These agreements with third-party payors may provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Skilled services are paid at prospectively determined rates per day based on Medicare-defined diagnostic assessments. Nonskilled services are paid based on cost reimbursement methodologies or established fee schedules.
- Secondary Insurance: Payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations provide for payment using prospectively determined rates per day, primary coverage rates, and co-pays and deductibles not covered under primary insurance.

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Notes to Financial Statements

Settlements with third-party payors for retroactive adjustments due to audits, review, or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor and correspondence from the payor, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2025 or 2024.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The initial estimate of the transaction price is determined by adjusting the standard charge by any contractual adjustments based on each insurance plan. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to health center revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended March 31, 2025 and 2024, was not significant.

The following table shows health center revenue by payor:

	Year Ended March 31, 2025	Year Ended March 31, 2024
Health center by payor		
Private pay	\$ 7,983,173	\$ 7,445,638
Medicare	8,148,649	7,876,623
Insurance	6,151,528	5,436,969
Medi-Cal	977,421	813,368
Other	509,981	832,010
	<hr/> <u>\$ 23,770,752</u>	<hr/> <u>\$ 22,404,608</u>

Approximately 38% and 39% of health center revenue for the years ended March 31, 2025 and 2024, respectively, were derived under federal and state third-party reimbursement programs.

Amortization of entrance fees

The Corporation receives an entrance fee upon execution of the continuing care agreement, as well as a monthly service fee. The continuing care agreement provides the resident occupancy of a specified unit and continued care within the Corporation. The continuing care agreement creates a performance obligation to be satisfied over the resident's remaining life at the Corporation. The Corporation recognizes the revenue associated with the nonrepayable portion of entrance fee using a straight-line method over the actuarially determined estimated life of each resident. Resident life expectancies are reevaluated annually and any changes in the revenue as a result of that revaluation will be recognized in the period noted. As of March 31, 2025 and 2024, the Corporation had \$55,890,220 and \$57,681,243 in unearned deferred revenue to be recognized as the performance obligations are satisfied. See Note 12 for changes in the unearned entrance fee revenue for the years ended March 31, 2025 and 2024. The performance obligation is satisfied upon termination of the continuing care agreement.

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Notes to Financial Statements

Charity care – The Corporation provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Tax exempt status – The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses.

Concentrations of credit risk – The Corporation's cash, cash equivalents, investments, and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC), the fair value of debt securities is dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its residents and patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables as of March 31, 2025 and 2024, from residents and third-party payors is listed in Note 4.

If any of the financial institutions with whom we do business were to be placed into receivership, we may be unable to access the cash and cash equivalents we have on deposit with such institutions. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair value of financial instruments – The carrying values of cash, investments, accounts receivable, accounts payable and accrued expenses, repayable deposits, and due to/from PRS Management, Inc. (PRSMI) approximate fair value due to the short maturity of such instruments. The fair values of investments and assets restricted under bond indenture agreements are disclosed in Note 14.

Advertising – The Corporation expenses advertising costs as incurred. The Corporation incurred advertising costs of \$273,872 and \$646,363 for the years ended March 31, 2025 and 2024, respectively.

Odd Fellows Home of California

Notes to Financial Statements

Note 3 – Investment Income

Income from investments, assets restricted under bond indenture agreements, and cash and cash equivalents are comprised of the following for the years ended March 31:

	2025	2024
Dividends and interest, net	\$ 1,402,672	\$ 1,341,645
Realized gains on investments	<u>2,725,662</u>	<u>428,567</u>
	<u><u>\$ 4,128,334</u></u>	<u><u>\$ 1,770,212</u></u>

Investment income is reported net of investment expenses of \$264,933 and \$217,934 for the years ended March 31, 2025 and 2024, respectively.

Note 4 – Accounts Receivable

Accounts receivable consists of the following at March 31:

	2025	2024
Medicare	\$ 710,497	21%
Medi-Cal	829,645	25%
Insurance	394,265	12%
Resident monthly fees	1,094,055	33%
Entrance fees	4,900	0%
Other	<u>310,949</u>	9%
Subtotal accounts receivable	3,344,311	3,543,239
Less allowance for credit losses	<u>(273,557)</u>	<u>(94,050)</u>
Total accounts receivable, net	<u><u>\$ 3,070,754</u></u>	<u><u>\$ 3,449,189</u></u>

Odd Fellows Home of California **Notes to Financial Statements**

Note 5 – Property and Equipment

Property and equipment consists of the following at March 31:

	<u>2025</u>	<u>2024</u>
Land	\$ 6,887,183	\$ 6,887,183
Buildings and land improvements	293,505,720	285,608,114
Furniture and equipment	<u>26,187,722</u>	<u>25,222,155</u>
Total property and equipment	<u>326,580,625</u>	<u>317,717,452</u>
Less accumulated depreciation	(160,917,272)	(148,085,588)
Construction in progress	<u>12,082,712</u>	<u>7,763,578</u>
Property and equipment, net	<u><u>\$ 177,746,065</u></u>	<u><u>\$ 177,395,442</u></u>

Note 6 – Unamortized Debt Issuance Costs

Debt issuance costs associated with the 2023 bond issuances are being amortized using an effective interest method over the terms of the bonds. Amortization expense amounted to \$101,117 and \$65,369 for the years ended March 31, 2025 and 2024, respectively.

The balance of unamortized debt issuance costs consists of the following:

	<u>2025</u>	<u>2024</u>
Costs related to bond issuances	\$ 1,391,616	\$ 1,391,616
Less accumulated amortization	<u>(166,486)</u>	<u>(65,369)</u>
Unamortized debt issuance costs	<u><u>\$ 1,225,130</u></u>	<u><u>\$ 1,326,247</u></u>

Note 7 – Deferred Financing Costs

In connection with the issuance of the \$98,550,000 Series 2012A bonds (see Note 8), the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) was paid \$3,638,187 at the bond closing on October 1, 2012, for the cost of insuring the bonds over the 29 years and 5 months' term. This was written off when the 2012A bonds were redeemed and refinanced with the Series 2023 bonds. In connection with the issuance of the \$67,065,000 Series 2023 bonds (see Note 8), the Department of Health Care Access and Information was paid \$1,298,936 at the bond closing on August 8, 2023, for the cost of insuring the bonds over the 30 years and 2 months' term.

Odd Fellows Home of California Notes to Financial Statements

Amortization expense amounted to \$92,991 and \$118,169 for the years ended March 31, 2025 and 2024, respectively. The unamortized balance is as follows:

	2025	2024
Deferred financing costs	\$ 1,298,936	\$ 1,298,936
Less accumulated amortization	<u>(155,399)</u>	<u>(62,407)</u>
Unamortized deferred financing costs	<u><u>\$ 1,143,537</u></u>	<u><u>\$ 1,236,529</u></u>

Note 8 – Long-Term Debt

Long-term debt at March 31 consisted of the following:

	2025	2024
Insured Senior Living Revenue Bonds, Series 2023	\$ 65,850,000	\$ 67,065,000
Add: unamortized premium	3,010,271	3,255,063
Less: current portion	(1,935,000)	(1,215,000)
Less: unamortized debt issuance and deferred financing costs	<u>(2,368,667)</u>	<u>(2,562,776)</u>
Total long-term debt	<u><u>\$ 64,556,604</u></u>	<u><u>\$ 66,542,287</u></u>

Series 2023 Insured Senior Living Revenue Bonds – On August 8, 2023, California Statewide Communities Development Authority issued \$67,065,000 of Revenue and Refunding Bonds. The bonds bear interest at an average of 4.4%. The bonds were used to refinance prior debt, and finance among other things capital improvements. The bonds are subject to redemption, as scheduled, prior to final maturity in October 2053.

The Corporation has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

The Corporation is subject to financial covenants on long-term debt which include a debt service coverage ratio, current ratio, and minimum days of cash-on-hand requirement. Management believes the Corporation was in compliance with all provisions as of March 31, 2025 and 2024.

Bond interest expense on the Series 2023 Bonds was \$3,025,600 and \$2,760,846 for the years ended March 31, 2025 and 2024, respectively.

Odd Fellows Home of California **Notes to Financial Statements**

Aggregate mandatory maturities of long-term debt, shown net of premiums, are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Total</u>
2026	\$ 1,935,000
2027	2,030,000
2028	2,135,000
2029	2,240,000
2030	2,350,000
Thereafter	<u>55,160,000</u>
 Total	 65,850,000
Add: unamortized premium	3,010,271
Less: unamortized debt issuance and deferred financing costs	<u>(2,368,667)</u>
	 <u>\$ 66,491,604</u>

Note 9 – Management and Development Agreements

On August 1, 2017, the Corporation executed a management contract with PRSMI, which commenced on August 1, 2017 for 5 years, and was renewed for 3 years.

Management and accounting fees charged by PRSMI were as follows for the years ended March 31:

	2025	2024
Saratoga Retirement Community	\$ 2,459,556	\$ 2,325,459
The Meadows of Napa Valley	<u>1,970,869</u>	<u>1,681,099</u>
	 <u>\$ 4,430,425</u>	 <u>\$ 4,006,558</u>

In addition to management services, the Corporation pays for travel, marketing, and other services provided by PRSMI. The amount owed for management services and other expenses to PRSMI was \$1,300,663 and \$1,371,612 as of March 31, 2025 and 2024, respectively.

Note 10 – Related Party Transactions

The Corporation is under the control of the Grand Lodge, a non-profit corporation exempt under Internal Revenue Code section 501(c)(8) and California Revenue and Taxation Code Section 23701(b). Also affiliated with the Corporation is the Rebekah Assembly of California, a related non-profit corporation, which is exempt under the same code sections as the Grand Lodge.

The composition of the members of the Board of Directors of the Corporation is determined in the bylaws. Four directors, who are members of the order, and four directors, who may or may not be members of the order, but are from the professional sector (legal, accounting, medical, and financial) are elected by the Grand Lodge. Three directors, who are members of the order, are elected by the Rebekah Assembly. Two resident directors are appointed by the board: one from Saratoga Retirement Community and one from The Meadows of Napa Valley. In addition, the Grand Secretary and Grand Treasurer of the Grand Lodge are ex-officio members of the board with voting rights.

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The Grand Lodge provides administrative services to the Corporation. During the years ended March 31, 2025 and 2024, a total of \$261,560 and \$259,340 was paid to the Grand Lodge, \$83,655 from The Meadows of Napa Valley and \$177,905 from Saratoga Retirement Community for the year ended March 31, 2025, and \$83,252 from The Meadows of Napa Valley and \$176,088 from Saratoga Retirement Community for the year ended March 31, 2024.

The Odd Fellows Home Endowment Fund of the Grand Lodge was created to help fund the operations of the Corporation. Investment income earned by the fund and passed through to the Corporation for the years ended March 31, 2025 and 2024, amounted to \$1,576,371 and \$1,101,128, respectively, which is included in contributions on the statement of activities and changes in net assets, of which \$127,070 was receivable by the Corporation at March 31, 2025 and \$359,126 was receivable by the Corporation at March 31, 2024.

Note 11 – Retirement Plan

The Corporation has a 403(b) retirement plan that provides matching funds for employees who have reached the age of 21 and have completed one year of service of at least 1,000 hours. Contributions to the plan are based on a match of the employee's own contribution (determined for each plan year at the Corporation's discretion), up to a maximum of 4% of plan compensation, evaluated each calendar year. Total contributions charged to expense for the plan were \$675,823 and \$610,029 for the years ended March 31, 2025 and 2024, respectively.

Note 12 – Deferred Revenue from Entrance Fees

	2025	2024
Balance, beginning of year	\$ 57,681,243	\$ 52,503,524
New fees received	5,819,945	13,225,870
Entrance fees repaid	(606,500)	-
Amortization of fees	(7,610,968)	(7,993,454)
Other changes in account payable and notes receivable	<u>606,500</u>	<u>(54,697)</u>
Balance, end of year	<u><u>\$ 55,890,220</u></u>	<u><u>\$ 57,681,243</u></u>

Note 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of March 31:

	2025	2024
Other Funds	\$ 90,755	\$ 82,550
Frank Manders Memorial Fund	71,718	71,718
Endowment Fund	<u>12,587</u>	<u>12,587</u>
	<u><u>\$ 175,060</u></u>	<u><u>\$ 166,855</u></u>

Contributions received in prior years of \$84,305 have been restricted by donors at the date of donation to allow only earnings to be used for general purposes.

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Notes to Financial Statements

Note 14 – Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at March 31, 2025 and 2024, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities, fixed income securities, mutual funds, and cash equivalents included in money market funds.

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The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31:

	2025				Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	\$ 6,837,294	\$	-	\$	\$ 6,837,294
Real assets	169,336				169,336
Fixed income					
Long term bond	2,586,066		-		2,586,066
Intermediate term bond	5,674,331		-		5,674,331
Short term bond	1,387,944		-		1,387,944
Fixed income blend	316,473		-		316,473
Treasury/government securities	3,324,783		-		3,324,783
Equity securities					
Large cap value	5,221,825		-		5,221,825
Large cap growth	9,607,946		-		9,607,946
Small/mid cap growth	3,545,627		-		3,545,627
Small/mid cap value	4,768,644		-		4,768,644
International	8,248,251		-		8,248,251
Equities blend	931,727		-		931,727
Mutual funds	2,421,332		-		2,421,332
Investments measured at fair value	<u>\$ 55,041,579</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>55,041,579</u>
Investments measured at NAV:					
Hedge funds					2,249,997
Total assets					<u>\$ 57,291,576</u>

Odd Fellows Home of California
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	2024				
	Level 1	Level 2	Level 3	Total	
Assets					
Cash and cash equivalents	\$ 12,230,699	\$	-	\$	-
Fixed income					
Long term bond	3,561,394	-	-	-	3,561,394
Intermediate term bond	4,571,790	-	-	-	4,571,790
Short term bond	2,218,085	-	-	-	2,218,085
Fixed income blend	2,154,729	-	-	-	2,154,729
Treasury/government securities	2,811,740	-	-	-	2,811,740
Equity securities					
Large cap value	5,755,263	-	-	-	5,755,263
Large cap growth	8,037,671	-	-	-	8,037,671
Small/mid cap growth	3,981,183	-	-	-	3,981,183
Small/mid cap value	4,092,493	-	-	-	4,092,493
International	7,686,741	-	-	-	7,686,741
Equities blend	851,649	-	-	-	851,649
Mutual funds	<u>2,391,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,391,923</u>
Investments measured at fair value	<u>\$ 60,345,360</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>
Investments measured at NAV:					
Hedge funds					<u>1,145,268</u>
Total assets					<u>\$ 61,490,628</u>

During 2025 and 2024, there were no transfers into and out of Level 3 of the fair value hierarchy. At March 31, 2025 and 2024, the timing of liquidation of the assets measured using net asset value (NAV) as a practical expedient and the date when restrictions from redemption might lapse are unknown.

The following table provides the fair value and redemption terms and restrictions for investments measured using NAV as a practical expedient at March 31:

Fund Type	2025 Fair Value	2024 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds (a)	\$ 2,249,997	\$ 1,145,268	\$ -	Daily, monthly, quarterly	Daily, 30 days, 60 days

(a) This category invests in investment funds. The investment objective is to preserve and grow capital. The Investment Manager assists the Fund by identifying high-quality investment managers with above-average investment histories and/or prospects (the Portfolio Managers), and allocating and reallocating the Fund's assets to discretionary investment accounts and/or private investment vehicles (the Investment Funds) managed by such Portfolio Managers. The Fund may invest in any type of Investment Fund within the investment policy statement. Generally, these Investment Funds may be liquidated and other Investment Funds may be added or liquidated at the discretion of the investment committee or board of directors. The fair values of investments in this category have been estimated using the NAV per share of investments.

Odd Fellows Home of California

Notes to Financial Statements

The Board of Directors, in conjunction with the external investment advisors and management, monitors and analyzes the valuation of the investments on a quarterly basis. The valuations consider variables such as financial performance of several publicly traded companies, recent sales prices of investments, and other pertinent information.

Short-term investments consist of the following at fair value at March 31:

	2025	2024
Cash and cash equivalents		
including amounts held for investment purposes	\$ 6,837,294	\$ 12,230,699
Equity, fixed income, mutual funds, and hedge fund investments	<u>50,454,282</u>	<u>49,259,929</u>
 Total	 57,291,576	 61,490,628
Less assets restricted under bond indenture agreement	(5,523,595)	(11,024,055)
Less assets held in trust	<u>(2,858)</u>	<u>(2,852)</u>
 Total short-term investments	 <u>\$ 51,765,123</u>	 <u>\$ 50,463,721</u>

Note 15 – Commitments and Contingencies

Litigation – The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

Health care reform – The Patient Protection and Affordable Care Act (PPACA) allowed for the expansion of Medicaid members in the State of California. Any further federal or state changes to funding could have an impact on the Corporation. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the Corporation is uncertain at this time.

Note 16 – Statutory Reserves

The Corporation is certified as a CCRC by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires CCRCs to establish liquid reserves (cash, marketable securities, etc.) equal to, or greater than, the annual principal and interest payments on long-term obligations plus 75 days of the CCRC's adjusted operating expenses. The Corporation's liquid reserves at March 31, 2025 and 2024, were sufficient to meet this requirement.

Odd Fellows Home of California
Notes to Financial Statements

Note 17 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, comprise the following:

	2025	2024
Cash and cash equivalents	\$ 12,809,382	\$ 4,235,348
Accounts receivable, net and due from Grand Lodge Endowment Fund	3,070,754	3,449,189
Investments	<u>51,765,123</u>	<u>50,463,721</u>
	<u><u>\$ 67,645,259</u></u>	<u><u>\$ 58,148,258</u></u>

As part of the Corporation's liquidity management plan, it invests cash in excess of its daily requirements in short-term investments, which can be sold and used for operations if necessary.

Note 18 – Functional Expenses

	Year Ended March 31, 2025		
	Program	Management	Total
Salaries and benefits	\$ 33,733,473	\$ 3,052,055	\$ 36,785,528
Supplies	6,326,760	117,833	6,444,593
Services	6,377,568	5,758,172	12,135,740
Depreciation	13,269,166	-	13,269,166
Interest and financing	2,998,392	-	2,998,392
Utilities	4,407,874	-	4,407,874
Other	<u>2,637,939</u>	<u>3,623,419</u>	<u>6,261,358</u>
	<u><u>\$ 69,751,172</u></u>	<u><u>\$ 12,551,479</u></u>	<u><u>\$ 82,302,651</u></u>
Year Ended March 31, 2024			
	Program	Management	Total
Salaries and benefits	\$ 34,336,809	\$ 2,967,051	\$ 37,303,860
Supplies	6,077,055	278,016	6,355,071
Services	6,583,160	5,618,000	12,201,160
Depreciation	13,206,498	-	13,206,498
Interest and financing	2,952,203	-	2,952,203
Utilities	4,558,566	-	4,558,566
Other	<u>2,376,313</u>	<u>4,089,012</u>	<u>6,465,325</u>
	<u><u>\$ 70,090,604</u></u>	<u><u>\$ 12,952,079</u></u>	<u><u>\$ 83,042,683</u></u>

Odd Fellows Home of California

Notes to Financial Statements

The financial statements report certain expense categories that are attributable to more than one residential, health care, or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, amortization, interest, and other occupancy costs, are allocated based on the departmental applicability within each function.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued.

The Corporation executed a three month extension of the management contract with PRSMI, now commencing November 1, 2025.

The Corporation has evaluated subsequent events through July 28, 2024, which is the date the financial statements are issued.

Supplementary Information

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2025

	Saratoga Retirement Community	The Meadows of Napa Valley	The Odd Fellows Home of California	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Service fees	\$ 26,771,532	\$ 19,903,536	\$ -	\$ 46,675,068
Health center revenues, net	15,304,734	8,466,018	-	23,770,752
Entrance fees earned	4,782,056	2,828,912	-	7,610,968
Contributions	427,108	1,153,918	-	1,581,026
Investment income, net	-	-	4,128,334	4,128,334
Unrealized change in value of investments	-	-	(436,818)	(436,818)
Other revenue	247,849	426,373	-	674,222
Total revenues	47,533,279	32,778,757	3,691,516	84,003,552
Net assets released - restricted purpose met	257,018	293,830	-	550,848
Total revenues, gains, and support	47,790,297	33,072,587	3,691,516	84,554,400
Expenses:				
Dietary services	7,546,768	6,080,627	-	13,627,395
Facility services and utilities	7,960,497	6,695,257	-	14,655,754
Health and social services	9,407,362	6,189,167	-	15,596,529
Recreation	187,817	109,039	-	296,856
Assisted living	3,665,852	2,749,320	-	6,415,172
Administrative and marketing	4,848,048	4,031,427	-	8,879,475
Interest	-	-	2,998,392	2,998,392
Depreciation	5,103,323	7,965,237	-	13,068,560
Fund disbursement	679,406	1,457,798	196,889	2,334,093
Management services	2,459,556	1,970,869	-	4,430,425
Total expenses	41,858,629	37,248,741	3,195,281	82,302,651
Operating income (loss)	5,931,668	(4,176,154)	496,235	2,251,749
Nonoperating loss:				
Unrealized change in value of investments	-	-	(1,900,838)	(1,900,838)
Total nonoperating loss	-	-	(1,900,838)	(1,900,838)
Change in net assets without donor restrictions	5,931,668	(4,176,154)	(1,404,603)	350,911
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	247,000	312,053	-	559,053
Net assets released - restricted purpose met	(257,018)	(293,830)	-	(550,848)
Change in net assets with donor restrictions	(10,018)	18,223	-	8,205
CHANGES IN NET ASSETS (DEFICIT)	\$ 5,921,650	\$ (4,157,931)	\$ (1,404,603)	\$ 359,116

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2024

	Saratoga Retirement Community	The Meadows of Napa Valley	The Odd Fellows Home of California	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Service fees	\$ 23,212,220	\$ 18,593,072	\$ -	\$ 41,805,292
Health center revenues, net	14,767,153	7,637,455	-	22,404,608
Entrance fees earned	5,185,116	2,808,338	-	7,993,454
Contributions	765,161	1,148,519	-	1,913,680
Investment income, net	-	-	1,770,212	1,770,212
Unrealized change in value of investments	-	-	6,655,485	6,655,485
Other revenue	350,183	428,719	-	778,902
Total revenues	44,279,833	30,616,103	8,425,697	83,321,633
Net assets released - restricted purpose met	207,500	286,093	-	493,593
Total revenues, gains, and support	44,487,333	30,902,196	8,425,697	83,815,226
Expenses:				
Dietary services	7,662,098	6,130,939	-	13,793,037
Facility services and utilities	8,022,881	6,935,453	-	14,958,334
Health and social services	9,829,008	5,983,485	-	15,812,493
Recreation	193,762	268,669	-	462,431
Assisted living	3,587,589	2,579,294	-	6,166,883
Administrative and marketing	4,719,140	5,210,869	-	9,930,009
Interest	-	-	2,952,203	2,952,203
Depreciation	5,133,072	8,073,426	-	13,206,498
Fund disbursement	514,994	1,079,927	159,316	1,754,237
Management services	2,325,459	1,681,099	-	4,006,558
Total expenses	41,988,003	37,943,161	3,111,519	83,042,683
Operating income (loss)	2,499,330	(7,040,965)	5,314,178	772,543
Nonoperating loss:				
Unrealized change in value of investments	-	-	(2,313,413)	(2,313,413)
Gain on extinguishment of debt	-	-	2,147,427	2,147,427
Total nonoperating loss	-	-	(165,986)	(165,986)
Change in net assets without donor restrictions	2,499,330	(7,040,965)	5,148,192	606,557
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	216,900	291,531	-	508,431
Net assets released - restricted purpose met	(207,500)	(286,093)	-	(493,593)
Change in net assets with donor restrictions	9,400	5,438	-	14,838
CHANGES IN NET ASSETS (DEFICIT)	\$ 2,508,730	\$ (7,035,527)	\$ 5,148,192	\$ 621,395

Odd Fellows Home of California
Schedule of Patient Revenues – Saratoga Retirement Community
Year Ended March 31, 2025

4.2

FACILITY REVENUE INFORMATION

Facility D.B.A. Name Saratoga Retirement Community

Report Period End FYE25 (4/1/24-3/31/25)

Line No.	GROSS REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage			
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care	
			(1) Inpatient	(2) Outpatient	(3) Inpatient	(4) Outpatient	(5) Inpatient	(6) Outpatient	(7) Inpatient	(8) Outpatient	(9) Inpatient	(10) Outpatient	(11) Inpatient	(12) Outpatient
Routine Services:														
5	Skilled Nursing Care	3100	4,884,957.75		682,410.18		442,550.27		3,000,745.99		37,427.62		-	
10	Intermediate Care	3200												
15	Mentally Disordered Care	3300												
20	Developmentally Disabled Care	3400												
25	Sub-Acute Care	3500												
30	Sub-Acute Care - Pediatric	3520												
35	Transitional Inpatient Care	3560												
40	Hospice Inpatient Care	3600												
45	Other Routine Services	3900												
70	Subtotal (Lines 5 through 45)		4,884,957.75	-	682,410.18	-	442,550.27	-	3,000,745.99	-	37,427.62	-	-	-
Ancillary Services:														
105	Patient Supplies	4100	43,799.57	-	7,199.95		4,764.23	-	38,433.81	-	262.54	-	-	-
110	Specialized Support Surfaces	4150					-	-	-	-	-	-	-	-
115	Physical Therapy	4200	364,631.71		70,006.48		-	-	-	-	2,652.67	-	-	-
120	Respiratory Therapy	4220	2,753.17		614.27		112.05	2,029.65	-	-	-	-	-	-
125	Occupational Therapy	4250	293,326.49		53,600.26		-	-	-	-	2,278.61	-	-	-
130	Speech Pathology	4280	63,494.63		7,625.26		-	-	-	-	2,564.15	-	-	-
135	Pharmacy	4300	323,114.14	-	42,298.10		3,993.88	-	30,881.22	-	1,748.45	-	-	-
140	Laboratory	4400	28,786.58	-	6,063.94	-	320.49	-	1,433.19	-	360.75	-	-	-
145	Home Health Services	4800					-	-	-	-	-	-	-	-
155	Other Ancillary Services	4900	59,313.98		7,263.10		6,678.81	-	67,196.75	-	6.35	-	-	-
170	Subtotal (Lines 105 through 155)		1,179,220.27	-	194,671.36	-	15,869.60	2,029.65	137,944.97	-	9,873.52	-	-	-
175	Total Gross Revenue (Line 70 + 170)		6,064,178.02	-	877,081.54	-	458,419.73	2,029.65	3,138,690.96	-	47,301.14	-	-	-

Line No.	DEDUCTIONS FROM REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage			
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care	
			(1) Inpatient	(2) Outpatient	(3) Inpatient	(4) Outpatient	(5) Inpatient	(6) Outpatient	(7) Inpatient	(8) Outpatient	(9) Inpatient	(10) Outpatient	(11) Inpatient	(12) Outpatient
205														
205	Charity Adjustments	5100												
210	Administrative Adjustments	5200												
215	Contractual Adjustments - Medicare	5310	1,218,583.63		189,684.51									
220	Contractual Adjustments - Medi-Cal	5320					15,869.60		140,754.62					
222	Contractual Adjustments - Commercial Coverage	5330									9,081.62			
225	Contractual Adjustments - Other	5340												
230	Other Deductions from Revenue	5400												
240	Total Deductions from Revenue		1,218,583.63	-	189,684.51	-	15,869.60	-	140,754.62	-	9,081.62	-	-	-
250	Net Patient Revenue (Line 175 - 240)		4,845,594.39	-	687,397.03	-	442,550.13	2,029.65	2,997,936.34	-	38,219.52	-	-	-

Odd Fellows Home of California
Schedule of Patient Revenues – Saratoga Retirement Community (Continued)
Year Ended March 31, 2025

Report Period End FYE25 (4/1/24-3/31/25)

Self-Pay		Other Payers		Total Gross Revenue			Line No.
(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .00	(16) Outpatient .40	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
5,727,400.00		469,015.55		15,244,507.36		15,244,507.36	5
				-	-	-	10
				-	-	-	15
				-	-	-	20
				-	-	-	25
				-	-	-	30
				-	-	-	35
				-	-	-	40
				-	-	-	45
5,727,400.00	-	469,015.55	-	15,244,507.36	-	15,244,507.36	70
47,140.06		1,676.64	-	143,276.80	-	143,276.80	105
		-	-	-	-	-	110
71,095.84		-	-	508,386.70	-	508,386.70	115
2,443.58		1,038.49	-	6,961.56	2,029.65	8,991.21	120
46,558.73		-	-	395,764.09	-	395,764.09	125
15,712.07		-	-	89,396.11	-	89,396.11	130
31,022.97		3,594.92	-	436,653.68	-	436,653.68	135
586.19		246.87	-	37,798.01	-	37,798.01	140
		-	-	-	-	-	145
54,817.93		8,184.06	-	203,460.98	-	203,460.98	155
269,377.37	-	14,740.98	-	1,821,697.93	2,029.65	1,823,727.58	170
5,996,777.37	-	483,756.53	-	17,066,205.29	2,029.65	17,068,234.94	175

Self-Pay		Other Payers		Total Deductions from Revenue			Line No.
(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .00	(16) Outpatient .40	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
				-	-	-	205
				-	-	-	210
				1,408,268.14	-	1,408,268.14	215
				156,624.22	-	156,624.22	220
				9,081.62	-	9,081.62	222
		13,524.63		13,524.63	-	13,524.63	225
176,002.66				176,002.66	-	176,002.66	230
176,002.66	-	13,524.63	-	1,763,501.27	-	1,763,501.27	240
5,820,774.71	-	470,231.90	-	15,302,704.02	2,029.65	15,304,733.67	250

Odd Fellows Home of California
Schedule of Patient Revenues – The Meadows of Napa Valley
Year Ended March 31, 2025

4.2

FACILITY REVENUE INFORMATION

Facility D.B.A. Name: The Meadows of Napa Valley

Report Period End FYE25 (4/1/24-3/31/25)

Line No.	GROSS REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage			
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care	
			(1) Inpatient .04	(2) Outpatient .44	(3) Inpatient .14	(4) Outpatient .54	(5) Inpatient .05	(6) Outpatient .45	(7) Inpatient .15	(8) Outpatient .55	(9) Inpatient .01	(10) Outpatient .41	(11) Inpatient .10	(12) Outpatient .50
Routine Services:														
5	Skilled Nursing Care	3100	3,231,193.00		639,109.70		539,887.38		1,757,708.02		9,458.19		-	
10	Intermediate Care	3200												
15	Mentally Disordered Care	3300												
20	Developmentally Disabled Care	3400												
25	Sub-Acute Care	3500												
30	Sub-Acute Care - Pediatric	3520												
35	Transitional Inpatient Care	3560												
40	Hospice Inpatient Care	3600												
45	Other Routine Services	3900												
70	Subtotal (Lines 5 through 45)		3,231,193.00		639,109.70		539,887.38		1,757,708.02		9,458.19		-	
Ancillary Services:														
105	Patient Supplies	4100	13,812.20		541.29		3,532.79		16,538.38		5,416.85		-	
110	Specialized Support Surfaces	4150												
115	Physical Therapy	4200	192,036.94	43,447.01	10,709.14	5,048.84	-				42,960.33		-	
120	Respiratory Therapy	4220	2,612.07		210.06		353.92		782.57		259.88		-	
125	Occupational Therapy	4250	314,236.48	51,099.58	24,309.44	1,738.17	-				64,737.23		-	
130	Speech Pathology	4280	25,263.83	739.13	923.52	-					7,284.00		-	
135	Pharmacy	4300	211,814.66		10,717.50		4,527.79		13,271.11		49,572.63		-	
140	Laboratory	4400	25,035.54		1,006.04		275.09		2,002.39		6,345.85		-	
145	Home Health Services	4800												
155	Other Ancillary Services	4900	20,943.86		1,024.84		8,337.75		16,834.12		3,582.23		-	
170	Subtotal (Lines 106 through 155)		805,755.58	95,285.72	49,441.83	6,787.01	17,027.34		49,428.57		180,159.00		-	
175	Total Gross Revenue (Line 70 + 170)		4,036,948.58	95,285.72	688,551.53	6,787.01	559,914.72		1,807,136.59		189,617.19		-	
Line No.	DEDUCTIONS FROM REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage			
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care	
			(1) Inpatient .04	(2) Outpatient .44	(3) Inpatient .14	(4) Outpatient .54	(5) Inpatient .05	(6) Outpatient .45	(7) Inpatient .15	(8) Outpatient .55	(9) Inpatient .01	(10) Outpatient .41	(11) Inpatient .10	(12) Outpatient .50
205	Charity Adjustments	5100												
210	Administrative Adjustments	5200												
215	Contractual Adjustments - Medicare	5310	806,439.25	27,644.54	38,378.20	2,891.77								
220	Contractual Adjustments - Medi-Cal	5320					17,139.64		49,621.57					
222	Contractual Adjustments - Commercial Coverage	5330									180,159.00			
225	Contractual Adjustments - Other	5340												
230	Other Deductions from Revenue	5400												
240	Total Deductions from Revenue		806,439.25	27,644.54	38,378.20	2,891.77	17,139.64		49,621.57		180,159.00		-	
250	Net Patient Revenue (line 175 - 240)		3,230,509.33	67,641.18	650,173.33	3,895.24	539,775.08		1,757,515.02		9,458.19		-	

Odd Fellows Home of California
Schedule of Patient Revenues – The Meadows of Napa Valley (Continued)
Year Ended March 31, 2025

Report Period End FYE25 (4/1/24-3/31/25)

Self-Pay		Other Payers		Total Gross Revenue			Line No.
(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .09	(16) Outpatient .49	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
1,906,756.00		268,088.67		8,352,200.96	-	8,352,200.96	5
				-	-	-	10
				-	-	-	15
				-	-	-	20
				-	-	-	25
				-	-	-	30
				-	-	-	35
				-	-	-	40
				-	-	-	45
1,906,756.00	-	268,088.67	-	8,352,200.96	-	8,352,200.96	70
7,531.97		4,482.63	-	51,856.11	-	51,856.11	105
17,678.42	42,726.70			-	263,384.83	91,222.55	354,607.38
439.06				-	4,657.56	-	4,657.56
(4,245.00)	9,435.00			-	399,038.15	62,272.75	461,310.90
				-	33,471.35	739.13	34,210.48
12,042.57		1,251.59	-	303,197.85	-	303,197.85	135
42.70		-		-	34,707.61	-	34,707.61
				-	-	-	145
100,420.61		2,058.15	-	153,201.56	-	153,201.56	155
133,910.33	52,161.70	7,792.37	-	1,243,515.02	154,234.43	1,397,749.45	170
2,040,666.33	52,161.70	275,881.04	-	9,595,715.98	154,234.43	9,749,950.41	175

Self-Pay		Other Payers		Total Deductions from Revenue			Line No.
(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .09	(16) Outpatient .49	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
				-	-	-	205
				-	-	-	210
				844,817.45	30,536.31	875,353.76	215
				66,761.21	-	66,761.21	220
				180,159.00	-	180,159.00	222
		7,792.37		7,792.37	-	7,792.37	225
153,866.05				153,866.05	-	153,866.05	230
153,866.05	-	7,792.37	-	1,253,396.08	30,536.31	1,283,932.39	240
1,886,800.28	52,161.70	268,088.67	-	8,342,319.90	123,698.12	8,466,018.02	250

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Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2024 and 2023



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Report of Independent Auditors

The Board of Directors
Odd Fellows Home of California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Odd Fellows Home of California 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Odd Fellows Home California's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities 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 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 Odd Fellows Home of California'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 Odd Fellows Home of California'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Odd Fellows Home of California's basic financial statements. The supplementary schedules of statement of activities by location and the schedule of patient revenues are presented for purposes 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of statement of activities by location and schedule of patient revenues are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



San Francisco, California
July 31, 2024

Financial Statements

Odd Fellows Home of California
Statements of Financial Position
March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,235,348	\$ 7,544,141
Investments	50,463,721	39,412,864
Accounts receivable, net	3,449,189	3,109,008
Employee retention tax credit	-	9,305,999
Supplies and other prepaid expenses	1,497,782	1,353,203
Due from Grand Lodge Endowment Fund	359,126	97,941
Current portion of assets restricted under bond indenture agreement	<u>3,191,822</u>	<u>5,714,577</u>
Total current assets	<u>63,196,988</u>	<u>66,537,733</u>
Property and equipment, net	<u>177,395,442</u>	<u>181,216,629</u>
Other assets		
Assets held in trust	2,852	2,846
Assets restricted under bond indenture agreement, net of current portion	<u>7,832,233</u>	<u>6,427,634</u>
Total other assets	<u>7,835,085</u>	<u>6,430,480</u>
Total assets	<u>\$ 248,427,515</u>	<u>\$ 254,184,842</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 5,646,120	\$ 7,016,460
Accrued interest payable	1,543,175	1,694,500
Refundable deposits	427,954	558,041
Current portion of repayable entrance fees	3,988,943	4,799,805
Current portion of long-term debt	1,215,000	4,020,000
Due to/from PRS MI, net	<u>1,371,612</u>	<u>4,697,538</u>
Total current liabilities	<u>14,192,804</u>	<u>22,786,344</u>
Long-term debt, net of current portion	66,542,287	66,938,750
Repayable entrance fees, net of current portion	125,329,045	127,895,483
Deferred revenue from entrance fees	<u>57,681,243</u>	<u>52,503,524</u>
Total liabilities	<u>263,745,379</u>	<u>270,124,101</u>
Net assets (deficit)		
Without donor restrictions	(15,484,719)	(16,091,276)
With donor restrictions	<u>166,855</u>	<u>152,017</u>
Total net deficit	<u>(15,317,864)</u>	<u>(15,939,259)</u>
Total liabilities and net deficit	<u>\$ 248,427,515</u>	<u>\$ 254,184,842</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2024 and 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Service fees	\$ 41,805,292	\$ 37,387,485
Health center revenues, net	22,404,608	21,042,650
Entrance fees earned	7,993,454	6,931,591
Contributions	1,913,680	11,870,617
Investment income (loss), net	1,770,212	(2,523,912)
Unrealized change in value of investments	6,655,485	1,763,042
Other revenue	<u>778,902</u>	<u>382,672</u>
Total revenues	<u>83,321,633</u>	<u>76,854,145</u>
Net assets released - restricted purpose met	<u>493,593</u>	<u>502,059</u>
Total revenues, gains, and support	<u>83,815,226</u>	<u>77,356,204</u>
Expenses:		
Dietary services	13,793,037	12,019,977
Facility services and utilities	14,958,334	13,351,371
Health and social services	15,812,493	18,547,071
Recreation	462,431	469,181
Assisted living	6,166,883	4,294,997
Administrative and marketing	9,930,009	9,445,923
Interest	2,952,203	3,147,703
Depreciation	13,206,498	12,565,738
Fund disbursement	1,754,237	502,059
Management services	<u>4,006,558</u>	<u>3,448,412</u>
Total expenses	<u>83,042,683</u>	<u>77,792,432</u>
Operating income (loss)	<u>772,543</u>	<u>(436,228)</u>
Nonoperating gain (loss):		
Unrealized change in value of investments	(2,313,413)	(568,839)
Gain on extinguishment of debt	<u>2,147,427</u>	<u>-</u>
Total nonoperating loss	<u>(165,986)</u>	<u>(568,839)</u>
Change in net assets without donor restrictions	<u>606,557</u>	<u>(1,005,067)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	508,431	473,900
Net assets released - restricted purpose met	<u>(493,593)</u>	<u>(502,059)</u>
Change in net assets with donor restrictions	<u>14,838</u>	<u>(28,159)</u>
CHANGE IN NET ASSETS		
Net deficit, beginning of year	<u>(15,939,259)</u>	<u>(14,906,033)</u>
Net deficit, end of year	<u>\$ (15,317,864)</u>	<u>\$ (15,939,259)</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 64,344,172	\$ 58,669,944
Advanced fees received	13,225,870	7,260,138
Other operating cash receipts	778,902	382,670
Cash paid to employees and suppliers	(72,703,942)	(54,716,295)
Interest and bond fees paid	(3,113,543)	(3,552,027)
Contributions received	11,728,110	1,038,518
Interest income	3	1,496
Net cash provided by operating activities	<u>14,259,572</u>	<u>9,084,444</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(8,539,894)	(19,399,596)
Proceeds from sale of property and equipment	3,605	-
Proceeds from sale of investments	4,659,316	11,934,934
Purchases of investments	(9,893,145)	-
Change in assets restricted under bond indenture agreement	5,717,963	126,266
Change in notes receivable	(261,185)	(7,941)
Net cash used in investing activities	<u>(8,313,340)</u>	<u>(7,346,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayable portion of entrance fees received	9,091,787	13,490,808
Refunds of repayable entrance fees	(12,998,238)	(10,613,007)
Principal payments on long-term debt	(68,778,212)	(3,825,000)
Proceeds from issuance of long-term debt	70,484,346	-
Bond issue and financing costs paid	(2,690,552)	-
Net cash used in financing activities	<u>(4,890,869)</u>	<u>(947,199)</u>
Net increase in cash, cash equivalents, and restricted cash	1,055,363	790,908
Cash, cash equivalents, and restricted cash - beginning	<u>14,298,489</u>	<u>13,507,581</u>
Cash, cash equivalents, and restricted cash - ending	<u>\$ 15,353,852</u>	<u>\$ 14,298,489</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 4,235,348	\$ 7,544,141
Cash and cash equivalents in assets restricted - bond indenture	<u>11,118,504</u>	<u>6,754,348</u>
	<u><u>\$ 15,353,852</u></u>	<u><u>\$ 14,298,489</u></u>

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2024 and 2023

	2024	2023
Reconciliation of change in net assets to net cash flows provided by operating activities		
Change in net assets	\$ 621,395	\$ (1,033,226)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	13,206,498	12,565,738
Net amortization of bond premium, financing and issuance costs	(10,015)	(308,699)
Refundable advance	-	(1,999,999)
Nonrefundable portion of entrance fees received from new residents	13,225,870	7,575,259
Entrance fee refunds on nonrefundable contracts	-	(315,122)
Entrance fees earned	(7,993,454)	(6,931,591)
Employee retention tax credit	9,305,999	(9,305,999)
Unrealized change in value of investments	(4,342,072)	(1,194,203)
Investment income (loss)	(1,770,209)	2,525,407
Gain on extinguishment of debt	(2,147,427)	-
Net change in:		
Accounts receivable, net	134,272	239,808
Supplies and other prepaid expenses	(144,579)	181,404
Accounts payable and accrued expenses	(2,219,362)	3,163,237
Other liabilities	(6)	(5)
Accrued interest payable	(151,325)	(95,625)
Due to PRS MI, net	(3,325,926)	4,082,957
Refundable deposits	(130,087)	(64,897)
Net cash provided by operating activities	\$ 14,259,572	\$ 9,084,444
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 3,213,932	\$ 3,503,736
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	\$ 903,562	\$ 474,549

See accompanying notes.

Odd Fellows Home of California

Notes to Financial Statements

Note 1 – Organization

Organization and basis of presentation – The Odd Fellows Home of California (the “Corporation”) is a non-profit public benefit corporation organized under the California Non-Profit Public Benefit Corporation Law for charitable purposes. It was originally established by the Grand Lodge of California, Independent Order of Odd Fellows (“Grand Lodge”) in 1893 and has been operating in Saratoga since 1912. On July 31, 2002, the Corporation merged with the California Odd Fellows Home of Napa, Inc. (“The Meadows”), also a non-profit public benefit corporation, established by the Grand Lodge in 1992. The Meadows continues to operate as in the past, but its corporate structure has been joined with the Odd Fellows Home of California (the surviving corporation).

The Saratoga facility (dba Saratoga Retirement Community) is a life plan community, located in Saratoga, California, consisting of 143 independent living apartments, 88 assisted living apartments, a 94-bed skilled nursing facility, and 15 memory care beds.

The Napa facility (dba The Meadows of Napa Valley) is a life plan community, located in Napa, California, consisting of 223 independent living apartments, 41 assisted living apartments, a 60-bed skilled nursing facility, and 20 memory care beds.

Note 2 – Summary Of Significant Accounting Policies

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Updated (“ASU”) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represent resources available to support the Corporation’s operations and donor restricted resources which have become available for use by the Corporation in accordance with the intention of the donor. Board designated net assets totaled \$8,338,814 and \$8,090,139 at March 31, 2024 and 2023, respectively.

Net assets with donor restrictions – Represent contributions that are limited in use by the Corporation in accordance with donor-imposed stipulations. Some donor-imposed 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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Performance indicator – “Operating income (loss)”, as reflected in the accompanying statements of activities and changes in net assets is the performance indicator. Operating income (loss) includes all changes in net assets without donor restrictions and exclude unrealized change in value of investments related to debt securities and gain on extinguishment of debt.

Odd Fellows Home of California

Notes to Financial Statements

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenses, gains, and losses during the reporting period. Significant items subject to such estimates and assumptions include the future services obligation and deferred revenue from entrance fees. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include cash, money market accounts, and other securities with maturities of three months or less at the date of acquisition that are not otherwise held by an investment advisor or restricted under bond indenture agreements.

Investments – Investments are stated at fair value based on quoted market prices. Investments acquired by gift are recorded at fair value on the date received. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported in the statements of activities and changes in net assets. Investment income is reported as an increase in net assets without donor restrictions, depending on donor-imposed restrictions on the use of the income. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees. The Corporation's policy is to recognize transfers in and out of Level 1 and Level 2 as of the end of the reporting period.

Accounts receivable – Accounts receivable primarily represents amounts due from residents for living accommodations and services, amounts due from third parties, and interest receivable. The Corporation receives payment for health services from residents, insurance companies, Medicare, Medi-Cal, Health Maintenance Organizations ("HMOs"), and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts and by providing appropriate allowances for uncollectible accounts. An allowance for credit losses is established based on past collection history and specific identification of uncollectible amounts.

Accounts receivable are stated at amounts management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to bad debt and a credit to a credit loss allowance based on its assessment of the current status of individuals' balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the residents accounts receivable.

Resident and insurance collection efforts are documented according to policy and include receivables that have a contractual maturity of less than one year.

The accounts receivable balance as of April 1, 2022, was \$3,285,886.

Employee retention tax credit – In fiscal year 2023 the Corporation applied for an employee retention tax credit under the CARES Act with the IRS, which is recorded as a conditional contribution in accordance with ASC 958-605. We have evaluated the conditions required by the IRS to be eligible for the credit and believe we have fulfilled all those conditions as of March 31, 2023, and have recognized \$9,305,999 as contribution revenue during the year then ended and collected during the year ended March 31, 2024.

Supplies inventory – The accounting method used to record inventory is the first in first out ("FIFO") method. Inventory is valued at the lower of cost or net realizable value as of March 31, 2024 and 2023.

Odd Fellows Home of California

Notes to Financial Statements

Restricted deposits – Restricted deposits include funds placed in escrow by prospective residents who wish to reserve an independent living unit, recently under construction at The Meadows of Napa Valley. The deposits are made according to the guidelines set forth in The Continuing Care Contract Statutes for the State of California in the Health and Safety Codes Chapter 10 of Division 2, Section 1781, which requires that all deposits shall be placed in an escrow account and remain until the department has authorized release of the deposits, as provided in Section 1783.3. The funds are held in individual interest-bearing accounts maintained by U.S. Bank, N.A.

Assets restricted under bond indenture agreements – The bond indenture agreements require that certain funds be invested and held with a Trustee in various required accounts. These required deposits and their related actual account balances are as follows:

	Investment Location	Invested Balance 2024	Invested Balance 2023
Principal fund	Trustee	\$ -	\$ 4,020,000
Bond project fund	Trustee	6,397,916	-
Interest fund	Trustee	-	1,694,577
Revenue fund	Trustee	3,191,822	-
Debt service reserve	Trustee	<u>1,434,317</u>	<u>6,427,634</u>
Total assets restricted under bond indenture agreement		<u>\$ 11,024,055</u>	<u>\$ 12,142,211</u>

Property and equipment – Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. The Corporation capitalizes fixed assets with a cost of greater than \$2,500. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in expense for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the years ended March 31, 2024 and 2023.

Odd Fellows Home of California Notes to Financial Statements

Refundable deposits – Refundable deposits contain application fees paid and deposits paid by residents who have selected a unit for move-in.

The Meadows of Napa Valley – Each applicant for residency is required to pay a \$1,000 application fee deposit. This deposit will be repaid if the application is denied. If the application is approved, but subsequently withdrawn, the application fee will be repaid per the provisions of the application form. When a unit becomes available, a CCRC applicant is required to pay an entrance fee deposit, which varies in amount, prior to occupancy. This deposit is refundable prior to occupancy. For applicants who execute a rental agreement, the \$1,000 is nonrefundable after three months of residency.

Saratoga Retirement Community – Each applicant for residency is required to pay a \$1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved but subsequently withdrawn, the application fee will be refunded per the provisions of the application form. When a unit becomes available, the applicant is also required to pay an entrance fee deposit, which varies in amount, to reserve the unit prior to occupancy. This deposit is refundable prior to occupancy.

Deferred revenue from entrance fees – Nonrepayable fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue. On March 31, 2024 and 2023, the Corporation had nonrepayable deferred entrance fees of \$57,681,243 and \$52,503,524, respectively.

Entrance fees repayable upon reoccupancy – The other contracts are 50%, 85%, 90%, or 95% repayable at the time of reoccupancy after termination of the contract. The nonrepayable portion is amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such balances are amounts expected to be repaid to residents as actuarially determined. The repayable portion of entrance fees as of March 31, 2024 and 2023, were \$129,317,988 and \$132,695,288, respectively, of which \$3,988,943 and \$4,799,805, respectively, is due to residents, at the time the apartment is re-occupied by another resident and is included in current portion of entrance fees repayable upon reoccupancy. Actual repayments of such entrance fees were \$12,998,238 and \$10,613,007 for the years ended March 31, 2024 and 2023, respectively.

Obligation to provide future services – The Corporation regularly analyzes the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities to be provided exceeds the balance of deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% for 2024 and 2023, based on the expected long-term rate of return on government obligations. The Corporation evaluates this annually, and a liability was not deemed to exist at March 31, 2024 and 2023.

Professional and general liability – The Corporation has secured claims-made policies for general and professional liability insurance with self-insured retentions of \$50,000 per claim with limits of \$1,000,000 per claim and \$3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of \$10,000,000 per claim and \$10,000,000 aggregate per policy period. The policy period begins on January 1, 2024, and ends on January 1, 2025.

Odd Fellows Home of California

Notes to Financial Statements

Contributions – The Corporation reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Donor-restricted contributions and related gains and investment income are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a 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 statements of activities and changes in net assets as net assets released from restrictions.

Revenue recognition –

Service fees revenue

Service fees revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for the services provided. Under the Corporation's continuing care agreements, the Corporation provides senior living services to residents for a stated monthly fee. The Corporation recognizes revenue for senior living services under the continuing care agreement for independent living, assisted living, and memory care services in accordance with the provisions of ASC 842, *Leases* ("ASC 842").

Under the Corporation's senior living residency agreements, which are generally for a contractual term of 30 days to one year, the Company provides senior living services to residents for a stated daily or monthly fee. The Corporation has elected the lessor practical expedient within ASC 842 and recognizes, measures, presents, and discloses the revenue for services under the Corporation's senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. The Corporation has determined that the services included under the Corporation's independent living, assisted living, and memory care residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. The Corporation recognizes revenue under ASC 606, *Revenue Recognition from Contracts with Customers* ("ASC 606") for its independent living, assisted living, and memory care residency agreements for which it has estimated that the nonlease components of such residency agreements are the predominant component of the contract.

Health center revenue

Health center revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for providing care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills patients and third-party payors at the beginning of each month and sends a final bill or reconciliation at the time of discharge. Revenue is recognized in the month in which the performance obligations are satisfied.

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Notes to Financial Statements

The Corporation determines the transaction price based on standard charges for goods and services provided, adjusted by contractual agreements with third parties. These agreements with third-party payors may provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Skilled services are paid at prospectively determined rates per day based on Medicare-defined diagnostic assessments. Nonskilled services are paid based on cost reimbursement methodologies or established fee schedules.
- Secondary Insurance: Payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations provide for payment using prospectively determined rates per day, primary coverage rates, and co-pays and deductibles not covered under primary insurance.

Settlements with third-party payors for retroactive adjustments due to audits, review or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor and correspondence from the payor, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The initial estimate of the transaction price is determined by adjusting the standard charge by any contractual adjustments based on each insurance plan. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to health center revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended March 31, 2024 and 2023, was not significant.

The following table shows health center revenue by payor:

	<u>Year Ended March 31, 2024</u>	<u>Year Ended March 31, 2023</u>
Health center by payor		
Private pay	\$ 7,445,638	\$ 6,925,252
Medicare	7,876,623	7,288,140
Insurance	5,436,969	5,532,923
Medi-Cal	813,368	661,015
Other	<u>832,010</u>	<u>635,320</u>
	<u><u>\$ 22,404,608</u></u>	<u><u>\$ 21,042,650</u></u>

Approximately 39% and 38% of health center revenue for the years ended March 31, 2024 and 2023, respectively, were derived under federal and state third-party reimbursement programs.

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Amortization of entrance fees

The Corporation receives an entrance fee upon execution of the continuing care agreement, as well as a monthly service fee. The continuing care agreement provides the resident occupancy of a specified unit and continued care within the Corporation. The continuing care agreement creates a performance obligation to be satisfied over the resident's remaining life at the Corporation. The Corporation recognizes the revenue associated with the nonrepayable portion of entrance fee using a straight-line method over the actuarially determined estimated life of each resident. Resident life expectancies are reevaluated annually and any changes in the revenue as a result of that revaluation will be recognized in the period noted. As of March 31, 2024 and 2023, the Corporation had \$57,681,243 and \$52,503,524 in unearned deferred revenue to be recognized as the performance obligations are satisfied. See Note 12 for changes in the unearned entrance fee revenue for the years ended March 31, 2024 and 2023. The performance obligation is satisfied upon termination of the continuing care agreement.

Charity care – The Corporation provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Tax exempt status – The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses.

Concentrations of credit risk – The Corporation's cash, cash equivalents, investments, and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"), the fair value of debt securities is dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its residents and patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables as of March 31, 2024 and 2023, from residents and third-party payors is listed in Note 4.

Odd Fellows Home of California Notes to Financial Statements

If any of the financial institutions with whom we do business were to be placed into receivership, we may be unable to access the cash and cash equivalents we have on deposit with such institutions. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair value of financial instruments – The carrying values of cash, investments, accounts receivable, accounts payable and accrued expenses, refundable deposits, and due to/from PRS Management, Inc. (“PRS MI”) approximate fair value due to the short maturity of such instruments. The fair values of investments and assets restricted under bond indenture agreements are disclosed in Note 14.

Advertising – The Corporation expenses advertising costs as incurred. The Corporation incurred advertising costs of \$646,363 and \$413,500 for the years ended March 31, 2024 and 2023, respectively.

New accounting pronouncements – In March 2020, the FASB issued ASU 2020-04, (“Topic 848”): *Facilitation of the Effects of Reference Rate Reform of Financial Reports* (“ASU 2020-04”) to provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. ASU 2020-04 is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 was subject to election as of March 12, 2020, and can be elected for both interim and annual periods through December 31, 2024. The Corporation adopted ASU 2020-04 on April 1, 2023, and the adoption did not have a material impact to the Corporation’s financial statements.

In June 2016, FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), intended to improve the timing, and enhance the accounting and disclosure, of credit losses on financial assets. This update modified the existing accounting guidance related to the impairment evaluation for available-for-sale debt securities, reinsurance recoverables, and premiums receivables and could result in the creation of an allowance for credit losses as a contra asset account. The ASU requires a cumulative-effect change to retained earnings in the period of adoption and prospective changes on previously recorded impairments, to the extent applicable. The Corporation adopted ASU 2016-03 on April 1, 2023, using the modified retrospective approach. The adoption did not have a material impact to the Corporation’s financial statements.

Note 3 – Investment Income

Income from investments, assets restricted under bond indenture agreements, and cash and cash equivalents are comprised of the following for the years ended March 31:

	2024	2023
Dividends and interest, net	\$ 1,341,645	\$ 215,459
Realized gains (losses) on investments	<u>428,567</u>	<u>(2,739,371)</u>
	<u><u>\$ 1,770,212</u></u>	<u><u>\$ (2,523,912)</u></u>

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Investment income is reported net of investment expenses of \$217,934 and \$205,688 for the years ended March 31, 2024 and 2023, respectively.

Note 4 – Accounts Receivable

Accounts receivable consists of the following at March 31:

	2024	2023
Medicare	\$ 693,070	20%
Medi-Cal	890,046	25%
Insurance	225,331	6%
Resident monthly fees	717,417	20%
Entrance fees	556,704	16%
Other	<u>460,671</u>	13%
Subtotal accounts receivable	3,543,239	3,182,677
Less allowance for credit losses	<u>(94,050)</u>	<u>(73,669)</u>
Total accounts receivable, net	<u><u>\$ 3,449,189</u></u>	<u><u>\$ 3,109,008</u></u>

Note 5 – Property and Equipment

Property and equipment consists of the following at March 31:

	2024	2023
Land	\$ 6,887,183	\$ 6,887,183
Buildings and land improvements	285,608,114	276,399,028
Furniture and equipment	<u>25,222,155</u>	<u>24,040,834</u>
Total property and equipment	<u>317,717,452</u>	<u>307,327,045</u>
Less accumulated depreciation	(148,085,588)	(135,323,678)
Construction in progress	<u>7,763,578</u>	<u>9,213,262</u>
Property and equipment, net	<u><u>\$ 177,395,442</u></u>	<u><u>\$ 181,216,629</u></u>

Note 6 – Unamortized Debt Issuance Costs

Debt issuance costs associated with the Series 2012A and 2023 bond issuances are being amortized using an effective interest method over the terms of the bonds. The Series 2021A bond issuance costs were written off when they were redeemed and refinanced with the Series 2023 bonds. Amortization expense amounted to \$65,369 and \$69,074 for the years ended March 31, 2024 and 2023, respectively.

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Notes to Financial Statements

The balance of unamortized debt issuance costs consists of the following:

	2024	2023
Costs related to bond issuances	\$ 1,391,616	\$ 1,417,893
Less accumulated amortization	<u>(65,369)</u>	<u>(882,189)</u>
 Unamortized debt issuance costs	 <u>\$ 1,326,247</u>	 <u>\$ 535,704</u>

Note 7 – Deferred Financing Costs

In connection with the issuance of the \$98.5 million Series 2012A bonds (see Note 8), the Office of Statewide Health Planning and Development of the State of California (“Cal-Mortgage”) was paid \$3,638,187 at the bond closing on October 1, 2012, for the cost of insuring the bonds over the 29 years and 5 months’ term. This was written off when the 2012A bonds were redeemed and refinanced with the Series 2023 bonds. In connection with the issuance of the \$67,065,000 Series 2023 bonds (see Note 8), the Department of Health Care Access and Information was paid \$1,298,936 at the bond closing on August 8, 2023, for the cost of insuring the bonds over the 30 years and 2 months’ term.

Amortization expense amounted to \$118,169 and \$177,635 for the years ended March 31, 2024 and 2023, respectively. The unamortized balance is as follows:

	2024	2023
Deferred financing costs	\$ 1,298,936	\$ 3,638,187
Less accumulated amortization	<u>(62,407)</u>	<u>(2,272,733)</u>
 Unamortized deferred financing costs	 <u>\$ 1,236,529</u>	 <u>\$ 1,365,454</u>

Note 8 – Long-Term Debt

Long-term debt at March 31 consisted of the following:

	2024	2023
Insured Senior Living Revenue Bonds, Series 2012A	\$ -	\$ 68,655,000
Insured Senior Living Revenue Bonds, Series 2023	67,065,000	-
Add: unamortized premium	3,255,063	4,204,908
Less: current portion	(1,215,000)	(4,020,000)
Less: unamortized debt issuance and deferred financing costs	<u>(2,562,776)</u>	<u>(1,901,158)</u>
 Total long-term debt	 <u>\$ 66,542,287</u>	 <u>\$ 66,938,750</u>

Series 2012A Insured Senior Living Revenue Bonds – On October 25, 2012, ABAG Financing Authority issued \$98,550,000 of Revenue Bonds. The bonds bear interest at an average rate of 4.9%. The bonds were used to refinance prior debt, and finance among other things capital improvements. The bonds are subject to redemption, as scheduled, prior to final maturity in April 2042. On August 8, 2023 the bonds were redeemed and refinanced with the Series 2023 bonds.

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Series 2023 Insured Senior Living Revenue Bonds – On August 8, 2023, California Statewide Communities Development Authority issued \$67,065,000 of Revenue and Refunding Bonds. The bonds bear interest at an average of 4.4%. The bonds were used to refinance prior debt, and finance among other things capital improvements. The bonds are subject to redemption, as scheduled, prior to final maturity in October 2053.

The Corporation has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

The Corporation is subject to financial covenants on long-term debt which include a debt service coverage ratio, current ratio and minimum days of cash-on-hand requirement. Management believes the Corporation was in compliance with all provisions as of March 31, 2024 and 2023.

Bond interest expense on the Series 2012A and Series 2023 Bonds was \$2,760,846 and \$3,389,000 for the years ended March 31, 2024 and 2023, respectively.

Aggregate mandatory maturities of long-term debt, shown net of premiums, are as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Total</u>
2025	\$ 1,215,000
2026	1,935,000
2027	2,030,000
2028	2,135,000
2029	2,240,000
Thereafter	<u>57,510,000</u>
 Total	 67,065,000
Add: unamortized premium	3,255,063
Less: unamortized debt issuance and deferred financing costs	<u>(2,562,776)</u>
	 <u>\$ 67,757,287</u>

Grand Lodge guarantees – In October 2012, the Grand Lodge entered into a guarantee agreement with Cal-Mortgage, the mortgage insurers of the Series 2012A Bonds. The Series 2012A Bonds were issued to refinance the 1993, 1999, and 2003 bonds, these refunded bonds were also under guarantee by the Grand Lodge. The Guarantee has been a required prerequisite by Cal-Mortgage. The 2012 Guarantee agreement allows for release of the agreement by submission of written request to Cal-Mortgage if the Corporation has met all payment obligations, is not in default with any covenants, and has, for at least 5 consecutive years, maintained as of each fiscal year end, a debt service coverage ratio of at least 1.30, maintained greater than 300 days cash on hand, and a current ratio of at least 1.5. This agreement was terminated with the issuance of the Series 2023 bonds.

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Notes to Financial Statements

Note 9 – Management and Development Agreements

On August 1, 2017, the Corporation executed a management contract with PRS MI, which commenced on August 1, 2017, and will continue for five (5) years and may be renewed for an additional three (3) years. The current contract expires on July 31, 2025.

Management and accounting fees charged by PRS MI were as follows for the years ended March 31:

	2024	2023
Management and accounting services for Saratoga Retirement Community	\$ 2,325,459	\$ 1,858,962
Management and accounting services for The Meadows of Napa Valley	<u>1,681,099</u>	<u>1,589,450</u>
	<u><u>\$ 4,006,558</u></u>	<u><u>\$ 3,448,412</u></u>

The amount owed for management services and other expenses to this related party was \$1,371,612 and \$4,697,538 as of March 31, 2024 and 2023, respectively.

In addition to management services, the Corporation pays for travel, marketing, and other services provided by PRS MI personnel.

Note 10 – Related Party Transactions

The Corporation is under the control of the Grand Lodge, a non-profit corporation exempt under Internal Revenue Code section 501(c)(8) and California Revenue and Taxation Code Section 23701(b). Also affiliated with the Corporation is the Rebekah Assembly of California, a related non-profit corporation, which is exempt under the same code sections as the Grand Lodge.

The composition of the members of the Board of Directors of the Corporation is determined in the bylaws. Four directors, who are members of the order, and four directors, who may or may not be members of the order, but are from the professional sector (legal, accounting, medical, and financial) are elected by the Grand Lodge. Three directors, who are members of the order, are elected by the Rebekah Assembly. Two resident directors are appointed by the board: one from Saratoga Retirement Community and one from The Meadows of Napa Valley. In addition, the Grand Secretary and Grand Treasurer of the Grand Lodge are ex-officio members of the board with voting rights.

The Grand Lodge provides administrative services to the Corporation. During the years ended March 31, 2024 and 2023, a total of \$259,340 and \$229,434 was paid to the Grand Lodge, \$83,252 from The Meadows of Napa Valley and \$176,088 from Saratoga Retirement Community for the year ended March 31, 2024, and \$77,548 from The Meadows of Napa Valley and \$151,886 from Saratoga Retirement Community for the year ended March 31, 2023.

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The Odd Fellows Home Endowment Fund of the Grand Lodge was created to help fund the operations of the Corporation. Investment income earned by the fund and passed through to the Corporation for the years ended March 31, 2024 and 2023, amounted to \$1,101,128 and \$539,114, respectively, which is included in contributions on the statement of activities and changes in net assets, of which \$359,126 was receivable by the Corporation at March 31, 2024 and \$97,941 was receivable by the Corporation at March 31, 2023.

Note 11 – Retirement Plan

The Corporation has a 403(b) retirement plan that provides matching funds for employees who have reached the age of 21 and have completed one year of service of at least 1,000 hours. Contributions to the plan are based on a match of the employee's own contribution (determined for each plan year at the Corporation's discretion), up to a maximum of 4% of plan compensation, evaluated each calendar year. Total contributions charged to expense for the plan were \$610,029 and \$643,874 for the years ended March 31, 2024 and 2023, respectively.

Note 12 – Deferred Revenue from Entrance Fees

	2024	2023
Balance, beginning of year	\$ 52,503,524	\$ 52,174,978
New fees received	13,225,870	7,575,259
Entrance fees repaid	-	(315,122)
Amortization of fees	(7,993,454)	(6,931,591)
Other changes in account payable and notes receivable	(54,697)	-
 Balance, end of year	 <u>\$ 57,681,243</u>	 <u>\$ 52,503,524</u>

Note 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of March 31:

	2024	2023
Other Funds	\$ 82,550	\$ 67,712
Frank Manders Memorial Fund	71,718	71,718
Endowment Fund	12,587	12,587
 \$ 166,855	 <u>\$ 166,855</u>	 <u>\$ 152,017</u>

Contributions received in prior years of \$84,305 have been restricted by donors to allow only earnings to be used for general purposes.

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Notes to Financial Statements

Note 14 – Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at March 31, 2024 and 2023, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities, fixed income securities, mutual funds, and cash equivalents included in money market funds.

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The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31:

	2024				Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	\$ 12,230,699	\$	-	\$	-
Fixed income					
Long term bond	3,561,394		-		3,561,394
Intermediate term bond	4,571,790		-		4,571,790
Short term bond	2,218,085		-		2,218,085
Fixed income blend	2,154,729		-		2,154,729
Treasury/government securities	2,811,740		-		2,811,740
Equity securities					
Large cap value	5,755,263		-		5,755,263
Large cap growth	8,037,671		-		8,037,671
Small/mid cap growth	3,981,183		-		3,981,183
Small/mid cap value	4,092,493		-		4,092,493
International	7,686,741		-		7,686,741
Equities blend	851,649		-		851,649
Mutual funds	<u>2,391,923</u>		<u>-</u>		<u>2,391,923</u>
Investments measured at fair value	<u>\$ 60,345,360</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>60,345,360</u>
Investments measured at NAV:					
Hedge funds					1,145,268
Total assets					<u>\$ 61,490,628</u>

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	2023				Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	\$ 7,540,248	\$ -	\$ -	\$ 7,540,248	
Fixed income					
Long term bond	128,721	-	-	128,721	
Intermediate term bond	1,287,444	-	-	1,287,444	
Short term bond	657,919	-	-	657,919	
Fixed income blend	2,374,467	-	-	2,374,467	
Treasury/government securities	8,304,180	-	-	8,304,180	
Equity securities					
Large cap value	4,484,355	-	-	4,484,355	
Large cap growth	6,434,082	-	-	6,434,082	
Small/mid cap growth	2,389,591	-	-	2,389,591	
Small/mid cap value	3,055,622	-	-	3,055,622	
International	2,542,019	-	-	2,542,019	
Equities blend	788,411	-	-	788,411	
Mutual funds	9,476,839	-	-	9,476,839	
Investments measured at fair value	<u>\$ 49,463,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>49,463,898</u>	
Investments measured at NAV:					
Hedge funds					<u>2,094,023</u>
Total assets					<u>\$ 51,557,921</u>

During 2024 and 2023, there were no transfers into and out of Level 3 of the fair value hierarchy. At March 31, 2024 and 2023, the timing of liquidation of the assets measured using net asset value ("NAV") as a practical expedient and the date when restrictions from redemption might lapse are unknown.

The following table provides the fair value and redemption terms and restrictions for investments measured using NAV as a practical expedient at March 31:

Fund Type	2024 Fair Value	2023 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds (a)	\$ 1,145,268	\$ 2,094,023	\$ -	Daily, monthly, quarterly	Daily, 30 days, 60 days

(a) This category invests in investment funds. The investment objective is to preserve and grow capital. The Investment Manager assists the Fund by identifying high-quality investment managers with above-average investment histories and/or prospects (the "Portfolio Managers"), and allocating and reallocating the Fund's assets to discretionary investment accounts and/or private investment vehicles (the "Investment Funds") managed by such Portfolio Managers. The Fund may invest in any type of Investment Fund within the investment policy statement. Generally, these Investment Funds may be liquidated and other Investment Funds may be added or liquidated at the discretion of the investment committee or board of directors. The fair values of investments in this category have been estimated using the NAV per share of investments.

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The Board of Directors, in conjunction with the external investment advisors and management, monitors and analyzes the valuation of the investments on a quarterly basis. The valuations consider variables such as financial performance of several publicly traded companies in the oil and gas market, recent sales prices of investments, and other pertinent information.

Short-term investments consist of the following at fair value at March 31:

	2024	2023
Cash and cash equivalents		
including amounts held for investment purposes	\$ 12,230,699	\$ 7,540,248
Equity, fixed income, mutual funds, and hedge fund investments	<u>49,259,929</u>	<u>44,017,673</u>
 Total	 61,490,628	 51,557,921
Less assets restricted under bond indenture agreement	(11,024,055)	(12,142,211)
Less assets held in trust	<u>(2,852)</u>	<u>(2,846)</u>
 Total short-term investments	 <u>\$ 50,463,721</u>	 <u>\$ 39,412,864</u>

Note 15 – Commitments and Contingencies

Employee retention tax credit – Management has reviewed the eligibility criteria and concluded the Corporation is eligible for the Employee Retention Credit (“ERC”) under the CARES Act. Total ERC recorded as of March 31, 2023, was \$9,305,999. Laws and regulations concerning government programs, including the ERC established by the CARES Act are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Corporation’s claim to the ERC, and it is not possible to determine the impact (if any) this would have on the Corporation.

Litigation – The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

Health care reform – The Patient Protection and Affordable Care Act (“PPACA”) allowed for the expansion of Medicaid members in the State of California. Any further federal or state changes to funding could have an impact on the Corporation. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the Corporation is uncertain at this time.

Note 16 – Statutory Reserves

The Corporation is certified as a CCRC by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires CCRCs to establish liquid reserves (cash, marketable securities, etc.) equal to, or greater than, the annual principal and interest payments on long-term obligations plus 75 days of the CCRC’s adjusted operating expenses. The Corporation’s liquid reserves at March 31, 2024 and 2023, were sufficient to meet this requirement.

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Notes to Financial Statements

Note 17 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, comprise the following:

	2024	2023
Cash and cash equivalents	\$ 4,235,348	\$ 7,544,141
Accounts receivable, net and due from Grand Lodge Endowment Fund	3,449,189	3,109,008
Employee retention tax credit	-	9,305,999
Investments	<u>50,463,721</u>	<u>39,412,864</u>
	<u><u>\$ 58,148,258</u></u>	<u><u>\$ 59,372,012</u></u>

As part of the Corporation's liquidity management plan, it invests cash in excess of its daily requirements in short-term investments, which can be sold and used for operations if necessary.

Note 18 – Functional Expenses

	Year Ended March 31, 2024		
	Program	Management	Total
Salaries and benefits	\$ 34,336,809	\$ 2,967,051	\$ 37,303,860
Supplies	6,077,055	278,016	6,355,071
Services	6,583,160	5,618,000	12,201,160
Depreciation	13,206,498	-	13,206,498
Interest and financing	2,952,203	-	2,952,203
Utilities	4,558,566	-	4,558,566
Other	<u>2,376,313</u>	<u>4,089,012</u>	<u>6,465,325</u>
	<u><u>\$ 70,090,604</u></u>	<u><u>\$ 12,952,079</u></u>	<u><u>\$ 83,042,683</u></u>
Year Ended March 31, 2023			
	Program	Management	Total
Salaries and benefits	\$ 32,280,528	\$ 2,657,241	\$ 34,937,769
Supplies	6,320,226	323,402	6,643,628
Services	6,205,377	5,415,468	11,620,845
Depreciation	12,565,738	-	12,565,738
Interest and financing	3,147,703	-	3,147,703
Utilities	4,143,002	-	4,143,002
Other	<u>2,084,454</u>	<u>2,649,293</u>	<u>4,733,747</u>
	<u><u>\$ 66,747,028</u></u>	<u><u>\$ 11,045,404</u></u>	<u><u>\$ 77,792,432</u></u>

The financial statements report certain expense categories that are attributable to more than one residential, health care or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, amortization, interest, and other occupancy costs, are allocated based on the departmental applicability within each function.

Odd Fellows Home of California

Notes to Financial Statements

Note 20 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued.

The Corporation has evaluated subsequent events through July 31, 2024, which is the date the financial statements are issued.

Supplementary Information

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2024

	Saratoga Retirement Community	The Meadows of Napa Valley	The Odd Fellows Home of California	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Service fees	\$ 23,212,220	\$ 18,593,072	\$ -	\$ 41,805,292
Health center revenues, net	14,767,153	7,637,455	-	22,404,608
Entrance fees earned	5,185,116	2,808,338	-	7,993,454
Contributions	765,161	1,148,519	-	1,913,680
Investment income, net	-	-	1,770,212	1,770,212
Unrealized change in value of investments	-	-	6,655,485	6,655,485
Other revenue	350,183	428,719	-	778,902
Total revenues	44,279,833	30,616,103	8,425,697	83,321,633
Net assets released - restricted purpose met	207,500	286,093	-	493,593
Total revenues, gains, and support	44,487,333	30,902,196	8,425,697	83,815,226
Expenses:				
Dietary services	7,662,098	6,130,939	-	13,793,037
Facility services and utilities	8,022,881	6,935,453	-	14,958,334
Health and social services	9,829,008	5,983,485	-	15,812,493
Recreation	193,762	268,669	-	462,431
Assisted living	3,587,589	2,579,294	-	6,166,883
Administrative and marketing	4,719,140	5,210,869	-	9,930,009
Interest	-	-	2,952,203	2,952,203
Depreciation	5,133,072	8,073,426	-	13,206,498
Fund disbursement	514,994	1,079,927	159,316	1,754,237
Management services	2,325,459	1,681,099	-	4,006,558
Total expenses	41,988,003	37,943,161	3,111,519	83,042,683
Operating income (loss)	2,499,330	(7,040,965)	5,314,178	772,543
Nonoperating loss:				
Unrealized change in value of investments	-	-	(2,313,413)	(2,313,413)
Gain on extinguishment of debt	-	-	2,147,427	2,147,427
Total nonoperating loss	-	-	(165,986)	(165,986)
Change in net assets without donor restrictions	2,499,330	(7,040,965)	5,148,192	606,557
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	216,900	291,531	-	508,431
Net assets released - restricted purpose met	(207,500)	(286,093)	-	(493,593)
Change in net assets with donor restrictions	9,400	5,438	-	14,838
CHANGES IN NET ASSETS (DEFICIT)	\$ 2,508,730	\$ (7,035,527)	\$ 5,148,192	\$ 621,395

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2023

	Saratoga Retirement Community	The Meadows of Napa Valley	The Odd Fellows Home of California	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Service fees	\$ 21,340,394	\$ 16,047,091	\$ -	\$ 37,387,485
Health center revenues, net	13,590,606	7,452,044	-	21,042,650
Entrance fees earned	4,232,462	2,699,129	-	6,931,591
Contributions	6,609,064	5,261,553	-	11,870,617
Investment loss, net	-	-	(2,523,912)	(2,523,912)
Unrealized change in value of investments	-	-	1,763,042	1,763,042
Other revenue	145,812	236,860	-	382,672
Total revenues	45,918,338	31,696,677	(760,870)	76,854,145
Net assets released - restricted purpose met	241,759	260,300	-	502,059
Total revenues, gains, and support	46,160,097	31,956,977	(760,870)	77,356,204
Expenses:				
Dietary services	6,663,608	5,356,369	-	12,019,977
Facility services and utilities	6,936,575	6,414,796	-	13,351,371
Health and social services	10,854,379	7,692,692	-	18,547,071
Recreation	174,822	294,359	-	469,181
Assisted living	2,563,936	1,731,061	-	4,294,997
Administrative and marketing	4,788,473	4,657,450	-	9,445,923
Interest	-	-	3,147,703	3,147,703
Depreciation	4,788,102	7,777,636	-	12,565,738
Fund disbursement	241,759	260,300	-	502,059
Management services	1,858,962	1,589,450	-	3,448,412
Total expenses	38,870,616	35,774,113	3,147,703	77,792,432
Operating income (loss)	7,289,481	(3,817,136)	(3,908,573)	(436,228)
Nonoperating loss:				
Unrealized change in value of investments	-	-	(568,839)	(568,839)
Total nonoperating loss	-	-	(568,839)	(568,839)
Change in net assets without donor restrictions	7,289,481	(3,817,136)	(4,477,412)	(1,005,067)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	243,013	230,887	-	473,900
Net assets released - restricted purpose met	(241,759)	(260,300)	-	(502,059)
Change in net assets with donor restrictions	1,254	(29,413)	-	(28,159)
CHANGES IN NET ASSETS (DEFICIT)	\$ 7,290,735	\$ (3,846,549)	\$ (4,477,412)	\$ (1,033,226)

Odd Fellows Home of California
Schedule of Patient Revenues – Saratoga Retirement Community
Year Ended March 31, 2024

4.2

REVENUE INFORMATION

Organization Name Saratoga Retirement Community

Report Period End 3/31/2024

Line No.	GROSS REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage				Line No.	
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care			
			(1) Inpatient .04	(2) Outpatient .44	(3) Inpatient .14	(4) Outpatient .54	(5) Inpatient .05	(6) Outpatient .45	(7) Inpatient .15	(8) Outpatient .55	(9) Inpatient .01	(10) Outpatient .41	(11) Inpatient .10	(12) Outpatient .50		
5	Routine Services:														5	
5	Skilled Nursing Care	40500	4,876,016.79				589,167.55			503,765.30		2,508,591.66		3,950.12		10
10	Intermediate Care															10
15	Mentally Disordered Care															15
20	Developmentally Disabled Care															20
25	Sub-Acute Care															25
30	Sub-Acute Care - Pediatric															30
35	Transitional Inpatient Care															35
40	Hospice Inpatient Care															40
45	Other Routine Services															45
70	Subtotal (Lines 5 through 45)		4,876,016.79		589,167.55		503,765.30		2,508,591.66		3,950.12					70
105	Ancillary Services:															105
105	Patient Supplies	40530	31,967.97				3,882.61			5,913.06		27,119.20		136.22		105
110	Specialized Support Surfaces															110
115	Physical Therapy	40540	312,557.43	23,425.39	60,092.95								365.82	1,009.41		115
120	Respiratory Therapy															120
125	Occupational Therapy	40540	278,365.13	33,078.00	56,213.20								125.67	125.67		125
130	Speech Pathology	40540	41,076.79	4,429.55	3,408.26									1,370.97		130
135	Pharmacy	40530	275,849.98		41,090.86		4,054.86		28,042.33				2,390.10			135
140	Laboratory	40530	32,482.56		3,194.06		378.13						20.00			140
145	Home Health Services															145
155	Other Ancillary Services	40530	67,125.39		4,718.34		20,317.24		56,488.43				57.50			155
170	Subtotal (Lines 105 through 155)		1,039,425.25	60,932.94	172,600.28		30,663.29		113,404.44				3,095.31	2,506.05		170
175	Total Gross Revenue (Line 70 + 170)		5,915,442.64	60,932.94	761,767.83		534,428.59		2,621,996.10				7,045.43	2,506.05		175
	DEDUCTIONS FROM REVENUE															
Line No.	DEDUCTIONS FROM REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage				Line No.	
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care			
			(1) Inpatient .04	(2) Outpatient .44	(3) Inpatient .14	(4) Outpatient .54	(5) Inpatient .05	(6) Outpatient .45	(7) Inpatient .15	(8) Outpatient .55	(9) Inpatient .01	(10) Outpatient .41	(11) Inpatient .10	(12) Outpatient .50		
205	Charity Adjustments														205	
210	Administrative Adjustments														210	
215	Contractual Adjustments - Medicare	40501, 40531, & 40541	1,133,294.15	14,359.80	173,647.09										215	
220	Contractual Adjustments - Medi-Cal							22,428.76		115,790.50						220
222	Contractual Adjustments - Commercial Coverage												2,618.86	31.65		222
225	Contractual Adjustments - Other															225
230	Other Deductions from Revenue															230
240	Total Deductions from Revenue		1,133,294.15	14,359.80	173,647.09		22,428.76		115,790.50				2,618.86	31.65		240
250	Net Patient Revenue (Line 175 - 240)		4,782,147.89	46,573.14	588,120.74		511,999.83		2,506,205.60				4,426.57	2,474.40		250

Odd Fellows Home of California
Schedule of Patient Revenues – Saratoga Retirement Community (Continued)
Year Ended March 31, 2024

Line No.	GROSS REVENUE	Account Number	Self-Pay		Other Payers		Total Gross Revenue			Line No.
			(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .09	(16) Outpatient .49	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
Routine Services:										
5	Skilled Nursing Care	40500	5,224,983.00		947,624.92		14,654,099.34	-	14,654,099.34	5
10	Intermediate Care									10
15	Mentally Disordered Care									15
20	Developmentally Disabled Care									20
25	Sub-Acute Care									25
30	Sub-Acute Care - Pediatric									30
35	Transitional Inpatient Care									35
40	Hospice Inpatient Care									40
45	Other Routine Services									45
70	Subtotal (Lines 5 through 45)		5,224,983.00		947,624.92		14,654,099.34	-	14,654,099.34	70
Ancillary Services:										
105	Patient Supplies	40530	52,347.06		14,138.28		135,504.40	-	135,504.40	105
110	Specialized Support Surfaces									110
115	Physical Therapy	40540	87,581.28				460,597.48	24,434.80	485,032.28	115
120	Respiratory Therapy									120
125	Occupational Therapy	40540	35,340.42				370,044.42	33,203.67	403,248.09	125
130	Speech Pathology	40540	10,324.72				54,809.77	5,800.52	60,610.29	130
135	Pharmacy	40530	31,152.89		4,802.21		387,383.23	-	387,383.23	135
140	Laboratory	40530			175.82		38,005.05	-	38,005.05	140
145	Home Health Services									145
155	Other Ancillary Services	40530	109,117.55		16,326.61		274,151.06	-	274,151.06	155
170	Subtotal (Lines 105 through 155)		325,863.92		35,442.92		1,720,495.41	63,438.99	1,783,934.40	170
175	Total Gross Revenue (Line 70 + 170)		5,550,846.92		983,067.84		16,374,594.75	63,438.99	16,438,033.74	175

Line No.	DEDUCTIONS FROM REVENUE	Account Number	Self-Pay		Other Payers		Total Deductions from Revenue			Line No.
			(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .09	(16) Outpatient .49	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
205	Charity Adjustments						-	-	-	205
210	Administrative Adjustments						-	-	-	210
215	Contractual Adjustments - Medicare	40501, 40531, & 40541					1,306,941.24	14,359.80	1,321,301.04	215
220	Contractual Adjustments - Medi-Cal						138,219.26	-	138,219.26	220
222	Contractual Adjustments - Commercial Coverage						2,618.86	31.65	2,650.51	222
225	Contractual Adjustments - Other				35,980.19		35,980.19	-	35,980.19	225
230	Other Deductions from Revenue		172,729.43				172,729.43	-	172,729.43	230
240	Total Deductions from Revenue (line 175 - 240)		172,729.43		35,980.19		1,656,488.98	14,391.45	1,670,880.43	240
250	Net Patient Revenue (line 175 - 240)		5,378,117.49		947,087.65		14,718,105.77	49,047.54	14,767,153.31	250

Odd Fellows Home of California
Schedule of Patient Revenues – The Meadows of Napa Valley
Year Ended March 31, 2024

4.2

REVENUE INFORMATION

Organization Name The Meadows of Napa Valley

Report Period End 3/31/2024

Line No.	GROSS REVENUE	Account Number	Medicare				Medi-Cal				Commercial Coverage				Line No.	
			Fee for Service		Managed Care		Fee for Service		Managed Care		Fee for Service		Managed Care			
			(1) Inpatient .04	(2) Outpatient .44	(3) Inpatient .14	(4) Outpatient .54	(5) Inpatient .05	(6) Outpatient .45	(7) Inpatient .15	(8) Outpatient .55	(9) Inpatient .01	(10) Outpatient .41	(11) Inpatient .10	(12) Outpatient .50		
5	Routine Services:														5	
5	Skilled Nursing Care	40500	2,983,633.61		214,465.05		297,269.38		2,103,348.94		29,965.17				5	
10	Intermediate Care														10	
15	Mentally Disordered Care														15	
20	Developmentally Disabled Care														20	
25	Sub-Acute Care														25	
30	Sub-Acute Care - Pediatric														30	
35	Transitional Inpatient Care														35	
40	Hospice Inpatient Care														40	
45	Other Routine Services														45	
70	Subtotal (Lines 5 through 45)		2,983,633.61		214,465.05		297,269.38		2,103,348.94		29,965.17		-		70	
105	Ancillary Services:														105	
105	Patient Supplies	40530	13,266.30		212.19		4,282.78		10,904.86		392.45				105	
110	Specialized Support Surfaces														110	
115	Physical Therapy	40540	237,074.45	68,765.75	10,441.21						11,221.04	10,876.90			115	
120	Respiratory Therapy														120	
125	Occupational Therapy	40540	253,658.24	75,506.34	11,887.66						14,106.88	6,492.05			125	
130	Speech Pathology	40540	30,814.72	11,046.50	3,580.09						782.34	2,582.89			130	
135	Pharmacy	40530	200,851.57		5,105.65		1,456.76		18,222.94		15,084.86				135	
140	Laboratory	40530	19,761.67		1,226.31		711.26		4,206.13		2,143.45				140	
145	Home Health Services														145	
155	Other Ancillary Services	40530	22,288.41		667.84		7,848.30		26,339.96		614.63				155	
170	Subtotal (Lines 105 through 155)		777,715.36	155,318.59	33,120.95		14,299.10		59,673.89		44,345.65	19,951.84			170	
175	Total Gross Revenue (Line 70 + 170)		3,761,348.97	155,318.59	247,586.00		311,568.48		2,163,022.83		74,310.82	19,951.84			175	
205	DEDUCTIONS FROM REVENUE														205	
205	Charity Adjustments														205	
210	Administrative Adjustments														210	
215	Contractual Adjustments - Medicare	40501 & 40531 & 40541	833,785.03	34,980.69	56,567.51										215	
220	Contractual Adjustments - Medi-Cal							10,200.35		59,509.40					220	
222	Contractual Adjustments - Commercial Coverage	40501 & 40531 & 40541									46,310.21	6,742.41			222	
225	Contractual Adjustments - Other														225	
230	Other Deductions from Revenue														230	
240	Total Deductions from Revenue		833,785.03	34,980.69	56,567.51		10,200.35		59,509.40		46,310.21	6,742.41			240	
250	Net Patient Revenue (Line 175 - 240)		2,927,563.94	120,337.90	191,018.49		301,368.13		2,103,513.43		28,000.61	13,209.43			250	

Odd Fellows Home of California
Schedule of Patient Revenues – The Meadows of Napa Valley (Continued)
Year Ended March 31, 2024

Line No.	GROSS REVENUE	Account Number	Self-Pay		Other Payers		Total Gross Revenue			Line No.
			(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .09	(16) Outpatient .49	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
5	Routine Services:									
5	Skilled Nursing Care	40500	1,887,319.00		442,123.14		7,958,124.29	-	7,958,124.29	5
10	Intermediate Care									10
15	Mentally Disordered Care									15
20	Developmentally Disabled Care									20
25	Sub-Acute Care									25
30	Sub-Acute Care - Pediatric									30
35	Transitional Inpatient Care									35
40	Hospice Inpatient Care									40
45	Other Routine Services									45
70	Subtotal (Lines 5 through 45)		1,887,319.00		442,123.14		7,958,124.29	-	7,958,124.29	70
	Ancillary Services:									
105	Patient Supplies	40530	5,892.12		927.39		35,878.09	-	35,878.09	105
110	Specialized Support Surfaces									110
115	Physical Therapy	40540	28,138.60				286,875.30	79,642.65	366,517.95	115
120	Respiratory Therapy									120
125	Occupational Therapy	40540	18,330.03				297,982.81	81,998.39	379,981.20	125
130	Speech Pathology	40540	684.62				35,861.77	13,629.39	49,491.16	130
135	Pharmacy	40530	4,103.47		808.78		245,634.03	-	245,634.03	135
140	Laboratory	40530	259.60				28,308.42	-	28,308.42	140
145	Home Health Services									145
155	Other Ancillary Services	40530	15,824.12		5,098.96		78,682.22	-	78,682.22	155
170	Subtotal (Lines 105 through 155)		73,232.56		6,835.13		1,009,222.64	175,270.43	1,184,493.07	170
175	Total Gross Revenue (Line 70 + 170)		1,960,551.56		448,958.27		8,967,346.93	175,270.43	9,142,617.36	175

Line No.	DEDUCTIONS FROM REVENUE	Account Number	Self-Pay		Other Payers		Total Deductions from Revenue			Line No.
			(13) Inpatient .00	(14) Outpatient .40	(15) Inpatient .09	(16) Outpatient .49	(17) Inpatient (sum odd cols.)	(18) Outpatient (sum even cols.)	(19) Total (col. 17 + 18)	
205	Charity Adjustments									205
210	Administrative Adjustments									210
215	Contractual Adjustments - Medicare	40501 & 40531 & 40541								215
220	Contractual Adjustments - Medi-Cal						890,352.54	34,980.69	925,333.23	220
222	Contractual Adjustments - Commercial Coverage	40501 & 40531 & 40541					69,709.75	-	69,709.75	222
225	Contractual Adjustments - Other	40501 & 40531			6,835.13		46,310.21	6,742.41	53,052.62	225
230	Other Deductions from Revenue		450,231.22				6,835.13	-	6,835.13	230
240	Total Deductions from Revenue		450,231.22		6,835.13		1,463,438.85	41,723.10	1,505,161.95	240
250	Net Patient Revenue (line 175 - 240)		1,510,320.34		442,123.14		7,503,908.08	133,547.33	7,637,455.41	250



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Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2023 and 2022



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Report of Independent Auditors

The Board of Directors
Odd Fellows Home of California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Odd Fellows Home of California 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Odd Fellows Home California's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities 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 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 Odd Fellows Home of California'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 Odd Fellows Home of California'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Odd Fellows Home of California's basic financial statements. The supplementary schedules of statement of activities by location are presented for purposes 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules of statement of activities by location are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



San Francisco, California

June 30, 2023

Financial Statements

Odd Fellows Home of California
Statements of Financial Position
March 31, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,544,141	\$ 6,936,643
Investments	39,412,864	52,754,398
Accounts receivable, net	3,109,008	3,285,886
Employee retention tax credit	9,305,999	-
Supplies and other prepaid expenses	1,353,203	1,550,422
Due from Grand Lodge Endowment Fund	97,941	90,000
Restricted deposits	-	25,977
Current portion of assets restricted under bond indenture agreement	<u>5,714,577</u>	<u>5,615,200</u>
Total current assets	<u>66,537,733</u>	<u>70,258,526</u>
Property and equipment, net	<u>181,216,629</u>	<u>184,752,822</u>
Other assets		
Assets held in trust	2,846	2,841
Assets restricted under bond indenture agreement, net of current portion	<u>6,427,634</u>	<u>6,352,679</u>
Total other assets	<u>6,430,480</u>	<u>6,355,520</u>
Total assets	<u>\$ 254,184,842</u>	<u>\$ 261,366,868</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 7,016,460	\$ 14,223,274
Accrued interest payable	1,694,500	1,790,125
Refundable advance	-	1,999,999
Refundable deposits	558,041	622,938
Current portion of repayable entrance fees	4,799,805	3,849,690
Current portion of long-term debt	4,020,000	3,825,000
Due to/from PRS MI, net	<u>4,697,538</u>	<u>614,581</u>
Total current liabilities	<u>22,786,344</u>	<u>26,925,607</u>
Long-term debt, net of current portion	66,938,750	71,267,449
Repayable entrance fees, net of current portion	127,895,483	125,904,867
Deferred revenue from entrance fees	<u>52,503,524</u>	<u>52,174,978</u>
Total liabilities	<u>270,124,101</u>	<u>276,272,901</u>
Net assets (deficit)		
Without donor restrictions	(16,091,276)	(15,086,209)
With donor restrictions	<u>152,017</u>	<u>180,176</u>
Total net deficit	<u>(15,939,259)</u>	<u>(14,906,033)</u>
Total liabilities and net deficit	<u>\$ 254,184,842</u>	<u>\$ 261,366,868</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2023 and 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Service fees	\$ 37,387,485	\$ 34,575,086
Health center revenues, net	21,042,650	19,459,560
Entrance fees earned	6,931,591	6,692,698
Contributions	11,870,617	384,224
Investment (loss) income, net	(2,523,912)	4,346,784
Unrealized change in value of investments	1,763,042	1,437,029
Other revenue	382,672	1,033,849
 Total revenues	 76,854,145	 67,929,230
Net assets released - restricted purpose met	502,059	435,749
 Total revenues, gains, and support	 77,356,204	 68,364,979
Expenses:		
Dietary services	12,019,977	11,044,469
Facility services and utilities	13,351,371	12,070,517
Health and social services	18,547,071	17,399,444
Recreation	469,181	518,603
Assisted living	4,294,997	3,761,667
Administrative and marketing	9,445,923	8,224,474
Interest	3,147,703	3,447,786
Depreciation	12,565,738	11,922,103
Fund disbursement	502,059	435,749
Management services	3,448,412	3,946,767
 Total expenses	 77,792,432	 72,771,579
Operating loss	(436,228)	(4,406,600)
Nonoperating loss:		
Unrealized change in value of investments	(568,839)	(3,900,108)
Loss on extinguishment of debt	-	(302,604)
 Total nonoperating loss	 (568,839)	 (4,202,712)
Change in net assets without donor restrictions	(1,005,067)	(8,609,312)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	473,900	446,330
Net assets released - restricted purpose met	(502,059)	(435,749)
Change in net assets with donor restrictions	(28,159)	10,581
CHANGE IN NET ASSETS		
Net deficit, beginning of year	(1,033,226)	(8,598,731)
Net deficit, end of year	<u>\$ (15,939,259)</u>	<u>(6,307,302)</u>
	<u>\$ (15,939,259)</u>	<u>\$ (14,906,033)</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 58,669,944	\$ 53,322,145
Advanced fees received	7,260,138	10,340,875
Refundable advance	-	1,999,999
Other operating cash receipts	382,670	1,033,847
Cash paid to employees and suppliers	(54,716,295)	(59,243,685)
Interest and bond fees paid	(3,552,027)	(3,863,288)
Contributions received	1,038,518	830,554
Interest income	1,496	1,551
Net cash provided by operating activities	<u>9,084,444</u>	<u>4,421,998</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(19,399,596)	(9,109,334)
Proceeds from sale of property and equipment	-	120,863
Proceeds from sale of investments	11,934,934	7,303,549
Change in assets restricted under bond indenture agreement	126,266	912,872
Change in notes receivable	(7,941)	(60,000)
Net cash used in investing activities	<u>(7,346,337)</u>	<u>(832,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayable portion of entrance fees received	13,490,808	16,423,415
Refunds of repayable entrance fees	(10,613,007)	(4,424,780)
Principal payments on long-term debt	(3,825,000)	(14,467,449)
Net cash used in financing activities	<u>(947,199)</u>	<u>(2,468,814)</u>
Net increase in cash, cash equivalents, and restricted cash	790,908	1,121,134
Cash, cash equivalents, and restricted cash - beginning	<u>13,507,581</u>	<u>12,386,447</u>
Cash, cash equivalents, and restricted cash - ending	<u>\$ 14,298,489</u>	<u>\$ 13,507,581</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	\$ 7,544,141	\$ 6,936,643
Cash, cash equivalents and restricted cash - restricted deposits	-	25,977
Cash and cash equivalents in assets restricted - bond indenture	<u>6,754,348</u>	<u>6,544,961</u>
	<u>\$ 14,298,489</u>	<u>\$ 13,507,581</u>

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows (continued)
Years Ended March 31, 2022 and 2021

	2023	2022
Reconciliation of change in net assets to net cash flows provided by operating activities		
Change in net assets	\$ (1,033,226)	\$ (8,598,731)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	12,565,738	11,922,103
Net amortization of bond premium, financing and issuance costs	(308,699)	(312,231)
Refundable advance	(1,999,999)	1,999,999
Nonrefundable portion of entrance fees received from new residents	7,575,259	10,340,875
Entrance fee refunds on nonrefundable contracts	(315,122)	-
Entrance fees earned	(6,931,591)	(6,692,698)
Employee retention tax credit	(9,305,999)	-
Unrealized change in value of investments	(1,194,203)	2,463,079
Investment (loss) income	2,525,407	(4,345,233)
Loss on early extinguishment of debt	-	302,604
Net change in:		
Accounts receivable, net	239,808	(712,501)
Supplies and other prepaid expenses	181,404	(311,902)
Accounts payable and accrued expenses	3,163,237	(539,243)
Other liabilities	(5)	(5)
Accrued interest payable	(95,625)	(103,272)
Due to PRS MI, net	4,082,957	(100,451)
Refundable deposits	<u>(64,897)</u>	<u>(890,397)</u>
Net cash provided by operating activities	<u>\$ 9,084,444</u>	<u>\$ 4,421,996</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 3,503,736</u>	<u>\$ 3,724,902</u>
 SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	<u>\$ 474,549</u>	<u>\$ 10,757,275</u>

See accompanying notes.

Odd Fellows Home of California

Notes to Financial Statements

Note 1 – Organization

Organization and basis of presentation – The Odd Fellows Home of California (the “Corporation”) is a non-profit public benefit corporation organized under the California Non-Profit Public Benefit Corporation Law for charitable purposes. It was originally established by the Grand Lodge of California, Independent Order of Odd Fellows (“Grand Lodge”) in 1893, and has been operating in Saratoga since 1912. On July 31, 2002, the Corporation merged with the California Odd Fellows Home of Napa, Inc. (“The Meadows”), also a non-profit public benefit corporation, established by the Grand Lodge in 1992. The Meadows continues to operate as in the past, but its corporate structure has been joined with the Odd Fellows Home of California (the surviving corporation).

The Saratoga facility (dba Saratoga Retirement Community) is a life plan community, located in Saratoga, California, consisting of 143 independent living apartments, 88 assisted living apartments, a 94-bed skilled nursing facility, and 15 memory care beds.

The Napa facility (dba The Meadows of Napa Valley) is a life plan community, located in Napa, California, consisting of 236 independent living apartments, 41 assisted living apartments, a 61-bed skilled nursing facility, and 20 memory care beds.

Note 2 – Summary Of Significant Accounting Policies

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and in accordance with the provisions of the Financial Accounting Standards Board (“FASB”) Accounting Standards Updated (“ASU”) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Represent resources available to support the Corporation’s operations and donor restricted resources which have become available for use by the Corporation in accordance with the intention of the donor.

Net assets with donor restrictions – Represent contributions that are limited in use by the Corporation in accordance with donor-imposed stipulations. Some donor-imposed 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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Performance indicator – “Operating loss”, as reflected in the accompanying statements of activities and changes in net assets is the performance indicator. Operating loss includes all changes in net assets without donor restrictions and exclude unrealized change in value of investments related to debt securities and loss on extinguishment of debt.

Odd Fellows Home of California

Notes to Financial Statements

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenses, gains, and losses during the reporting period. Significant items subject to such estimates and assumptions include the future services obligation and deferred revenue from entrance fees. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include cash, money market accounts, and other securities with maturities of three months or less at the date of acquisition that are not otherwise held by an investment advisor or restricted under bond indenture agreements.

Investments – Investments are stated at fair value based on quoted market prices. Investments acquired by gift are recorded at fair value on the date received. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported in the statements of activities and changes in net assets. Investment income is reported as an increase in net assets without donor restrictions, depending on donor-imposed restrictions on the use of the income. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees. The Corporation's policy is to recognize transfers in and out of Level 1 and Level 2 as of the end of the reporting period.

Accounts receivable – Accounts receivable primarily represents amounts due from residents for living accommodations and services, amounts due from third parties, and interest receivable. The Corporation receives payment for health services from residents, insurance companies, Medicare, Medi-Cal, Health Maintenance Organizations ("HMOs"), and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts and by providing appropriate allowances for uncollectible accounts. An allowance for doubtful accounts is established based on past collection history and specific identification of uncollectible amounts.

Accounts receivable are stated at amounts management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to bad debt and a credit to a valuation allowance based on its assessment of the current status of individuals' balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the residents accounts receivable.

Resident and insurance collection efforts are documented according to policy and include receivables that have a contractual maturity of less than one year.

The accounts receivable balance as of April 1, 2021 was \$2,426,189.

Employee retention tax credit – In fiscal year 2023 the Corporation applied for an employee retention tax credit under the CARES Act with the IRS, which is recorded as a conditional contribution in accordance with ASC 958-605. We have evaluated the conditions required by the IRS to be eligible for the credit and believe we have fulfilled all those conditions as of March 31, 2023 and have recognized \$9,305,999 as contribution revenue during the year then ended.

Supplies inventory – The accounting method used to record inventory is the first in first out ("FIFO") method. Inventory is valued at the lower of cost or net realizable value as of March 31, 2023 and 2022.

Odd Fellows Home of California

Notes to Financial Statements

Restricted deposits – Restricted deposits include funds placed in escrow by prospective residents who wish to reserve an independent living unit, recently under construction at The Meadows of Napa Valley. The deposits are made according to the guidelines set forth in The Continuing Care Contract Statutes for the State of California in the Health and Safety Codes Chapter 10 of Division 2, Section 1781, which requires that all deposits shall be placed in an escrow account, and remain until the department has authorized release of the deposits, as provided in Section 1783.3. The funds are held in individual interest-bearing accounts maintained by U.S. Bank, N.A.

Assets restricted under bond indenture agreements – The bond indenture agreements require that certain funds be invested and held with a Trustee in various required accounts. These required deposits and their related actual account balances are as follows:

	Investment Location	Invested Balance 2023	Invested Balance 2022
Principal fund	Trustee	\$ 4,020,000	\$ 3,825,058
Interest fund	Trustee	1,694,577	1,790,142
Debt service reserve	Trustee	6,427,634	6,352,679
Total assets restricted under bond indenture agreement		<u>\$ 12,142,211</u>	<u>\$ 11,967,879</u>

Property and equipment – Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. The Corporation capitalizes fixed assets with a cost of greater than \$2,500. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in expense for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the years ended March 31, 2023 and 2022.

Refundable advance – On April 28, 2021, the Corporation received proceeds in the amount of \$1,999,999 to fund payroll through the second draw of the Paycheck Protection Program (the PPP Loan). As of March 31, 2022, the Corporation had not met the performance barriers, as outlined in the loan agreement, so the \$1,999,999 was recorded as a liability on March 31, 2022. On April 7, 2022, the PPP loan was forgiven by the U.S. Small Business Administration (SBA) and recorded as a conditional contribution in accordance with ASC 958-605. The Company has recognized \$1,999,999 as contribution revenue during the year ended March 31, 2023.

Odd Fellows Home of California Notes to Financial Statements

Refundable deposits – Refundable deposits contain application fees paid and deposits paid by residents who have selected a unit for move-in.

The Meadows of Napa Valley – Each applicant for residency is required to pay a \$1,000 application fee deposit. This deposit will be repaid if the application is denied. If the application is approved, but subsequently withdrawn, the application fee will be repaid per the provisions of the application form. When a unit becomes available, a CCRC applicant is required to pay an entrance fee deposit, which varies in amount, prior to occupancy. This deposit is refundable prior to occupancy. For applicants who execute a rental agreement, the \$1,000 is nonrefundable after three months of residency.

Saratoga Retirement Community – Each applicant for residency is required to pay a \$1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved but subsequently withdrawn, the application fee will be refunded per the provisions of the application form. When a unit becomes available, the applicant is also required to pay an entrance fee deposit, which varies in amount, to reserve the unit prior to occupancy. This deposit is refundable prior to occupancy.

Deferred revenue from entrance fees – Nonrepayable fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue. On March 31, 2023 and 2022, the Corporation had nonrepayable deferred entrance fees of \$52,503,524 and \$52,174,978, respectively.

Entrance fees repayable upon reoccupancy – The other contracts are 50%, 85%, 90%, or 95% repayable at the time of reoccupancy after termination of the contract. The nonrepayable portion is amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such balances are amounts expected to be repaid to residents as actuarially determined. The repayable portion of entrance fees as of March 31, 2023 and 2022, were \$132,695,288 and \$129,754,557, respectively, of which \$4,799,805 and \$3,849,690, respectively, is due to residents, at the time the apartment is re-occupied by another resident and is included in current portion of entrance fees repayable upon reoccupancy. Actual repayments of such entrance fees were \$10,613,007 and \$4,424,780 for the years ended March 31, 2023 and 2022, respectively.

Obligation to provide future services – The Corporation regularly analyzes the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities to be provided exceeds the balance of deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% for 2023 and 2022, based on the expected long-term rate of return on government obligations. The Corporation evaluates this annually, and a liability was not deemed to exist at March 31, 2023 and 2022.

Professional and general liability – The Corporation has secured claims-made policies for general and professional liability insurance with self-insured retentions of \$50,000 per claim with limits of \$1,000,000 per claim and \$3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of \$10,000,000 per claim and \$10,000,000 aggregate per policy period. The policy period begins on January 1, 2023, and ends on January 1, 2024.

Odd Fellows Home of California

Notes to Financial Statements

Contributions – The Corporation reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Donor-restricted contributions and related gains and investment income are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a 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 statements of activities and changes in net assets as net assets released from restrictions.

Revenue recognition –

CARES Act grant

On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Securities ("CARES") Act. The CARES Act included provisions for health care under the Provider Relief Fund. During fiscal year 2021, the Corporation received funds under the Provider Relief Fund, administered by the U.S. Department of Health & Human Services ("HHS") of \$1,621,586. The Corporation was required to and did timely sign attestations agreeing to the terms and conditions of payment. Those terms and conditions include measures to prevent fraud and misuse. Documentation is required to ensure that these funds are to be used for healthcare-related expenses or lost revenue attributable to COVID-19, limitations of out of pocket payments from certain patients, and the acceptance of several other reporting and compliance requirements. It is noted that anti-fraud monitoring and auditing will be performed by HHS and the Office of the Inspector General. For the years ended March 31, 2023 and 2022, the Corporation has determined that it met the terms and conditions of these funds and accordingly has recognized \$0 and \$290,774, respectively, of the Provider Relief Fund in other revenue on its statements of activities and changes in net assets.

Service fees revenue

Service fees revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for the services provided. Under the Corporation's continuing care agreements, the Corporation provides senior living services to residents for a stated monthly fee. The Corporation recognizes revenue for senior living services under the continuing care agreement for independent living, assisted living, and memory care services in accordance with the provisions of ASC 842, *Leases* ("ASC 842").

Service fee revenue

Service fee revenue is reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments from estimated reimbursements, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Service fee revenue is recognized as performance obligations are satisfied.

Odd Fellows Home of California Notes to Financial Statements

Under the Corporation's senior living residency agreements, which are generally for a contractual term of 30 days to one year, the Company provides senior living services to residents for a stated daily or monthly fee. The Corporation has elected the lessor practical expedient within ASC 842 and recognizes, measures, presents, and discloses the revenue for services under the Corporation's senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. The Corporation has determined that the services included under the Corporation's independent living, assisted living, and memory care residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. The Corporation recognizes revenue under ASC 606, Revenue Recognition from Contracts with Customers ("ASC 606") for its independent living, assisted living, and memory care residency agreements for which it has estimated that the nonlease components of such residency agreements are the predominant component of the contract.

Health center revenue

Health center revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled to in exchange for providing care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others, and includes variable consideration for retroactive adjustments due to settlement of audits, reviews and investigations. Generally, the Corporation bills patients and third-party payors at the beginning of each month and sends a final bill or reconciliation at the time of discharge. Revenue is recognized in the month in which the performance obligations are satisfied.

The Corporation determines the transaction price based on standard charges for goods and services provided, adjusted by contractual agreements with third parties. These agreements with third-party payors may provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Skilled services are paid at prospectively determined rates per day based on Medicare-defined diagnostic assessments. Nonskilled services are paid based on cost reimbursement methodologies or established fee schedules.
- Secondary Insurance: Payment agreements with certain commercial insurance carriers, HMOs and preferred provider organizations provide for payment using prospectively determined rates per day, primary coverage rates, and co-pays and deductibles not covered under primary insurance.

Settlements with third-party payors for retroactive adjustments due to audits, review or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor and correspondence from the payor, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant in 2023 or 2022.

Odd Fellows Home of California

Notes to Financial Statements

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The initial estimate of the transaction price is determined by adjusting the standard charge by any contractual adjustments based on each insurance plan. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to health center revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended March 31, 2023 and 2022, was not significant.

The following table shows health center revenue by payor:

	Year ended March 31, 2023	Year ended March 31, 2022
Health center by payor		
Private pay	\$ 6,925,252	\$ 6,021,288
Medicare	7,288,140	7,840,455
Insurance	5,532,923	4,313,193
Medi-Cal	661,015	645,532
Other	635,320	639,092
	<hr/>	<hr/>
	\$ 21,042,650	\$ 19,459,560

Approximately 38% and 44% of health center revenue for the years ended March 31, 2023 and 2022, respectively, were derived under federal and state third-party reimbursement programs.

Amortization of entrance fees

The Corporation receives an entrance fee upon execution of the continuing care agreement, as well as a monthly service fee. The continuing care agreement provides the resident occupancy of a specified unit and continued care within the Corporation. The continuing care agreement creates a performance obligation to be satisfied over the resident's remaining life at the Corporation. The Corporation recognizes the revenue associated with the nonrepayable portion of entrance fee using a straight-line method over the actuarially determined estimated life of each resident. Resident life expectancies are reevaluated annually and any changes in the revenue as a result of that revaluation will be recognized in the period noted. As of March 31, 2023 and 2022, the Corporation had \$52,503,524 and \$52,174,978 in unearned deferred revenue to be recognized as the performance obligations are satisfied. See Note 12 for changes in the unearned entrance fee revenue for the years ended March 31, 2023 and 2022. The performance obligation is satisfied upon termination of the continuing care agreement.

Charity care – The Corporation provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Tax exempt status – The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

Odd Fellows Home of California Notes to Financial Statements

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses.

Concentrations of credit risk – The Corporation's cash, cash equivalents, investments, and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC") and the Securities Investor Protection Corporation ("SIPC"), the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its residents and patients, most of whom are local residents and are insured under third-party payer agreements. The mix of receivables as of March 31, 2023 and 2022, from residents and third-party payors is listed in Note 4.

If any of the financial institutions with whom we do business were to be placed into receivership, we may be unable to access the cash and cash equivalents we have on deposit with such institutions. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Fair value of financial instruments – The carrying values of cash, investments, accounts receivable, accounts payable and accrued expenses, refundable deposits, and due to/from PRS Management, Inc. ("PRS MI") approximate fair value due to the short maturity of such instruments. The fair values of investments and assets restricted under bond indenture agreements are disclosed in Note 14.

Advertising – The Corporation expenses advertising costs as incurred. The Corporation incurred advertising costs of \$413,500 and \$562,011 for the years ended March 31, 2023 and 2022, respectively.

New accounting pronouncements – In March 2020, the FASB issued ASU No. 2020-04, ("Topic 848"): *Facilitation of the Effects of Reference Rate Reform of Financial Reports* ("ASU 2020-04") to provide optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. ASU 2020-04 is elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 was subject to election as of March 12, 2020, and can be elected for both interim and annual periods through December 31, 2024. Management is currently evaluating the impact of the provisions of ASU 2020-04 on the financial statements.

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Notes to Financial Statements

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities* ("Topic 958"): *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* ("ASU 2020-07"), which increases the transparency of contributed nonfinancial assets for not-for-profit organizations through enhancements to presentation and disclosure. The update addresses certain stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by not-for-profit organizations, as well as the amount of those contributions used in a not-for-profit organization's programs and other activities. The adoption did not have a material impact on the Corporation's financial statements.

Note 3 – Investment Income

Income from investments, assets restricted under bond indenture agreements, and cash and cash equivalents is comprised of the following for the years ended March 31:

	2023	2022
Dividends and interest, net	\$ 215,459	\$ 1,143,490
Realized (losses) gains on investments	<u>(2,739,371)</u>	<u>3,203,294</u>
	<u><u>\$ (2,523,912)</u></u>	<u><u>\$ 4,346,784</u></u>

Investment income is reported net of investment expenses of \$205,688 and \$320,032 for the years ended March 31, 2023 and 2022, respectively.

Note 4 – Accounts Receivable

Accounts receivable consists of the following at March 31:

	2023		2022	
Medicare	\$ 789,871	25%	\$ 1,014,166	30%
Medi-Cal	1,070,761	34%	993,991	30%
Insurance	261,402	8%	253,429	8%
Resident monthly fees	840,190	26%	549,886	16%
Entrance fees	4,900	0%	4,900	0%
Other	<u>215,553</u>	<u>7%</u>	<u>526,937</u>	<u>16%</u>
Subtotal accounts receivable	3,182,677		3,343,309	
Less allowance for doubtful accounts	<u>(73,669)</u>		<u>(57,423)</u>	
Total accounts receivable, net	<u><u>\$ 3,109,008</u></u>		<u><u>\$ 3,285,886</u></u>	

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Notes to Financial Statements

Note 5 – Property and Equipment

Property and equipment consists of the following at March 31:

	2023	2022
Land	\$ 6,887,183	\$ 6,887,183
Buildings and land improvements	276,399,028	269,151,197
Furniture and equipment	<u>24,040,834</u>	<u>23,714,558</u>
Total property and equipment	<u>307,327,045</u>	<u>299,752,938</u>
Less accumulated depreciation	(135,323,678)	(123,072,848)
Construction in progress	<u>9,213,262</u>	<u>8,072,732</u>
Property and equipment, net	<u>\$ 181,216,629</u>	<u>\$ 184,752,822</u>

Note 6 – Unamortized Debt Issuance Costs

Debt issuance costs associated with the Series 2012A and 2016 bond issuances are being amortized using an effective interest method over the terms of the bonds. Amortization expense amounted to \$69,074 and \$86,994 for the years ended March 31, 2023 and 2022, respectively.

The balance of unamortized debt issuance costs consists of the following:

	2023	2022
Costs related to bond issuances	\$ 1,417,893	\$ 1,417,893
Less accumulated amortization	<u>(882,189)</u>	<u>(813,115)</u>
Unamortized debt issuance costs	<u>\$ 535,704</u>	<u>\$ 604,778</u>

Note 7 – Deferred Financing Costs

In connection with the issuance of the \$98.5 million Series 2012A bonds (see Note 8), the Office of Statewide Health Planning and Development of the State of California (“Cal-Mortgage”) was paid \$3,638,187 at the bond closing on October 1, 2012, for the cost of insuring the bonds over the 29 years and 5 months’ term.

Amortization expense amounted to \$177,635 and \$187,487 for the years ended March 31, 2023 and 2022, respectively. The unamortized balance is as follows:

	2023	2022
Deferred finance costs	\$ 3,638,187	\$ 3,638,187
Less accumulated amortization	<u>(2,272,733)</u>	<u>(2,095,098)</u>
Unamortized deferred financing costs	<u>\$ 1,365,454</u>	<u>\$ 1,543,089</u>

Odd Fellows Home of California

Notes to Financial Statements

Note 8 – Long-Term Debt

Long-term debt at March 31 consisted of the following:

	2023	2022
Insured Senior Living Revenue Bonds, Series 2012A	\$ 68,655,000	\$ 72,480,000
Add: unamortized premium	4,204,908	4,760,316
Less: current portion	(4,020,000)	(3,825,000)
Less: unamortized debt issuance and deferred financing costs	(1,901,158)	(2,147,867)
 Total long-term debt	 <u>\$ 66,938,750</u>	 <u>\$ 71,267,449</u>

Series 2012A Insured Senior Living Revenue Bonds – On October 25, 2012, ABAG Financing Authority issued \$98,550,000 of Revenue Bonds. The bonds bear interest at an average rate of 4.9%. The bonds were used to refinance prior debt, and finance among other things capital improvements. The bonds are subject to redemption, as scheduled, prior to final maturity in April 2042.

The Corporation has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the debt described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

The Corporation is subject to financial covenants on long-term debt which include a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes the Corporation was in compliance with all provisions as of March 31, 2023 and 2022.

Bond interest expense on the Series 2012A Bonds was \$3,389,000 and \$3,621,630 for the years ended March 31, 2023 and 2022, respectively.

Aggregate mandatory maturities of long-term debt, shown net of premiums, are as follows:

<u>Fiscal Year Ending March 31.</u>	<u>Total</u>
2024	\$ 4,020,000
2025	4,220,000
2026	4,430,000
2027	4,650,000
2028	4,880,000
Thereafter	<u>46,455,000</u>
 Total	 68,655,000
Add: unamortized premium	4,204,908
Less: unamortized debt issuance and deferred financing costs	<u>(1,901,158)</u>
 <u>\$ 70,958,750</u>	 <u>\$ 70,958,750</u>

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Notes to Financial Statements

Grand Lodge guarantees – In October 2012, the Grand Lodge entered into a guarantee agreement with Cal-Mortgage, the mortgage insurers of the Series 2012A Bonds. The Series 2012A Bonds were issued to refinance the 1993, 1999, and 2003 bonds, these refunded bonds were also under guarantee by the Grand Lodge. The Guarantee has been a required prerequisite by Cal-Mortgage. The 2012 Guarantee agreement allows for release of the agreement by submission of written request to Cal-Mortgage if the Corporation has met all payment obligations, is not in default with any covenants, and has, for at least 5 consecutive years, maintained as of each fiscal year end, a debt service coverage ratio of at least 1.30, maintained greater than 300 days cash on hand, and a current ratio of at least 1.5.

Note 9 – Management and Development Agreements

On August 1, 2017, the Corporation executed a management contract with PRS MI, which commenced on August 1, 2017, and will continue for five (5) years and may be renewed for an additional three (3) years.

Management and accounting fees charged by PRS MI were as follows for the years ended March 31:

	2023	2022
Management and accounting services for Saratoga Retirement Community	\$ 1,858,962	\$ 2,556,879
Management and accounting services for The Meadows of Napa Valley	<u>1,589,450</u>	<u>1,389,888</u>
	<u><u>\$ 3,448,412</u></u>	<u><u>\$ 3,946,767</u></u>

The amount owed for management services and other expenses to this related party was \$4,697,538 and \$614,581 as of March 31, 2023 and 2022, respectively.

In addition to management services, the Corporation pays for travel, marketing, and other services provided by PRS MI personnel.

Note 10 – Related Party Transactions

The Corporation is under the control of the Grand Lodge, a non-profit corporation exempt under Internal Revenue Code section 501(c)(8) and California Revenue and Taxation Code Section 23701(b). Also affiliated with the Corporation is the Rebekah Assembly of California, a related non-profit corporation, which is exempt under the same code sections as the Grand Lodge.

The composition of the members of the Board of Directors of the Corporation is determined in the bylaws. Four directors, who are members of the order, and four directors, who may or may not be members of the order, but are from the professional sector (legal, accounting, medical, and financial) are elected by the Grand Lodge. Three directors, who are members of the order, are elected by the Rebekah Assembly. Two resident directors are appointed by the board: one from Saratoga Retirement Community and one from The Meadows of Napa Valley. In addition, the Grand Secretary and Grand Treasurer of the Grand Lodge are ex-officio members of the board with voting rights.

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Notes to Financial Statements

The Grand Lodge provides administrative services to the Corporation. During the years ended March 31, 2023 and 2022, a total of \$229,434 and \$228,648 was paid to the Grand Lodge, \$77,548 from The Meadows of Napa Valley and \$151,886 from Saratoga Retirement Community for the year ended March 31, 2023, and \$77,153 from The Meadows of Napa Valley and \$151,495 from Saratoga Retirement Community for the year ended March 31, 2022.

The Odd Fellows Home Endowment Fund of the Grand Lodge was created to help fund the operations of the Corporation. Investment income earned by the fund and passed through to the Corporation for the years ended March 31, 2023 and 2022, amounted to \$539,114 and \$365,000, respectively, of which \$97,941 was receivable by the Corporation at March 31, 2023 and \$90,000 was receivable by the Corporation at March 31, 2022.

Note 11 – Retirement Plan

The Corporation has a 403(b) retirement plan that provides matching funds for employees who have reached the age of 21 and have completed one year of service of at least 1,000 hours. Contributions to the plan are based on a match of the employee's own contribution (determined for each plan year at the Corporation's discretion), up to a maximum of 4% of plan compensation, evaluated each calendar year. Total contributions charged to expense for the plan were \$643,874 and \$550,796 for the years ended March 31, 2023 and 2022, respectively.

Note 12 – Deferred Revenue from Entrance Fees

	2023	2022
Balance, beginning of year	\$ 52,174,978	\$ 48,529,801
New fees received	7,575,259	10,340,875
Entrance fees repaid	(315,122)	-
Amortization of fees	(6,931,591)	(6,692,698)
Other changes in account payable and notes receivable	<u>-</u>	<u>(3,000)</u>
Balance, end of year	<u>\$ 52,503,524</u>	<u>\$ 52,174,978</u>

Note 13 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of March 31:

	2023	2022
Other Funds	\$ 67,712	\$ 95,871
Frank Manders Memorial Fund	71,718	71,718
Endowment Fund	<u>12,587</u>	<u>12,587</u>
	<u><u>\$ 152,017</u></u>	<u><u>\$ 180,176</u></u>

Contributions received in prior years of \$84,305 have been restricted by donors to allow only earnings to be used for general purposes.

Odd Fellows Home of California

Notes to Financial Statements

Note 14 – Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. A fair value hierarchy is also established which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at March 31, 2023 and 2022, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities, fixed income securities, mutual funds, and cash equivalents included in money market funds.

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31:

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	\$ 7,540,248	\$ -	\$ -	\$ 7,540,248
Fixed income				
Long term bond	128,721	-	-	128,721
Intermediate term bond	1,287,444	-	-	1,287,444
Short term bond	657,919	-	-	657,919
Fixed income blend	2,374,467	-	-	2,374,467
Treasury/government securities	8,304,180	-	-	8,304,180
Equity securities				
Large cap value	4,484,355	-	-	4,484,355
Large cap growth	6,434,082	-	-	6,434,082
Small/mid cap growth	2,389,591	-	-	2,389,591
Small/mid cap value	3,055,622	-	-	3,055,622
International	2,542,019	-	-	2,542,019
Equities blend	788,411	-	-	788,411
Mutual funds	<u>9,476,839</u>	<u>-</u>	<u>-</u>	<u>9,476,839</u>
Investments measured at fair value	<u>\$ 49,463,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>49,463,898</u>
Investments measured at NAV:				
Hedge funds				2,094,023
Total assets				<u>\$ 51,557,921</u>

Odd Fellows Home of California

Notes to Financial Statements

	2022				Total
	Level 1	Level 2	Level 3		
Assets					
Cash and cash equivalents	\$ 8,733,261	\$ -	\$ -	\$ -	\$ 8,733,261
Fixed income					
Long term bond	3,275,396	-	-	-	3,275,396
Intermediate term bond	3,189,436	-	-	-	3,189,436
Short term bond	4,897,523	-	-	-	4,897,523
Fixed income blend	2,618,387	-	-	-	2,618,387
Treasury/government securities	5,422,917	-	-	-	5,422,917
Equity securities					
Large cap value	7,999,230	-	-	-	7,999,230
Large cap growth	10,912,699	-	-	-	10,912,699
Small/mid cap growth	2,624,764	-	-	-	2,624,764
Small/mid cap value	3,969,135	-	-	-	3,969,135
International	5,687,684	-	-	-	5,687,684
Equities blend	668,851	-	-	-	668,851
Mutual funds	2,878	-	-	-	2,878
Investments measured at fair value	<u>\$ 60,002,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>60,002,161</u>
Investments measured at NAV:					
Hedge funds					4,722,957
Total assets					<u>\$ 64,725,118</u>

During 2023 and 2022, there were no transfers into and out of Level 3 of the fair value hierarchy. At March 31, 2023 and 2022, the timing of liquidation of the assets measured using net asset value ("NAV") as a practical expedient and the date when restrictions from redemption might lapse are unknown.

The following table provides the fair value and redemption terms and restrictions for investments measured using NAV as a practical expedient at March 31:

Fund Type	2023 Fair Value	2022 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds (a)	\$ 2,094,023	\$ 4,722,957	\$ -	Daily, monthly, quarterly	Daily, 30 days, 60 days

(a) This category invests in investment funds. The investment objective is to preserve and grow capital. The Investment Manager assists the Fund by identifying high-quality investment managers with above-average investment histories and/or prospects (the "Portfolio Managers"), and allocating and reallocating the Fund's assets to discretionary investment accounts and/or private investment vehicles (the "Investment Funds") managed by such Portfolio Managers. The Fund may invest in any type of Investment Fund within the investment policy statement. Generally, these Investment Funds may be liquidated and other Investment Funds may be added or liquidated at the discretion of the investment committee or board of directors. The fair values of investments in this category have been estimated using the NAV per share of investments.

The Board of Directors, in conjunction with the external investment advisors and management, monitors and analyzes the valuation of the investments on a quarterly basis. The valuations consider variables such as financial performance of several publicly traded companies in the oil and gas market, recent sales prices of investments, and other pertinent information.

Odd Fellows Home of California

Notes to Financial Statements

Short-term investments consist of the following at fair value at March 31:

	2023	2022
Cash and cash equivalents		
including amounts held for investment purposes	\$ 7,540,248	\$ 8,733,261
Equity, fixed income, mutual funds, and hedge fund investments	<u>44,017,673</u>	<u>55,991,857</u>
 Total	 51,557,921	 64,725,118
Less assets restricted under bond indenture agreement	(12,142,211)	(11,967,879)
Less assets held in trust	<u>(2,846)</u>	<u>(2,841)</u>
 Total short-term investments	 <u>\$ 39,412,864</u>	 <u>\$ 52,754,398</u>

Note 15 – Commitments and Contingencies

Employee Retention Tax Credit – Management has reviewed the eligibility criteria and concluded the Corporation is eligible for the Employee Retention Credit (“ERC”) under the CARES Act. Total ERC recorded as of March 31, 2023 was \$9,305,999. Laws and regulations concerning government programs, including the ERC established by the CARES Act are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Corporation’s claim to the ERC, and it is not possible to determine the impact (if any) this would have on the Corporation.

Litigation – The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

Health care reform – The Patient Protection and Affordable Care Act (“PPACA”) allowed for the expansion of Medicaid members in the State of California. Any further federal or state changes to funding could have an impact on the Corporation. With the changes in the executive branch, the future of PPACA and impact of future changes in Medicaid to the Corporation is uncertain at this time.

Note 16 – Statutory Reserves

The Corporation is certified as a CCRC by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires CCRCs to establish liquid reserves (cash, marketable securities, etc.) equal to, or greater than, the annual principal and interest payments on long-term obligations plus 75 days of the CCRC’s adjusted operating expenses. The Corporation’s liquid reserves at March 31, 2023 and 2022, were sufficient to meet this requirement.

Odd Fellows Home of California

Notes to Financial Statements

Note 17 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of March 31, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 7,544,141	\$ 6,936,643
Accounts receivable and due from Grand Lodge Endowment Fund	3,109,008	3,375,886
Employee retention tax credit	9,305,999	-
Investments	<u>39,412,864</u>	<u>52,754,398</u>
	<u><u>\$ 59,372,012</u></u>	<u><u>\$ 63,066,927</u></u>

As part of the Corporation's liquidity management plan, it invests cash in excess of its daily requirements in short-term investments, which can be sold and used for operations if necessary.

Note 18 – Functional Expenses

	Year Ended March 31, 2023		
	Program	Management	Total
Salaries and benefits	\$ 32,280,528	\$ 2,657,241	\$ 34,937,769
Supplies	6,320,226	323,402	6,643,628
Services	6,205,377	5,415,468	11,620,845
Depreciation	12,565,738	-	12,565,738
Interest and financing	3,147,703	-	3,147,703
Utilities	4,143,002	-	4,143,002
Other	<u>2,084,454</u>	<u>2,649,293</u>	<u>4,733,747</u>
	<u><u>\$ 66,747,028</u></u>	<u><u>\$ 11,045,404</u></u>	<u><u>\$ 77,792,432</u></u>
Year Ended March 31, 2022			
	Program	Management	Total
Salaries and benefits	\$ 28,950,768	\$ 2,415,842	\$ 31,366,610
Supplies	6,480,980	294,184	6,775,164
Services	5,849,750	5,663,730	11,513,480
Depreciation	11,922,103	-	11,922,103
Interest and financing	3,447,786	-	3,447,786
Utilities	3,649,041	-	3,649,041
Other	<u>1,915,513</u>	<u>2,181,882</u>	<u>4,097,395</u>
	<u><u>\$ 62,215,941</u></u>	<u><u>\$ 10,555,638</u></u>	<u><u>\$ 72,771,579</u></u>

The financial statements report certain expense categories that are attributable to more than one residential, health care or support services function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, amortization, interest, and other occupancy costs, are allocated based on the departmental applicability within each function.

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Notes to Financial Statements

Note 19 – Covid-19

On January 10, 2020, the World Health Organization declared the novel coronavirus outbreak a public health emergency. Our results of operations could be adversely affected to the extent that coronavirus or any other epidemic harms the global economy. The duration and intensity of the impact of the coronavirus and resulting disruption to the Corporation's operations is uncertain.

Note 20 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued.

The Corporation has evaluated subsequent events through June 30, 2023, which is the date the financial statements are issued.

Supplementary Information

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2023

	Saratoga Retirement Community	The Meadows of Napa Valley	The Odd Fellows Home of California	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Service fees	\$ 21,340,394	\$ 16,047,091	\$ -	\$ 37,387,485
Health center revenues, net	13,590,606	7,452,044	-	21,042,650
Entrance fees earned	4,232,462	2,699,129	-	6,931,591
Contributions	6,609,064	5,261,553	-	11,870,617
Investment (loss) income, net	-	-	(2,523,912)	(2,523,912)
Unrealized change in value of investments	-	-	1,763,042	1,763,042
Other revenue	145,812	236,860	-	382,672
Total revenues	45,918,338	31,696,677	(760,870)	76,854,145
Net assets released - restricted purpose met	241,759	260,300	-	502,059
Total revenues, gains, and support	46,160,097	31,956,977	(760,870)	77,356,204
Expenses:				
Dietary services	6,663,608	5,356,369	-	12,019,977
Facility services and utilities	6,936,575	6,414,796	-	13,351,371
Health and social services	10,854,379	7,692,692	-	18,547,071
Recreation	174,822	294,359	-	469,181
Assisted living	2,563,936	1,731,061	-	4,294,997
Administrative and marketing	4,788,473	4,657,450	-	9,445,923
Interest	-	-	3,147,703	3,147,703
Depreciation	4,788,102	7,777,636	-	12,565,738
Fund disbursement	241,759	260,300	-	502,059
Management services	1,858,962	1,589,450	-	3,448,412
Total expenses	38,870,616	35,774,113	3,147,703	77,792,432
Operating income (loss)	7,289,481	(3,817,136)	(3,908,573)	(436,228)
Nonoperating loss:				
Unrealized change in value of investments	-	-	(568,839)	(568,839)
Loss on extinguishment of debt	-	-	-	-
Total nonoperating loss	-	-	(568,839)	(568,839)
Change in net assets without donor restrictions	7,289,481	(3,817,136)	(4,477,412)	(1,005,067)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	243,013	230,887	-	473,900
Net assets released - restricted purpose met	(241,759)	(260,300)	-	(502,059)
Change in net assets with donor restrictions	1,254	(29,413)	-	(28,159)
CHANGES IN NET ASSETS (DEFICIT)	\$ 7,290,735	\$ (3,846,549)	\$ (4,477,412)	\$ (1,033,226)

Odd Fellows Home of California
Statement of Activities by Location (Continued)
Year Ended March 31, 2022

	Saratoga Retirement Community	The Meadows of Napa Valley	The Odd Fellows Home of California	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Service fees	\$ 20,288,055	\$ 14,287,031	\$ -	\$ 34,575,086
Health center revenues, net	12,378,490	7,081,070	-	19,459,560
Entrance fees earned	3,883,225	2,809,473	-	6,692,698
Contributions	181,133	203,091	-	384,224
Investment income, net	-	-	4,346,784	4,346,784
Unrealized change in value of investments	-	-	1,437,029	1,437,029
Other revenue	526,202	507,647	-	1,033,849
Total revenues	37,257,105	24,888,312	5,783,813	67,929,230
Net assets released - restricted purpose met	258,649	177,100	-	435,749
Total revenues, gains, and support	37,515,754	25,065,412	5,783,813	68,364,979
Expenses:				
Dietary services	6,211,913	4,832,556	-	11,044,469
Facility services and utilities	5,707,758	6,362,759	-	12,070,517
Health and social services	10,118,784	7,280,660	-	17,399,444
Recreation	221,045	297,558	-	518,603
Assisted living	2,388,843	1,372,824	-	3,761,667
Administrative and marketing	4,095,184	4,129,290	-	8,224,474
Interest	-	-	3,447,786	3,447,786
Depreciation	4,520,493	7,401,610	-	11,922,103
Fund disbursement	258,649	177,100	-	435,749
Management services	2,556,879	1,389,888	-	3,946,767
Total expenses	36,079,548	33,244,245	3,447,786	72,771,579
Operating income (loss)	1,436,206	(8,178,833)	2,336,027	(4,406,600)
Nonoperating loss:				
Unrealized change in value of investments	-	-	(3,900,108)	(3,900,108)
Loss on extinguishment of debt	-	-	(302,604)	(302,604)
Total nonoperating loss	-	-	(4,202,712)	(4,202,712)
Change in net assets without donor restrictions	1,436,206	(8,178,833)	(1,866,685)	(8,609,312)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	227,930	218,400	-	446,330
Net assets released - restricted purpose met	(258,649)	(177,100)	-	(435,749)
Change in net assets with donor restrictions	(30,719)	41,300	-	10,581
CHANGES IN NET ASSETS (DEFICIT)	\$ 1,405,487	\$ (8,137,533)	\$ (1,866,685)	\$ (8,598,731)



MOSSADAMS

Exhibit E
Internally Prepared Financial Statements
YTD 8-Month Ended 11/30/2025

Odd Fellows Home of California

Statement of Financial Position

As of November 30, 2025

	Total OHFC 11/30/25	Total OHFC 03/31/25
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,894,346	\$ 12,809,382
Short term investments	57,708,459	51,765,123
Accounts receivable, net	2,908,153	3,070,754
Prepaid expenses & inventory	1,366,687	1,402,288
Note receivable from affiliates, current	266,420	127,070
Current portion of assets restricted under bond indenture agreement	2,261,405	4,028,138
Restricted deposits	3,716,460	-
Total current assets	79,121,930	73,202,756
Property and equipment, net	177,264,998	177,746,065
Other assets:		
Assets held in trust	2,861	2,858
Assets restricted under bond indenture agreements	1,523,987	1,495,457
Total other assets	1,526,848	1,498,315
Total assets	\$ 257,913,776	\$ 252,447,135
Liabilities and net assets		
Current liabilities:		
Accounts payable & accrued expenses	\$ 4,373,746	\$ 6,477,664
Accrued interest	493,491	1,512,800
Refundable deposits	4,590,748	1,447,011
Current portion of entrance fees repayable due upon reoccupancy	4,078,575	3,489,750
Current portion of long term debt	2,030,000	1,935,000
Due to affiliates, net	936,020	1,300,662
Other current liabilities	58,722	61,345
Total current liabilities	16,561,301	16,224,233
Long term debt	61,885,000	63,915,000
Long term debt premium	2,851,816	3,010,270
Bond issue and other financing costs, net	(2,243,985)	(2,368,667)
Total long term debt	62,492,831	64,556,604
Other liabilities:		
Entrance fees repayable due upon reoccupancy	131,774,662	130,734,825
Deferred revenue from entrance fees	54,909,896	55,890,220
Total other liabilities	186,684,558	186,625,045
Total liabilities	265,738,690	267,405,882
Net assets:		
Without donor restrictions	(8,583,909)	(15,133,804)
With donor restrictions	758,996	175,058
Total net assets	(7,824,914)	(14,958,746)
Total liabilities and net assets	\$ 257,913,776	\$ 252,447,135

Odd Fellows Home of California

Detail Statement of Activities - Unrestricted only

Year and month to date for the period ending November 30, 2025

	Actual Nov-25	Budget Nov-25	Variance	Actual YTD	Budget YTD	Variance
Operating revenues:						
<u>Service fees revenues</u>						
Independent living	\$ 2,579,717	\$ 2,618,175	\$ (38,457)	\$ 20,990,303	\$ 20,848,665	\$ 141,637
Assisted / residential living	1,047,822	966,538	81,284	8,439,911	7,732,306	707,605
Memory care	402,506	361,567	40,939	3,191,134	2,892,537	298,598
Level of care	150,765	128,500	22,265	1,186,588	1,028,000	158,588
Monthly fee credits	(36,429)	(15,881)	(20,548)	(338,112)	(133,760)	(204,352)
Benevolent care	-	(120)	120	-	(960)	960
<u>Health center revenues</u>						
CCRC resident	198,256	207,896	(9,640)	1,607,501	1,688,412	(80,910)
Public resident	373,395	468,542	(95,147)	3,379,966	3,809,579	(429,613)
Medicare	686,752	707,698	(20,946)	5,237,262	5,752,641	(515,378)
Medicaid / Medicaid Managed	634,075	478,412	155,663	4,539,261	3,890,405	648,856
Insurance / Medicare Advantage	65,698	81,862	(16,163)	646,744	665,744	(19,000)
Hospice / other	67,200	69,137	(1,937)	676,093	552,924	123,169
Monthly fee credits	(9,696)	(5,104)	(4,592)	(34,071)	(39,223)	5,152
Bad debt	-	(3,167)	3,167	24,590	(25,336)	49,926
<u>Other revenues</u>						
Other income, net	56,120	105,837	(49,717)	606,409	855,102	(248,693)
Less eliminations	(21,690)	(33,296)	11,606	(293,273)	(266,369)	(26,904)
Total operating revenues	\$ 6,194,492	\$ 6,136,596	\$ 57,896	\$ 49,860,305	\$ 49,250,666	\$ 609,639

	Actual Nov-25	Budget Nov-25	Variance	Actual YTD	Budget YTD	Variance
Operating expenses:						
Administration	\$ 825,507	\$ 1,158,040	\$ 332,532	\$ 6,888,777	\$ 8,119,811	\$ 1,231,034
Dining services	1,133,207	1,195,157	61,950	9,423,118	9,307,987	(115,131)
<u>Health and social services</u>						
Health services	1,219,817	1,331,871	112,055	10,074,129	10,005,894	(68,235)
Assisted / residential living	453,493	334,333	(119,160)	3,328,049	2,647,997	(680,052)
Memory care	144,202	163,386	19,184	1,184,382	1,300,908	116,526
<u>Facility services and utilities</u>						
Facility services	863,872	873,845	9,973	7,072,776	6,925,830	(146,946)
Utilities	294,141	366,283	72,142	2,746,439	3,155,763	409,323
<u>Fees to affiliate</u>						
Management services	342,323	438,042	95,719	2,879,533	3,177,326	297,793
Accounting services	3,973	15,353	11,380	28,858	122,821	93,963
Information technology services	-	38,645	38,645	-	154,581	154,581
<u>Other expenses</u>						
Activities	34,971	31,055	(3,916)	251,823	247,695	(4,127)
Less eliminations	(21,690)	(33,296)	(11,606)	(293,273)	(266,369)	26,904
Total operating expenses	\$ 5,293,816	\$ 5,912,714	\$ 618,898	\$ 43,584,611	\$ 44,900,245	\$ 1,315,634

Operating margin revenue/expense	\$ 900,676	\$ 223,883	\$ 676,794	\$ 6,275,694	\$ 4,350,422	\$ 1,925,272
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	Actual Nov-25	Budget Nov-25	Variance	Actual YTD	Budget YTD	Variance
Other operating activity:						
<u>Operating revenue</u>						
Entrance fee amortization income	\$ 493,389	\$ 488,369	\$ 5,020	\$ 3,976,302	\$ 3,912,965	\$ 63,337
Entrance fee termination income	-	131,051	(131,051)	914,705	1,063,036	(148,331)
Contributions	139,579	136,781	2,798	1,131,843	1,091,234	40,609
Release from restriction	-	39,173	(39,173)	-	302,685	(302,685)
Total other operating revenue	632,968	795,374	(162,406)	6,022,850	6,369,920	(347,071)
<u>Operating expense</u>						
Depreciation	1,084,903	1,076,908	(7,995)	8,714,885	8,615,264	(99,621)
Fund disbursements	146,314	102,748	(43,566)	1,241,828	748,494	(493,334)
Loss on disposal of prop & equipment	-	17,359	17,359	(33,156)	133,483	166,639
Total other operating expense	1,231,217	1,197,016	(34,201)	9,923,557	9,497,240	(426,317)
Net other operating activity	\$ (598,249)	\$ (401,642)	\$ (196,608)	\$ (3,900,707)	\$ (3,127,320)	\$ (773,387)

Odd Fellows Home of California

Detail Statement of Activities - Unrestricted only

Year and month to date for the period ending November 30, 2025

	Actual Nov-25	Budget Nov-25	Variance	Actual YTD	Budget YTD	Variance
Financing activities - unrestricted						
Investment income	\$ 227,846	\$ 256,500	\$ (28,654)	\$ 1,337,193	\$ 2,052,000	\$ (714,807)
Realized gain (loss)	78,070	-	78,070	744,630	-	744,630
Unrealized gain (loss)	22,618	-	22,618	4,240,400	-	4,240,400
Fees unrestricted funds	(8,412)	(24,000)	15,588	(208,085)	(192,000)	(16,085)
Total unrestricted financing income	320,122	232,500	87,622	6,114,139	1,860,000	4,254,139
Interest expense	226,421	228,193	1,773	1,814,549	1,858,612	44,063
Amortization expense	15,585	15,585	(0)	124,682	124,682	(0)
Total unrestricted financing expense	242,006	243,778	1,773	1,939,231	1,983,294	44,063
Excess income over expense - financing	\$ 78,116	\$ (11,278)	\$ 89,395	\$ 4,174,909	\$ (123,294)	\$ 4,298,202
Change in unrestricted net assets before nonoperating items						
	\$ 380,543	\$ (189,037)	\$ 569,581	\$ 6,549,895	\$ 1,099,808	\$ 5,450,087
Nonoperating items:						
Change in unrestricted net assets after nonoperating items						
	\$ 380,543	\$ (189,037)	\$ 569,581	\$ 6,549,895	\$ 1,099,808	\$ 5,450,087

Odd Fellows Home of California

Statement of Cash Flows

As of November 30, 2025

Cash flows from operating activities (Indirect Method)		
Change in net assets	\$	7,133,833
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		8,714,885
Amortization of debt issue costs		124,682
Amortization of bond (premium) / discount		(158,455)
Nonrepayable entrance fees received		4,248,233
Entrance fees earned		(4,891,007)
Unrealized change in value of investments		(4,240,400)
Realized (gain) loss and reinvested income on investments		(1,873,739)
Assets held in trust		(4)
Loss (gain) on disposal of property and equipment		(33,156)
Net changes in:		
Accounts receivable, net		(287,732)
Supplies, prepaid expenses and other assets		35,601
Accounts payable and accrued expenses		(2,103,919)
Accrued interest		(1,019,309)
Repayable deposits		(572,723)
Due to affiliate, net		(364,643)
Other liabilities		(2,623)
Net cash provided by (from) operating activities	\$	4,709,523
Cash flows from investing activities		
Purchase of property and equipment	\$	(8,167,507)
Proceeds from sale of property and equipment		(33,156)
Proceeds from sale of investments		106,018
Change in assets restricted under bond indenture agreement, net of realized gains		1,802,989
Change in notes receivable		(139,349)
Net cash provided by (from) investing activities	\$	(6,431,005)
Cash flows from financing activities		
Repayment of long-term debt	\$	(1,935,000)
Repayable entrance fees received		6,420,395
Repayable entrance fees repaid		(4,678,950)
Net cash provided by (from) financing activities	\$	(193,555)
Net increase (decrease) in cash and cash equivalents	\$	(1,915,037)
Cash and cash equivalents, beginning of year	\$	12,809,382
Cash and cash equivalents, end of year	\$	10,894,346

Exhibit F
Financial Feasibility Report

HENDRICKSON CONSULTING

6 Beach Road – #494, Tiburon, California 94920 - (415) 889-5035 – Bill1Hendrickson@gmail.com

FINAL REPORT

ODD FELLOWS HOME OF CALIFORNIA

FINANCIAL FEASIBILITY REPORT

JANUARY 5, 2026

HENDRICKSON CONSULTING

6 Beach Road - #494, Tiburon, CA 94920 – (415) 889-5035 – Bill1Hendrickson@gmail.com

January 5, 2026

Diana Jamison

c/o Odd Fellows Home of California
Saratoga Retirement Community
14500 Fruitvale Avenue
Saratoga, CA 95070

Dear Ms. Jamison:

We are pleased to submit this feasibility study for the Odd Fellows Home of California (OFHC), a 501(c)(3) corporation that owns and operates two continuing care retirement communities (CCRC) in Saratoga and Napa, California. OFHC has a combined total of 368 operating independent living (IL) units, 161 assisted living/memory care units, and 154 skilled nursing beds. The purpose of the \$107.2 million par/premium tax-exempt 2026 Bond financing is to fund the construction of 52 new IL units as well as auditorium, fitness center, and dining improvements, at the Saratoga Retirement Community (SRC). Construction is scheduled to begin in April 2026 and to conclude in March 2028. The IL expansion will provide SRC with larger units to meet market demand and will improve OFHC's overall financial condition.

The 2026 Bonds are anticipated to be issued in April 2026 and insured through Cal Mortgage. The 2026 Bonds are expected to have a 30-year term with short-term debt anticipated to be paid in fiscal year ending March 31, 2029. The forecasts are based on a maximum coupon rate of 5.00%. Interest payments to bondholders will begin on October 1, 2026. The 2026 Bonds are being “wrapped” around the existing 2023 Bonds and, aside from short-term debt, long-term principal payments begin on April 1, 2043.

To evaluate the financial feasibility of the project we have reviewed critical information sources, including the following:

- the key revenue sources for OFHC,
- the key expenses for OFHC,
- the estimated costs and timing of the expansion project, and
- the terms and structure of the proposed bond issue.

The information obtained through this review has been used to forecast financial statements for the fiscal year ending March 31, 2026 to 2031. Based on our evaluation, the debt coverage ratio for actual debt payments is expected to equal or exceed 3.90x after issuance of the 2026 Bonds. In addition, the sources of funds will be adequate to meet operating expenses, working capital, and other capital requirements.

The forecasts contained in this report are based on several assumptions. To the extent that these assumptions are not realized, the actual results may vary accordingly. Implementation of policies and procedures to attain forecast results is the responsibility of OFHC and its management. Since future events are subject to uncertainty, we cannot guarantee these forecasts as specific results that will be achieved.

We appreciate the assistance provided by OFHC management during the preparation of this study.

Sincerely,

William D. Hendrickson

William D. Hendrickson
Hendrickson Consulting

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SECTION A
ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF CHANGES IN NET ASSETS
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
REVENUE								
Monthly Fees/Other - SRC	\$38,330	\$42,326	\$44,790	\$45,762	\$47,174	\$55,909	\$59,553	\$61,760
Monthly Fees/Other - MNV	26,659	28,794	30,131	31,219	32,380	33,586	34,837	36,135
Amortized Entrance Fees	7,993	7,611	7,548	7,533	7,548	11,740	11,539	11,494
Contributions/Net Released Assets	2,407	2,132	2,000	2,080	2,163	2,250	2,340	2,433
Interest/Realized Gains	1,770	4,128	3,100	2,179	2,316	2,568	2,980	3,160
Unrealized/Other Gains (Losses)	6,489	(2,338)	4,200	0	0	0	0	0
Total Revenue	\$83,648	\$82,653	\$91,769	\$88,772	\$91,581	\$106,052	\$111,249	\$114,983
EXPENSES								
Operations - SRC	\$34,689	\$34,492	\$35,500	\$37,500	\$39,000	\$43,480	\$45,557	\$47,379
Operations - MNV	28,189	27,313	28,000	29,120	30,285	31,496	32,756	34,066
Management Services	4,006	4,431	4,500	4,550	4,773	5,370	5,663	5,874
Depreciation/Amortization/Other	13,206	13,068	12,981	13,161	13,403	16,978	17,527	18,146
Net Interest/Fees	2,952	2,998	2,977	2,878	2,774	2,786	5,182	5,061
Total Expenses	\$83,042	\$82,302	\$83,958	\$87,209	\$90,235	\$100,110	\$106,686	\$110,527
Change in NA - Unrestricted	\$606	\$351	\$7,811	\$1,563	\$1,346	\$5,942	\$4,563	\$4,456
Change in NA - Donor Restricted	\$15	\$8	\$0	\$0	\$0	\$0	\$0	\$0
BALANCE (DEFICIT)	(\$15,318)	(\$14,959)	(\$7,148)	(\$5,584)	(\$4,238)	\$1,704	\$6,267	\$10,723

SECTION A
ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
ASSETS								
Cash & Investments	\$54,699	\$64,575	\$67,102	\$71,661	\$75,377	\$89,120	\$95,119	\$102,903
Accounts Receivable	3,449	3,071	3,079	3,164	3,269	3,678	3,879	4,023
Other Current Assets	1,857	1,530	1,591	1,655	1,721	1,790	1,861	1,936
Total Current Assets	\$60,005	\$69,176	\$71,772	\$76,479	\$80,368	\$94,588	\$100,860	\$108,862
Limited Use Assets - Bonds	\$11,027	\$5,524	\$5,524	\$56,174	\$10,224	\$8,652	\$8,652	\$8,652
Net Property, Plant, Equip.	177,395	177,748	181,067	235,856	280,883	279,506	278,202	276,929
TOTAL ASSETS	\$248,427	\$252,448	\$258,363	\$368,509	\$371,475	\$382,746	\$387,714	\$394,443
LIABILITIES								
Accts. Payable/Accr. Exp.	\$7,189	\$8,052	\$5,589	\$5,850	\$6,087	\$6,604	\$6,902	\$7,177
Refundable Deposits	428	1,447	1,447	1,447	1,447	1,447	1,447	1,447
Due to Affiliate	1,372	1,301	1,301	1,301	1,301	1,301	1,301	1,301
Current Portion - Debt	1,215	1,935	2,030	2,135	54,640	2,350	2,470	2,590
Total Current Liabilities	\$10,204	\$12,735	\$10,367	\$10,733	\$63,475	\$11,702	\$12,120	\$12,515
Repayable Entrance Fees	\$129,318	\$134,225	\$141,260	\$148,708	\$156,454	\$206,288	\$216,085	\$227,259
Deferred Entrance Fees	57,681	55,890	51,357	47,016	42,787	52,405	45,065	38,360
Long-term Debt/Premium	66,542	64,557	62,527	167,637	112,997	110,647	108,177	105,587
TOTAL LIABILITIES	\$263,745	\$267,407	\$265,511	\$374,094	\$375,713	\$381,042	\$381,447	\$383,720
NET ASSETS	(\$15,318)	(\$14,959)	(\$7,148)	(\$5,584)	(\$4,238)	\$1,704	\$6,267	\$10,723
TOTAL NET ASSETS/LIAB.	\$248,427	\$252,448	\$258,363	\$368,509	\$371,475	\$382,746	\$387,714	\$394,443

SECTION A
ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF CASH FLOWS
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
OPERATING ACTIVITIES								
Change in Net Assets	\$621	\$359	\$7,811	\$1,563	\$1,346	\$5,942	\$4,563	\$4,456
Depreciation and Amortization	13,206	13,068	12,981	13,161	13,403	16,978	17,527	18,146
Net Entrance Fees - SRC	4,575	3,054	2,500	4,400	4,576	64,443	6,976	8,663
Net Entrance Fees - MNV	4,745	7,859	7,550	6,240	6,490	6,749	7,019	7,300
Other	7,149	(50)	0	0	0	0	0	0
Amortized Entrance Fees	(7,993)	(7,611)	(7,548)	(7,533)	(7,548)	(11,740)	(11,539)	(11,494)
Changes in Assets/Liabilities	(5,837)	2,079	(2,532)	112	65	39	26	56
Cash From Operating Act.	\$16,466	\$18,758	\$20,762	\$17,943	\$18,332	\$82,411	\$24,573	\$27,127
INVESTING ACTIVITIES								
Project Expenditures	(\$600)	(\$2,200)	(\$7,800)	(\$48,400)	(\$45,950)	\$0	\$0	\$0
Capital Expenditures	(7,936)	(11,201)	(8,500)	(12,000)	(12,480)	(15,600)	(16,224)	(16,873)
Other	(261)	231	0	0	0	0	0	0
Cash From Investing Act.	(\$8,797)	(\$13,170)	(\$16,300)	(\$60,400)	(\$58,430)	(\$15,600)	(\$16,224)	(\$16,873)
FINANCING ACTIVITIES								
Debt Proceeds	\$70,484	\$0	\$0	\$107,245	\$0	\$0	\$0	\$0
Issuance Expenses	(2,691)	0	0	(7,550)	0	0	0	0
Change in Bond Funds	5,718	5,503	0	(45,950)	45,950	0	0	0
Refinancing	(68,778)	0	0	0	0	0	0	0
Debt Reserve	0	0	0	(4,700)	0	1,572	0	0
Debt Principal Payments	0	(1,215)	(1,935)	(2,030)	(2,135)	(54,640)	(2,350)	(2,470)
Cash From Financing Act.	\$4,733	\$4,288	(\$1,935)	\$47,015	\$43,815	(\$53,068)	(\$2,350)	(\$2,470)
Net Change in Cash/Investments	\$12,402	\$9,876	\$2,527	\$4,558	\$3,717	\$13,743	\$5,999	\$7,784
End Of Year Cash & Investments	\$54,699	\$64,575	\$67,102	\$71,661	\$75,377	\$89,120	\$95,119	\$102,903

B. BACKGROUND

Odd Fellows Home of California (OFHC) is a 501(c)(3) non-profit corporation which owns and operates two State-licensed continuing care retirement communities (CCRC) in the cities of Saratoga and Napa. Saratoga Retirement Community (SRC) consists of 141 independent living (IL), 85 assisted living (AL) units, 15 Memory Care (MC) units, and 94 skilled nursing facility (SNF) beds. The Meadows of Napa Valley (MNV) includes 227 IL, 41 AL, 20 MC, and 60 SNF units/beds. SRC offers two CCRC entrance fee contract options; amortized (also referred to as traditional) and 80% repayable. MNV offers amortized and 90% repayable entrance fee contract options and a non-CCRC rental contract. OFHC has been managed by PRS for 25+ years, which is being replaced by another management firm (Transforming Age) effective March 2026.

SARATOGA RETIRMEMENT COMMUNITY EXPANSION

The proposed \$107.2 million par/premium 2026 Bonds are to be used for a 52 IL unit expansion on the SRC campus as well as auditorium, fitness center, and dining improvements. The purpose of the expansion is to provide more and larger units to meet market area demand and to improve the financial position of SRC and OFHC. SRC began accepting 10% deposits in September 2025 and currently has over 40 depositors (80% of the total). Construction is expected to begin in April 2026 and end by March 2028. Fill-up is expected within one year after opening.

THE RESIDENCY AGREEMENTS

Entrants to the new SRC expansion units will select from the two “Type B” refundable options currently being offered. These will include an amortized/traditional fee which provides a declining refund over a 48-month period, and a repayable fee, which provides a minimum 80% repayment over the resident’s stay. Both include one meal per day, bi-weekly housekeeping, and a 10%-25% discount from market rates for transfers to AL, MC, and SNF levels of care plus 10 free days in the SNF. Currently approximately 60% of all SRC CCRC residents are under the traditional fee option and 40% under the 80% repayable, or one of the earlier variations, option.

THE BOARD OF TRUSTEES

OFHC is governed by a 15-member Board of Trustees, whose members are eligible to serve up to three consecutive three-year terms. Current Board members have served an average of three years. Members also serve on various Board committees including Finance, Governance, Fund Development, and Audit. OFHC currently has two residents serving as resident Trustees.

C. PROJECT DESCRIPTION

The proceeds of the 2026 Bonds will be used for the construction of 52 IL units at the SRC campus and dining venue improvements.

THE SRC INDEPENDENT LIVING EXPANSION AND RELATED IMPROVEMENTS

SRC's campus covers 37 acres. A portion of the building site is currently occupied by two cottages, which will be demolished in early 2026. The units will be located in three separate two-story buildings (A, C, D) and one cottage and total approximately 83,700 square feet (sf). There will also be approximately 69,400 sf of underground parking for 137 vehicles. Project cost estimates have been provided by RCP and McLemore Development Advisors for construction and other project costs. A guaranteed maximum price (GMP) is expected to be signed by April 2026. Some permits have been received, and the final building permit is expected by April 2026. Construction is expected to take 24 months, and opening is estimated for April 2028 when all State and local occupancy licenses are received. To date OFHC has expended approximately \$8 million for permits, architectural, engineering, development, and other expenses. A total of \$13 million is expected to have been spent by the scheduled 2026 Bond April closing date.

Improvements will also include a new auditorium, expanded fitness center and dining facilities. The latter will include reorganization of the main kitchen, relocation of the dining office and bakery, a new bistro with outside dining, and conversion of the existing lounge to dining space. Construction, furnishings and equipment, other soft costs, and contingencies for the dining, auditorium, and fitness center improvements are estimated at approximately \$15 million.

FINANCING ASSUMPTIONS

The financing assumptions reflected in **Table 1** have been provided by Ziegler & Co. The tax-exempt bonds are dated April 20, 2026, and insured through the State of California's Cal Mortgage insurance program. Maximum coupon rates are estimated at 5.0% for the long-term bonds and 3.0% for the short-term bonds. The bond term extends through 2056. Interest payments are due on October 1 and April 1, beginning on October 1, 2026 for interest payments and February 1, 2029 for the short-term debt principal payments. The 2026 long-term bonds are "wrapped" around the existing 2023 Bonds, and no principal payments are made on the 2026 long-term bonds until 2043.

Interest is funded from 2026 Bond proceeds beyond construction for 29 months – through October 1, 2028. The debt reserve consists of a long-term component equal to 6 months of long-term debt payments and a short-term portion to be applied to the short-term debt payment due on February 1, 2029. Cal Mortgage fee calculations and issuance costs have been provided by Ziegler & Co. Annual debt payments are shown in **Table 2**. These include both the 2026 and the existing 2023 Bonds. OFHC has no other debt obligations.

TABLE 1
ODD FELLOWS HOME OF CALIFORNIA
SOURCES/USES OF FUNDS
(\$000s)

	Fiscal Year Ending March 31	Thru 2026	2027	2028	TOTAL
SOURCES					
Bonds - Par	\$0	\$105,035	\$0	\$0	\$105,035
Bonds - Premium	0	2,210	0	0	\$2,210
Cash Equity	12,560	(645)	0	0	\$11,915
TOTAL SOURCES	\$12,560	\$106,600	\$0	\$0	\$119,160
USES					
Construction & Related	\$3,310	\$34,500	\$34,070	\$0	\$71,880
Architecture/Engineering/Other	3,480	1,000	1,200	0	\$5,680
Permits/Fees	3,310	1,500	90	0	\$4,900
Marketing	250	350	200	0	\$800
Furnishings/Equipment	0	0	2,000	0	\$2,000
Development Fee	1,260	1,500	1,820	0	\$4,580
Other	90	300	460	0	\$850
Owner's Contingency	860	1,600	2,110	0	\$4,570
Subtotal - IL Project Costs	\$12,560	\$40,750	\$41,950	\$0	\$95,260
Dining Improvement Costs	\$0	\$2,130	\$4,000	\$0	\$6,130
Funded Interest	\$0	\$5,520	\$0	0	\$5,520
Debt Reserve	0	4,700	0	0	\$4,700
Cal Mortgage Fees	0	5,620	0	0	\$5,620
Issuance Costs	0	1,930	0	0	\$1,930
TOTAL USES	\$12,560	\$60,650	\$45,950	\$0	\$119,160
BALANCE	\$0	\$45,950	\$0	\$0	\$0

TABLE 2
ODD FELLOWS HOME OF CALIFORNIA
DEBT PAYMENTS
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
<u>BONDS - 2026</u>								
Interest				\$0	\$0	\$121	\$2,632	\$2,632
Principal				<u>0</u>	<u>0</u>	<u>52,400</u>	<u>0</u>	<u>0</u>
Annual Debt				\$0	\$0	\$52,521	\$2,632	\$2,632
Balance Par/Premium				\$107,245	\$107,245	\$54,845	\$54,845	\$54,845
<hr/>								
<u>BONDS - 2023</u>								
Interest	\$454	\$3,056	\$2,977	\$2,878	\$2,774	\$2,665	\$2,550	\$2,429
Principal	<u>\$0</u>	<u>1,215</u>	<u>1,935</u>	<u>2,030</u>	<u>2,135</u>	<u>2,240</u>	<u>2,350</u>	<u>2,470</u>
Annual Debt	\$454	\$4,271	\$4,912	\$4,908	\$4,909	\$4,905	\$4,900	\$4,899
Balance Par/Premium	\$67,757	\$66,492	\$64,557	\$62,527	\$60,392	\$58,152	\$55,802	\$53,332
<hr/>								
<u>COMBINED TOTAL</u>								
Interest	\$454	\$3,056	\$2,977	\$2,878	\$2,774	\$2,786	\$5,182	\$5,061
Principal	<u>\$0</u>	<u>1,215</u>	<u>1,935</u>	<u>2,030</u>	<u>2,135</u>	<u>54,640</u>	<u>2,350</u>	<u>2,470</u>
Annual Debt	\$454	\$4,271	\$4,912	\$4,908	\$4,909	\$57,426	\$7,532	\$7,531
Balance Par/Premium	\$67,757	\$66,492	\$64,557	\$169,772	\$167,637	\$112,997	\$110,647	\$108,177

D. REVENUE AND EXPENSE ASSUMPTIONS

The following is a discussion of key historical and forecast utilization, revenue, and expense assumptions for OFHC, including both SRC and MNV communities. Forecasts are based on the FY 2024 and 2025 audits, internal financial statements through November 2025 (eight months of the FY ending March 31, 2026), and the FY 2027 preliminary budget. OFHC relies on four key revenue sources: entrance fees, monthly/related fees, investment earnings, and donations.

SARATOGA RETIREMENT COMMUNITY

Table 3 shows a summary of the 52-expansion totals by building with pricing in FY 2027 dollars (year starting April 1, 2026). The entrance fees shown represent the rates that initial depositors will pay when they move into the new units in FY 2029. About 60% of the move-ins are expected to be couples. Unit size ranges from 1,072 to 1,914 sf, with 9 large one-bedroom/den units and 43 two-bedroom units. The 143 IL units average 1,260 sf with traditional contract entrance fees at \$788,000 and monthly fees at \$8,980. Monthly and daily fees are generally forecast to increase by 4.0% per year after FY 2027.

SRC Occupancy and Revenues

Table 4 shows a summary of monthly fee forecasts for all levels of care and all residents. IL CCRC contract monthly fees have been increased by an average of 7.4% per year for the last three years (April 1, 2023 to April 1, 2025), with a budgeted 4.5% increase effective April 1, 2026. IL occupancy levels have historically exceeded 95%. AL/MC and SNF occupancies typically average over 80% and 70% respectively. The lower occupancy is in part due to the goals of keeping units/beds available for contract residents and maximizing placement in private rooms. SRC accepts both Medi-Cal and Medicare. The SNF payor mix census generally averages 20% Medicare, 30% Medi-Cal, and 50% private/insurance. About 40% of the AL/MC and 10%-15% of the SNF patients are CCRC transfers, with the remainder direct admits from the community. Weighted average rates after FY 2027 are forecast to increase by 4.0% per year for IL and AL/MC and 3.0% per year for SNF. Other income includes additional meal charges, guest rooms, beauty shop, and ancillary services.

Table 4 also shows the occupancy and revenue assumptions for the 52 expansion IL units based on the fee levels shown in **Table 3**. Fill-up is expected to require one year (from April 2028 to March 2029) at an average of 4.2 move-ins per month. Occupancy is expected to stabilize at 49 units (94%).

TABLE 3
ODD FELLOWS HOME OF CALIFORNIA
KEY INDEPENDENT LIVING FEE ASSUMPTIONS
FY 2027 DOLLARS

UNIT/BED TYPE	TOTAL UNITS	SQUARE FEET	ENTRY FEE AMORTIZED	MONTHLY FEE (2)
CURRENT UNITS				
Saratoga Retirement Community	141	1,260	\$827,200	\$9,380
Meadows of Napa Valley	227	1,100	\$382,400	\$5,620
SARATOGA RETIREMENT COMMUNITY - EXPANSION (1)				
Building A	20	1,670	\$1,060,000	\$11,850
Building C	20	1,680	\$975,000	\$12,160
Building D	11	1,310	\$815,000	\$9,810
Cottage	1	1,800	\$1,800,000	\$12,930
TOTAL/AVERAGE	52	1,600	\$990,000	\$11,560
Double Fee	31		\$0	\$2,400

(1) Entrance fees are for initial depositors. 80% repayable fees priced at average of 85% above amortized fees. OFHC estimates 75% will be sold as amortized.

(2) Monthly fees inflated by 4.0% per year

TABLE 4
SARATOGA RETIREMENT COMMUNITY
OPERATING REVENUE FORECASTS
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
INDEPENDENT LIVING								
Available Units - Average	143.0	143.0	142.0	141.0	141.0	193.0	193.0	193.0
Average Occ. - Existing	135.1	139.9	138.0	136.0	134.0	136.0	136.0	136.0
Average Occ. - Expansion	-	-	-	-	-	40.0	49.0	49.0
Average Occ. - Total	135.1	139.9	138.0	136.0	134.0	176.0	185.0	185.0
% Occupancy	94.5%	97.8%	97.2%	96.5%	95.0%	91.2%	95.9%	95.9%
Average Mo. Rate - Existing	\$8,747	\$9,525	\$9,906	\$10,352	\$10,766	\$11,197	\$11,645	\$12,110
Average Mo. Rate - Expansion				\$12,990	\$13,510	\$14,050	\$14,612	\$15,196
Monthly Revenues - Existing	\$14,180	\$15,991	\$16,405	\$16,895	\$17,312	\$18,273	\$19,004	\$19,764
Monthly Revenues - Expansion	\$0	\$0	\$0	\$0	\$0	\$6,744	\$8,592	\$8,936
MONTHLY REVENUES	\$14,180	\$15,991	\$16,405	\$16,895	\$17,312	\$25,017	\$27,596	\$28,700
ASSISTED LIVING/MEMORY CARE								
Available Units/Beds	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Occupancy	79.4	84.4	91.0	88.0	88.0	88.0	88.0	88.0
% Occupancy	79.4%	84.4%	91.0%	88.0%	88.0%	88.0%	88.0%	88.0%
Average Rate	\$9,479	\$10,645	\$11,300	\$11,922	\$12,398	\$12,894	\$13,410	\$13,946
MONTHLY REVENUES	\$9,032	\$10,781	\$12,340	\$12,589	\$13,093	\$13,616	\$14,161	\$14,727
SKILLED NURSING								
Available Units/Beds	94.0	94.0	94.0	94.0	94.0	94.0	94.0	94.0
Average Occupancy	67.6	68.9	69.0	68.0	68.0	68.0	68.0	68.0
% Occupancy	71.9%	73.3%	73.4%	72.3%	72.3%	72.3%	72.3%	72.3%
Average Rate/Day	\$598	\$609	\$627	\$645	\$664	\$684	\$705	\$726
MONTHLY REVENUES	\$14,767	\$15,305	\$15,787	\$16,009	\$16,489	\$16,984	\$17,493	\$18,018
OTHER	\$351	\$249	\$259	\$269	\$280	\$291	\$303	\$315
TOTAL MONTHLY/OTHER	\$38,330	\$42,326	\$44,790	\$45,762	\$47,174	\$55,909	\$59,553	\$61,760
Combined Occupancy	83.7%	87.0%	88.7%	87.2%	86.6%	85.8%	88.1%	88.1%

SRC Entrance Fees

Table 5 shows a summary of entrance fee forecasts for SRC's existing and proposed new IL units. SRC has averaged 13 move-ins per year, an approximate 10% turnover rate. Recently those have averaged about three-quarters traditional fee and one-quarter 80% repayable fee. Entrance fees have been by an average of 6.7% over the last three years, with a budgeted 5.0% increase effective April 1, 2026. An estimated 49 net sales are estimated for the expansion units, with a similar contract breakdown as the existing unit entrants. Turnovers of these units are expected to begin in the first year of stability (FY 2030). About 88% of the \$59 million initial proceeds will be used to pay down \$52.4 million in short-term debt, with the remainder used for working capital and reserves. All entrance fees are estimated to increase by 4.0% per year after FY 2027.

TABLE 5
SARATOGA RETIREMENT COMMUNITY
ENTRANCE FEE FORECASTS
(000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
Resales Entrance Fees - Existing	19	8	10	11	11	13	13	13
Initial Sales - Expansion	0	0	0	0	0	49	0	0
Resales Entrance Fees - Expansion	0	0	0	0	0	0	2	3
Price - Resales Entrance Fees	\$720	\$893	\$650	\$800	\$832	\$865	\$900	\$936
Price - Initial Expansion Units			\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Price - Expansion Unit Resales			\$1,200	\$1,248	\$1,298	\$1,350	\$1,404	\$1,460
Revenues - Resales Entrance Fees	\$13,677	\$7,141	\$6,500	\$8,800	\$9,152	\$11,249	\$11,699	\$12,167
Revenues - Expansion Initial	\$0	\$0	\$0	\$0	\$0	\$58,818	\$0	\$0
Revenues - Expansion Resale	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,808</u>	<u>\$4,380</u>
Total	\$13,677	\$7,141	\$6,500	\$8,800	\$9,152	\$70,067	\$14,506	\$16,546
Repayments/Refunds - Existing	(\$9,102)	(\$4,087)	(\$4,000)	(\$4,400)	(\$4,576)	(\$5,624)	(\$5,849)	(\$6,083)
Repayments/Refunds - Expansion	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,681)	(\$1,801)
NET ENTRANCE FEES	\$4,575	\$3,054	\$2,500	\$4,400	\$4,576	\$64,443	\$6,976	\$8,663

SRC Operating Expenses

SRC's current staff totals approximately 250 full-time equivalent (FTE) employees, including 120 AL/MC/SNF health service, 75 dietary, 35 facility service, and 20 administration FTEs. Salaries and benefits are expected to exceed \$23 million in FY 2026, or 60% of total operating expenses of \$38 million. **Table 6** shows a summary of the estimated increased operating expenses (in FY 2027 dollars) that are expected once the new IL expansion reaches stable occupancy. The \$3.0 million total represents an 8% increase in total SRC operating expenses before management fees.

All expenses are estimated to increase by 4.0% per year after FY 2027.

TABLE 6

**SARATOGA RETIREMENT COMMUNITY PROJECT RELATED OPERATING EXPENSES
INCREMENTAL DEPARTMENTAL EXPENSE SUMMARY @ FULL OCCUPANCY (1)
FISCAL YEAR 2027 DOLLARS**

DEPARTMENT	Paid FTEs	Hr. Rate	Sal/FTE	Salaries	Benefits	Other (2)	TOTAL
Dining Services	10.0	\$23.00	\$48,000	\$480,000	\$130,000	\$450,000	\$1,060,000
Environmental Services	9.0	\$26.00	\$54,000	\$486,000	\$131,000	\$550,000	\$1,167,000
Residential Services	4.0	\$32.00	\$67,000	\$268,000	\$72,000	\$200,000	\$540,000
Administration	0.0	\$0.00	\$0	\$0	\$0	\$233,000	\$233,000
TOTAL/AVERAGE	23.0	\$25.82	\$53,700	\$1,234,000	\$333,000	\$1,433,000	\$3,000,000

(1) Excludes Management fees, depreciation, and interest payments.

(2) Includes food, utilities, supplies, insurance, and other non-compensation expenses.

THE MEADOWS OF NAPA VALLEY

Tables 7-8 show a summary of historical and forecast MNV monthly fees and entrance fees.

MNV Occupancy and Revenues

Table 7 shows a summary of MNV occupancy and monthly fee revenue. The average IL unit is smaller and lower priced than SRC. Units range from 510 sf to 2,000+ sf (for the recent expansion apartments) and average 1,100 sf. Approximately 20% of total IL units are occupied by renters, who pay a monthly fee above that of the entrance fee CCRC residents. As shown, occupancy levels average above 90% for IL, 80% for AL/MC, and 65% for the SNF. Rates are budgeted to increase by 5.0% for IL and 5.0%-6.0% AL/MC/SNF effective April 1, 2026. For forecasting purposes occupancy is estimated to remain at current levels, with IL and AL/MC rates increased by 4.0% per year after FY 2027 and SNF rates increased by an average of 3.0% per year.

MNV Entrance Fees

As shown in **Table 8**, MNV averages above \$5+ million in net entrance fees per year. Typically, about 40% of the average total of 25+ move-ins per year are under the non-CCRC rental contract. The majority of CCRC entrants select the 90% repayable option. Entrance fees are estimated to increase 6.0% for FY 2027 and by 4.0% per year thereafter.

MNV Operating Expenses

MNV's current staff totals approximately 190 full-time equivalent (FTE) employees. Salaries and benefits are expected to exceed \$16 million in FY 2026, or 54% of total operating expenses of \$30 million. All expenses are increased by 4.0% per year after FY 2027.

TABLE 7
THE MEADOWS OF NAPA VALLEY
OPERATING REVENUE FORECASTS
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
INDEPENDENT LIVING								
Available Units - Average	223.0	226.0	227.0	227.0	227.0	227.0	227.0	227.0
Average Occ. - Total	201.2	205.3	207.0	205.0	205.0	205.0	205.0	205.0
% Occupancy	90.2%	90.8%	91.2%	90.3%	90.3%	90.3%	90.3%	90.3%
Average Mo. Rate	\$5,503	\$5,777	\$6,066	\$6,369	\$6,624	\$6,889	\$7,165	\$7,451
MONTHLY REVENUES	\$13,286	\$14,233	\$15,068	\$15,669	\$16,296	\$16,948	\$17,625	\$18,330
ASSISTED LIVING/MEMORY CARE								
Available Units/Beds	61.0	61.0	61.0	61.0	61.0	61.0	61.0	61.0
Average Occupancy	50.1	50.8	55.0	53.0	53.0	53.0	53.0	53.0
% Occupancy	82.1%	83.3%	90.2%	86.9%	86.9%	86.9%	86.9%	86.9%
Average Rate	\$8,827	\$9,301	\$9,500	\$10,023	\$10,423	\$10,840	\$11,274	\$11,725
MONTHLY REVENUES	\$5,307	\$5,670	\$6,270	\$6,374	\$6,629	\$6,894	\$7,170	\$7,457
SKILLED NURSING								
Available Units/Beds	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Average Occupancy	39.1	39.7	37.5	38.0	38.0	38.0	38.0	38.0
% Occupancy	65.2%	66.2%	62.5%	63.3%	63.3%	63.3%	63.3%	63.3%
Average Rate/Day	\$535	\$584	\$610	\$628	\$647	\$667	\$687	\$707
MONTHLY REVENUES	\$7,638	\$8,465	\$8,349	\$8,715	\$8,976	\$9,245	\$9,523	\$9,808
OTHER	\$428	\$426	\$443	\$461	\$479	\$498	\$518	\$539
TOTAL MONTHLY/OTHER	\$26,659	\$28,794	\$30,131	\$31,219	\$32,380	\$33,586	\$34,837	\$36,135
Combined Occupancy	84.4%	85.2%	86.1%	85.1%	85.1%	85.1%	85.1%	85.1%

TABLE 8
MEADOWS OF NAPA VALLEY
ENTRANCE FEE FORECASTS
(000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
Number of Resales	15	22	15	16	16	16	16	16
Weighted Average Resale Price	\$576	\$545	\$650	\$600	\$624	\$649	\$675	\$702
Total Resales	\$8,641	\$11,997	\$9,750	\$9,600	\$9,984	\$10,383	\$10,799	\$11,231
Repayments/Refunds	(\$3,896)	(\$4,138)	(\$2,200)	(\$3,360)	(\$3,494)	(\$3,634)	(\$3,780)	(\$3,931)
NET ENTRANCE FEES	\$4,745	\$7,859	\$7,550	\$6,240	\$6,490	\$6,749	\$7,019	\$7,300

OFHC REVENUES AND EXPENSES

OFHC revenues consist of contributions and investment earnings. Expenses include fees for the management of the two communities, and payments to the Grand Lodge for their management services.

In the past two years OFHC has received an average of \$1.75 million in contributions and an additional \$500,000 in net assets released from restriction. About 75% of these contributions represent transfers from the Grand Lodge which are tied to Grand Lodge investments. Contributions and net released assets are estimated at \$2.0 million in FY 2027, increasing by 4.0% per year.

OFHC invests in a wide variety of instruments, including publicly traded equity and fixed income mutual funds. In the last two fiscal years earnings have averaged about 6.7% of average balances (about \$4.0 million) with about \$1.0 million of this in unrealized gains. Future interest, realized gains, and dividends are estimated at 3.0% of prior year unrestricted funds and 3.0% of restricted debt reserve cash and investment balances.

PRS has been the management company for OFHC since 1999 and is being replaced by another management firm (Transforming Age) effective February 2026. The new management agreement has not been finalized but is expected to include a 6.0% of monthly fee (5.5% plus 0.5% expenses) and related operating revenue (excluding entrance fees and earnings) fee with a five-year term and renewal options.

OFHC pays for Grand Lodge leased office space, budgeted for \$280,000 in FY 2027.

Interest expenses reflect the 2023 and 2016 Bond payments.

E. FINANCIAL STATEMENT ASSUMPTIONS

In addition to the OFHC operating assumptions, there are several other assumptions used to forecast the **Section A** financial statements.

STATEMENTS OF ACTIVITIES

The Statement of Activities has two non-cash adjustments: amortized entrance fees and depreciation and amortization expense. The traditional entrance fees are amortized over the estimated life of entrants (10 years existing, 12 years new move-ins). Project costs are depreciated over a period of 35 years, and ongoing capital expenditures are depreciated over a 10-year period. 2026 Bond issuance costs are amortized over 30 years.

STATEMENTS OF FINANCIAL POSITION

Accounts receivable are estimated at 15 days of cash revenues. Other current assets are increased by 4.0% per year from FY 2025. Accounts payable are estimated at 30 days of cash operating expenses.

STATEMENTS OF CASH FLOWS

Ongoing capital cost forecasts are estimated at \$11-\$12 million during the expansion construction period and \$15-\$16 million thereafter.

F. KEY FINANCIAL RATIOS

Table 9 shows a summary of OFHC's key financial ratios. As shown, maximum annual debt service (MADS) coverage exceeds 3.90x, and unrestricted days cash on hand exceeds 350 days after the 2026 Bonds are issued. The estimated MADS reflects proposed Regulatory Agreement and Indenture language to address a one-time debt payment of \$8.42 million in FY 2043.

TABLE 9
ODD FELLOWS HOME OF CALIFORNIA
DEBT COVERAGE AND OTHER KEY RATIOS
(\$000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	2029	2030	2031
Change in Net Assets - Unrestr.	\$606	\$351	\$7,811	\$1,563	\$1,346	\$5,942	\$4,563	\$4,456
Unrealized Losses (Gains)	(6,489)	2,338	(4,200)	0	0	0	0	0
Depreciation and Amortization	13,206	13,068	12,981	13,161	13,403	16,978	17,527	18,146
Amortized Entrance Fees	(7,993)	(7,611)	(7,548)	(7,533)	(7,548)	(11,740)	(11,539)	(11,494)
Entrance Fees - Resale	9,320	10,913	10,050	10,640	11,066	12,374	13,996	15,963
Interest	2,952	2,998	2,977	2,878	2,774	2,786	5,182	5,061
NET CASH FOR DEBT SERVICE	\$11,602	\$22,057	\$22,071	\$20,709	\$21,040	\$26,339	\$29,729	\$32,132
Net Interest	\$2,952	\$2,998	\$2,977	\$2,878	\$2,774	\$2,786	\$5,182	\$5,061
Principal - Long-term Debt	0	1,215	1,935	2,030	2,135	2,240	2,350	2,470
TOTAL DEBT SERVICE	\$2,952	\$4,213	\$4,912	\$4,908	\$4,909	\$5,026	\$7,532	\$7,531
MADS (1)	\$4,912	\$4,912	\$4,912	\$4,909	\$4,909	\$6,216	\$7,532	\$7,531
Unrestricted Reserves	\$54,699	\$64,575	\$67,102	\$71,661	\$75,377	\$89,120	\$95,119	\$102,903
Operating Expenses	\$69,836	\$69,234	\$70,977	\$74,048	\$76,832	\$83,132	\$89,158	\$92,380
Long-Term Debt Principal	\$68,655	\$64,635	\$60,592	\$113,207	\$110,862	\$108,407	\$105,827	\$103,117
KEY RATIOS								
Debt Coverage - MADS	2.36	4.49	4.49	4.22	4.29	4.24	3.95	4.27
Debt Coverage - Actual	3.93	5.24	4.49	4.22	4.29	5.24	3.95	4.27
Days Cash on Hand	286	340	345	353	358	391	389	407
Cash to Long-term Debt	81.5%	101.9%	112.8%	71.0%	75.9%	88.8%	96.6%	106.7%

(1) MADS based on assumed terms of 2026 Bonds Indenture and Regulatory Agreement.

G. SENSITIVITY RATIOS

Table 10 shows ratios for five sensitivity forecasts.

Scenario 1 – SRC Expansion Low Sales/Occupancy/Slow Fill-up – In this scenario opening is delayed by 6 months to October 2028 and occupancy stabilizes at 85% (44 units) by the end of FY 2030.

Scenario 2 – SRC and MNV Low Occupancy – In this scenario occupancy of all levels of care at both communities are reduced by 15% in FY 2027 and thereafter to an average of 72%, without any offsetting decline in operating expenses.

Scenario 3 – Higher Debt Payments - Under this scenario, annual debt payments are increased by \$550,000, equivalent to a 1.0% increase over the base case 5.0% coupon rates.

Scenario 4 – High Operating Expense Inflation – In this scenario annual salary/benefit and other expense inflation is 6.0%, but that OFHC continues to increase rates at both communities by the 4.0% assumed in the base case.

Scenario 5 – Project Cost Overruns – In this scenario the project budget increases by \$10.0 million (10.5%) over the \$95.3 million budget and is paid from OFHC reserves.

TABLE 10
ODD FELLOWS HOME OF CALIFORNIA
SENSITIVITY ANALYSIS
(\$000s)

Fiscal Year Ending March 31	2027	2028	2029	2030	2031
<u>Base Case</u>					
Debt Coverage Ratio- MADS	4.22	4.29	4.24	3.95	4.27
Days Cash on Hand	353	358	391	389	407
<u>Sensitivity 1 - Low Expansion Occupancy</u>					
Debt Coverage Ratio - MADS	4.22	4.29	4.02	3.84	4.15
Days Cash on Hand	353	358	385	379	394
<u>Sensitivity 2 - Low SRC/MNV Occupancy</u>					
Debt Coverage Ratio - MADS	2.05	2.13	2.22	1.75	1.93
Days Cash on Hand	293	241	181	125	81
<u>Sensitivity 3 - Higher Interest Rates</u>					
Debt Coverage Ratio - MADS	4.22	4.29	4.10	3.69	3.98
Days Cash on Hand	353	358	391	385	400
<u>Sensitivity 4 - High Expense Inflation</u>					
Debt Coverage Ratio - MADS	4.12	3.96	3.75	3.23	3.27
Days Cash on Hand	348	340	351	325	311
<u>Sensitivity 5 - High Project Costs</u>					
Debt Coverage Ratio - MADS	4.22	4.29	4.20	3.91	4.22
Days Cash on Hand	329	310	345	345	363

Agenda Item 6

Cal-Mortgage Loan Insurance Program 2024

Actuarial Study Results – Informational Item



ACTUARIAL STUDY OF HEALTH FACILITY CONSTRUCTION LOAN INSURANCE FUND AS OF JUNE 30, 2024

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

OFFICE OF HEALTH FACILITY LOAN INSURANCE

CALIFORNIA HEALTH FACILITY CONSTRUCTION LOAN
INSURANCE PROGRAM

June 9, 2025

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1. EXECUTIVE SUMMARY

Health and Safety Code, Section 129330, requires the Department of Health Care Access and Information (HCAI) (formerly known as the Office of Statewide Health Planning and Development (OSHPD)) to contract for an actuarial study in each even-numbered year to determine the reserve sufficiency of the funds held in the Health Facility Construction Loan Insurance Fund (HFCLIF). Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) has been engaged by HCAI, Office of Health Facility Loan Insurance (Cal-Mortgage), to conduct the actuarial study of the California Health Facility Loan Insurance Program (Program) and the HFCLIF.

Specifically, the scope of services includes the following items:

- A determination of the reserve sufficiency for the HFCLIF as of June 30, 2024. Calculations reflect foreseeable risks, including extraordinary administrative expenses and actual defaults (Health & Safety Code, Section 129330)
- An assessment of the risk to the State's General Fund of the Program

As detailed in Section 4 Results and Methodology, the following analyses were performed to meet the abovementioned objectives:

- Reserve Sufficiency of HFCLIF
- Income Debt Service Ratios
- Cash Flow Debt Service Ratios
- Risk to the State's General Fund

The study was based on the Program's insured portfolio as of June 30, 2024 (accounting date) is based on data evaluated as of June 30, 2024 (valuation date) and additional information provided to Oliver Wyman through April 28, 2025 (review date).

Under the administration of HCAI, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to health care. The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses. As of June 30, 2024, HCAI insured 59 projects with an original amount insured totaling \$1.730 billion.

Oliver Wyman is of the understanding that the Program is not subject to Department of Insurance (DOI) standards, but we believe this comparison serves as a good proxy to evaluate the reserve sufficiency for the HFCLIF. It is important to note that the DOI standards require that private insurers have front-end capitalization of at least \$75 million before they can be licensed to do business in California. The Legislature did not capitalize the Program, but the payment of principal and interest on the loans are fully and unconditionally guaranteed by the State of California. All of the HFCLIF reserves (referred to as "cash balance" as per the Cal-Mortgage Monthly Activity Report Ending June 30, 2024), \$135.08 million as of June 30, 2024, have been derived from the Program's "earnings" over the past 40-plus years. Nonetheless, if the DOI standards were applied to the Program, the reserve requirement would total \$153.01 million as of June 30, 2024. Thus, under the DOI standards, there is a \$17.94 million shortfall in the HFCLIF.

The financial strength of the HFCLIF was evaluated by conducting a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. The projections under

the Expected Scenario indicated a positive expected fund balance at least through Fiscal Year 2053/54 despite the aforementioned HFCLIF shortfall.

As discussed below, we conduct numerous scenario testing exercises to “stress-test” HFCLIF’s funding under higher levels of defaults and differing levels of business. We believe these scenarios anticipate a sufficient level of adverse development in the economy and healthcare business that may result from the post-COVID-19 environment.

2. BACKGROUND

Program

The Program was authorized by California Constitution Article XIII, Section 21.5 (now Article XVI, Section 4), and approved by the voters in 1968. Modeled after federal home mortgage programs, the Program makes it possible for nonprofit healthcare facilities to obtain private financing, without cost to taxpayers, to develop or expand their services in communities throughout California. Without such a guarantee, many of these facilities simply could not arrange the financing required to serve their communities.

Under the administration of HCAI, the Program insures loans to nonprofit and public health facilities for construction projects that improve access to health care. HCAI can insure loans to nonprofit public benefit corporations or public entities (cities, counties, hospital districts, or joint power authorities) in which the State of California guarantees the payments of principal and interest on the loans. The loan insurance allows borrowers access to lower interest rates.

Health and Safety Code, Section 129200 established the HFCLIF, which is used as a depository of fees and insurance premiums. Pursuant to Health and Safety Code, Section 129215, the HFCLIF is a trust fund to be used to pay administrative costs of the Program and claims resulting from defaults from insured borrowers.

As previously noted, Section 129330 of the Health and Safety Code requires that Cal-Mortgage obtain, in each even-numbered year, an actuarial study to determine the reserve sufficiency of funds. The purpose of the study is to examine the portfolio of existing insured loans and provide an estimate of reserve funds necessary to respond adequately to potential foreseeable risks, including extraordinary administrative expenses and actual defaults.

Premiums and Fees

The sources of revenue for the Program are premiums and fees used to pay all default and administrative expenses.

For loans closed prior to January 1, 2001, Health and Safety Code, Section 129040, provided that “The annual [insurance] premium charge shall not be more than an amount equivalent to one-half of 1%, or 0.5%, per annum of the average amount of the principal obligation of the loan during the year in which the charge is made, without taking into account delinquent payments.”

For loans closed on or after January 1, 2001, Health and Safety Code, Section 129040 provides, “[HCAI] shall establish a premium charge for the insurance of loans under this chapter, and the charge shall be deposited in the fund. A one-time nonrefundable premium charge shall be paid at the time the loan is insured. The premium rate may vary based upon the assessed level of relative financial risk determined pursuant to Section 129051 but shall in no event be greater than 3.0%. The amount of the premium shall be computed on the basis of the application of the rate to the total amount of principal and interest payable over the term of the loan.”

As of June 30, 2024, all loans insured in the program had a one-time nonrefundable premium.

In addition to premiums, the Program is financed by an application fee of 0.5% of the loan applied for, but not to exceed \$500 (Health and Safety Code, Section 129090) and a certification and inspection fee not in excess of 0.4% of the loan that is insured (Health and Safety Code, Section 129035).

Financial Status of the Program

As of June 30, 2024, HCAI insured 59 projects with an original amount insured totaling \$1.730 billion. Pursuant to Health and Safety Code, Section 129210, the total amount of insured loans may not exceed \$3 billion.

Most insured loans have a debt service reserve fund of one year's debt service under the control of a trustee and the Program. It is our understanding that for new borrowers, as of 2016, Cal-Mortgage began accepting half a year's debt service reserve in some cases and no debt service reserve in the case of investment grade borrowers. If a borrower fails to make all its payments and its debt service reserve account is depleted, HCAI is required to pay the annual debt service shortfall from the HFCLIF.

- The HFCLIF is held and invested by the State Treasurer; HFCLIF's cash balance as of June 30, 2024 was \$135,077,220.
- The HFCLIF annual net income (insurance premiums plus recoveries from previously defaulted projects, less default expenses and administrative expenses) for 2022/23 was -\$17,270,203 and for 2023/24 was \$7,687,597.¹ Oliver Wyman observed that the 2022/23 HFCLIF annual net income decreased significantly from the prior two years. The decrease was driven by an increase in default payments and liability expenses.
- The recoveries from previously defaulted projects that are deposited in the HFCLIF are generated from enforcement by HCAI of security interests in the real and personal property of borrowers evidenced by deeds of trust, fixture filings, UCC-1s, and Deposit Account Control Agreements.

If there are inadequate reserves in the HFCLIF, the State Treasurer is required to exchange the bonds for debentures of the State, which will be fully and unconditionally guaranteed by the State. If debentures are issued, the HFCLIF is required to repay the debentures.

The current Standard & Poor's (S&P) credit rating of the Program, which is derived from the State's rating, was raised from A+ to AA- in July 2015. S&P cited the enactment of California's 2015-2016 budget, marking an improved fiscal sustainability. Further, Fitch's credit rating increased from AA- to AA in August 2019 and Moody's credit rating increased from Aa3 to Aa2 in October 2019.

¹ These figures are internally prepared, non-SCO-adjusted, non-GAAP figures

3. DATA

For this study, Oliver Wyman relied upon the following information, provided by Cal-Mortgage:

- State Plan – California Health Facility Construction Loan Insurance Program
- Problem Project Reports – June 2024
- Monthly Activity Report – June 30, 2024
- Detailed list of each active Cal-Mortgage loan with the following information: loan ID, name of facility, type of facility, issue date, term of loan, type of premium payment, original insured amount, status of loan (paid off, refinance, default, etc.), interest rate, outstanding balance, and internal risk rating as of June 30, 2024
- Credit rating information
- Historical defaulted loan information: loan ID, default date, outstanding balance at the time of default, estimated future payment or recovery as of June 30, 2024
- Projected payments from the HFCLIF on currently defaulted projects or projects anticipated to default
- Information on resolved loans and expectations of future reimbursements to the HFCLIF
- Historical investment earnings of the HFCLIF
- Up-front premium for loans issued since the last report as well as premium receipts by month for all annual-premium loans
- Information on historical and expected administrative expenses, application income, and certification and inspection fees
- Financial statements for each insured for two fiscal years ending during calendar years 2022 and 2023

Oliver Wyman also relied on industry data as follows:

- Healthcare industry debt service ratios in 2024 from CSIMarket.com
- Countrywide information regarding defaulted bonds for nursing homes and hospitals prepared by Income Securities Investors, LLC for the period 1981 to 2022
- Countrywide information regarding bond issues for nursing homes and hospitals prepared by Alacra, Inc. for the period 1981 to 2004 and Refinitiv US, LLC. for 2005 and subsequent years

4. RESULTS AND METHODOLOGY

Section I – Reserve Sufficiency of HFCLIF

Cal-Mortgage's sources of funds available to pay claims include the sale of assets over which Cal-Mortgage holds a security interest and the HFCLIF cash balance. The HFCLIF cash balance of \$135.08 million as of June 30, 2024 was analyzed against the California Department of Insurance reserve and capital requirements standard.

California Insurance Code, Sections 12100 through 12122, outline the statutory requirements for private financial guaranty insurers licensed in California. Although Cal-Mortgage is not subject to these requirements, Oliver Wyman has estimated the required reserve and capital funds that Cal-Mortgage would need based on the statutory requirements.

The statutory insurance laws of the State of California discuss the following requirements:

- Minimum Capital and Surplus
- Loss Reserves:
 - Case Reserves
 - Pipeline Incurred But Not Reported (IBNR) Reserves
 - Future Recoveries
- Contingency Reserves
- Unearned Premium Reserves

Requirements are individually discussed in the sections that follow.

Minimum Capital and Surplus Requirement

The California Insurance Code specifying minimal capital and surplus levels is contained in Section 12107. If Cal-Mortgage were subject to the provisions of Section 12107, it would be required to maintain minimum capital and surplus of \$75 million consisting of the following: 1) \$15 million for minimum paid-in capital and 2) \$60 million additional minimum surplus.

Loss Reserves: Case Reserves, Pipeline IBNR Reserves and Future Recoveries

Section 12109 of the California Insurance Code specifies the requirements for loss reserves, including case reserves, IBNR reserves, and future recoveries as follows:

- Case Reserves – *The case basis method or other method as may be prescribed by the commissioner shall be used to determine loss reserves, which shall include a reserve for claims reported and unpaid net of collateral. A deduction from loss reserves shall be allowed for the time value of money by application of a discount rate.*

Discounted case reserves on defaulted loans as provided by Cal-Mortgage and utilized in this analysis total \$0 as shown in Section I, Exhibit 2. Additionally, Section I, Exhibit 3 displays the projected loss payments by fiscal year for the same currently defaulted projects as of June 30, 2024, which total \$0.

- *IBNR Reserves – A reserve component for incurred but not reported claims shall be reasonably estimated if deemed necessary by the financial guaranty insurance corporation, or following an examination or actuarial analysis, by the commissioner.*

If Cal-Mortgage were subject to the above statutory requirement, Oliver Wyman believes that pure IBNR reserves would be at Cal-Mortgage's discretion. As such, Oliver Wyman has included scenarios both with and without a provision for "pipeline IBNR reserves" in the analysis. Oliver Wyman is using the term "pipeline IBNR reserves" to refer to reserves for projects which may default in fiscal year 2024/25. Based on the Problem Projects Report as of June 2024, Cal-Mortgage currently has three pipeline default accounts. Oliver Wyman has estimated losses from pipeline default projects based on discussions with Cal-Mortgage regarding the probability of default and estimated loss amount by project. Oliver Wyman's estimated pipeline IBNR reserve is \$29.08 million as of June 30, 2024, as summarized in Section I, Exhibit 2. Additionally, the "contingency reserves" discussed below and included in the estimated reserve amounts may be considered like an additional IBNR provision for defaults or potential defaults which have not yet been reported.

- *Future Recoveries – No deduction shall be made for anticipated salvage in computing case basis loss reserves, unless that salvage is held by or under the control of the financial guaranty insurance corporation and would qualify as an admitted asset, or unless that salvage constitutes or is secured by a clean, irrevocable letter of credit.*

In addition to the currently defaulted or pipeline default projects previously mentioned, there are several previously defaulted projects that have been resolved. Based on information provided by Cal-Mortgage, Oliver Wyman has estimated the present value of recoveries from these resolved projects to be \$13.82 million. Section I, Exhibits 4 and 5 show the detailed calculation of the recoveries.

Contingency Reserves

Based on Section 12108 of the California Insurance Code, Oliver Wyman has calculated a fully funded contingency reserve provision for Cal-Mortgage of approximately \$10.37 million. Section I, Exhibit 6 shows the detailed calculation of contingency reserves.

Since Cal-Mortgage does not earn premium on a statutory basis, Oliver Wyman has calculated the contingency reserves based on insured loan principal outstanding. Also, Oliver Wyman has applied the provisions of Section 12108 as they pertain to municipal obligation bonds because Oliver Wyman believes that municipal bonds best correlate with the type of bond insured by Cal-Mortgage.

Unearned Premium Reserves

The California Insurance Code specifying the unearned premium reserve requirement is contained in Section 12110. Oliver Wyman calculated unearned premium reserves based on the sum of:

- Pro-rating written premium on a monthly basis for annual premium; and
- Amortization of written premium based on outstanding loan balance for one-time nonrefundable premium.

The resulting unearned premium reserve provision is approximately \$52.39 million as calculated in Section I, Exhibits 7 and 8.

Total Funds Required

Oliver Wyman based its calculation of the total funds required as of June 30, 2024 on California Insurance Code requirements. Estimates are provided with and without pipeline IBNR reserve. Section I, Exhibit 1, and Table 1 below summarize the total funds required with and without pipeline IBNR reserves.

Table 1

Item	Cal-Mortgage Statutory Requirements			
	2022 Study Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve	2024 Study Without Pipeline IBNR Reserve	With Pipeline IBNR Reserve
Capital and Surplus	75,000,000	75,000,000	75,000,000	75,000,000
Case Reserve (Current Default)	28,882,132	28,882,132	-	-
Pipeline IBNR Reserve	N/A	-	N/A	29,077,178
Recoveries	(17,100,322)	(17,100,322)	(13,820,948)	(13,820,948)
Contingency Reserve	12,385,441	12,385,441	10,367,218	10,367,218
Unearned Premium Reserve	57,775,037	57,775,037	52,390,717	52,390,717
Total	156,942,288	156,942,288	123,936,987	153,014,165
HFCLIF Balance	145,943,846	145,943,846	135,077,220	135,077,220
Reserve Shortfall	10,998,442	10,998,442	(11,140,233)	17,936,945

As of June 30, 2024, the actual HFCLIF balance is \$135.08 million. Thus, under California Statutory standards, there is a \$11.14 million surplus without considering pipeline IBNR reserves. Including the pipeline IBNR reserves will lead to \$17.94 million shortfall. It is at Cal-Mortgage's discretion to include such reserves.

Comparison to Prior Reserves

Total required reserves as of June 30, 2024 decreased by approximately \$3.93 million with pipeline IBNR reserves since the prior evaluation as of June 30, 2022. The reconciliation of prior to current loss reserve requirements is detailed in the following table.

Table 2

Cal-Mortgage Statutory Requirements Comparison (in millions)			
Item	2022 Study	2024 Study	Change
Capital and Surplus	75.00	75.00	0.00
Case Reserve (net of recoveries)	11.78	(13.82)	(25.60)
Pipeline IBNR Reserve	-	29.08	29.08
Contingency Reserve	12.39	10.37	(2.02)
Unearned Premium Reserve	57.78	52.39	(5.38)
Total	156.94	153.01	(3.93)
HFCLIF Balance	145.94	135.08	(10.87)
Reserve Shortfall	11.00	17.94	6.94

There were decreases of \$25.60 million, \$2.02 million, and \$5.38 million in case reserves, contingency reserves, and unearned premium reserves, respectively. The decrease in case reserves is mostly due to California Nevada Methodist Homes, a prior default account, being paid off and the accumulation of recoveries on prior default accounts. On the other hand, the decrease in unearned premium reserves is mainly caused by lower new loan volumes in 2023 and 2024, which led to lower amounts of one-time nonrefundable premiums and unearned premium reserves. Partially offsetting the decreases noted above, the pipeline IBNR reserve increased by \$29.08 million driven by financial performance problems by St. Rose Hospital.

Section II – Debt Service Coverage Ratios

Oliver Wyman conducted an analysis of the debt service coverage ratios of borrowers insured under the Cal-Mortgage Program to measure a borrower's ability to meet its debt service obligations. Oliver Wyman calculated the following two debt service ratios for calendar years 2017 through 2023 based on financial statements of active insured borrowers provided by Cal-Mortgage:

- Debt Service Coverage Ratio
- Total Income Debt Service Ratio

These ratios are defined as follows:

Debt Service Coverage Ratio =

$$\frac{\text{Net Income} + \text{Interest Expense} + \text{Depreciation} + \text{Amortization}}{\text{Interest Paid} + \text{Current Portion of Long Term Debt} + \text{Capital Leases} + \text{Sinking Fund Payments}}$$

The debt service coverage ratio measures the ability of a borrower to meet its debt service obligations from funds generated by its revenue net of expenses incurred during a year. Since depreciation and amortization are non-cash expenses, they do not affect the cash flow available for debt service. Thus, they are excluded from total expenses.

Total Income Debt Service Ratio =

$$\frac{\text{Net Income} + \text{Interest Expense}}{\text{Interest Paid} + \text{Current Portion of Long Term Debt} + \text{Capital Leases} + \text{Sinking Fund Payments}}$$

The total income debt service ratio, based on more stringent criteria than the cash flow ratio, measures the ability of a borrower to meet its debt service obligations from funds generated by its net income.

In summary, the cash flow ratio measures the short-term financial viability of a borrower relative to its debt service since it ignores the cost of capitalized equipment that will eventually require replacement. In contrast, the total income ratio measures the long-term financial viability of a borrower relative to its debt service because it takes into account depreciation and amortization. In other words, the total income ratio includes a provision for the cost of capitalized equipment that will eventually need to be replaced.

A debt service ratio of 1.00 indicates that all funds available after netting expenses against revenue from the current year's operations must be used to service debt. If a borrower has a debt service ratio of less than 1.00, the borrower has not demonstrated the ability to meet its debt service obligations from the current year's operations. A debt service ratio of 1.20 or greater provides some assurance that a borrower can continue to meet its debt service under current conditions.

Section II, Exhibit 1, Page 2, summarizes the average debt service ratios for the Cal-Mortgage insured borrowers. In order to better understand the borrower's ability to cover debt service, three different types of ratio averages were calculated by facility type: weighted average, arithmetic average, and median. The weighted ratio is calculated by giving weight to individual ratios in proportion to the size of each facility's component based on original loan balance. The arithmetic average ratio is calculated by adding the borrowers within a facility type and dividing by the number of borrowers regardless of loan size. The median ranks the ratios from smallest to largest and takes the mid-point. In other words, half of the borrowers' ratios are greater than the median and half are less than the median, regardless of loan size or number of borrowers.

Section II, Exhibit 1, Pages 3 and 4, display a comparison of the debt service ratios of borrowers insured by Cal-Mortgage for calendar years 2017 through 2023 by facility type. The percentage of in-force loans (based on original loan balance for each loan) is segmented by the following debt service ratios:

- Less than 1.00
- Between 1.00 and 1.19
- Greater than or equal to 1.20

Section II, Exhibits 2 and 3, graphically depict the summary of debt service ratios by facility type. For each exhibit, a comparison by year of the debt service ratio grouping is shown for each of the following segments:

- Page 1 - Total of All Projects
- Page 2 - Hospitals
- Page 3 – Multi-level Facilities
- Page 4 - Clinics

- Page 5 - Skilled Nursing Facilities (SNFs)
- Page 6 - Other Facilities

Other Facilities include Group Homes, Hospices, Intermediate Care Facilities, Adult Care Centers, and Chemical Dependency Recovery Facilities.

Ability to Cover Debt Service

In reviewing the distribution of active loan amounts by facility type (Section II, Exhibit 1, Page 1), Oliver Wyman observes that the distribution of original insured amount and principal balance by type of facility has changed slightly since the prior report. The most notable changes by distribution of principal balance are a 10% decrease in Hospitals and increases of 7% and 3% in Multi-Levels and Clinics, respectively. The decrease for Hospitals is driven by Enloe Medical Center, which is paid in full and no longer in the program.

For all types of facilities in total, the weighted average, arithmetic average, and median debt service coverage ratios decreased in 2022 and started to trend towards typical levels in 2023, when compared with historical years. The 2023 levels are still below the historical averages from other years.

The percentages of borrowers with debt service coverage ratios above 1.2 in 2023 and 2022 were generally lower than recent prior years (Section II, Exhibit 1, Pages 3 and 4). The percentages of borrowers with income debt service ratios above 1.2 in 2023 and 2022 were lower than what has been seen in the past. In total, 41% of facilities had an income debt service ratio above 1.20 in 2023 and 33% in 2022, compared with 54% in 2021 and 51% in 2020.

Oliver Wyman also reviewed the 2024 healthcare industry ratios from CSIMarket.com to evaluate industry experience. From the table below, Oliver Wyman observed that the healthcare industry debt service coverage ratios in 2024 decreased by close to 41% for all quarters since 2022, with an average of 0.22 in 2024 compared to an average of 0.37 in 2022. This unfavorable trend indicated that the financial viability for the healthcare industry has been declining. In the industry, there has been increased pressure on these ratios due to decreases in revenue and margin.

Healthcare Industry Debt Service Coverage Ratio	
2024Q1	0.19
2024Q2	0.22
2024Q3	0.24
2024Q4	0.24
Average	0.22

Section III – Cash Flow Projections

In order to evaluate the financial strength of the HFCLIF, Oliver Wyman conducted a cash flow projection analysis, which estimates cash in-flows, out-flows, and year-end balances over the next 30 years. Section III, Exhibit 1, Pages 1 and 2 display Oliver Wyman's cash flow projections with future insured loans (Expected Baseline Scenario) and without future insured loans (Run-off Baseline Scenario).

Oliver Wyman's cash flow projections under the Expected Baseline Scenario indicate a positive expected fund balance through fiscal year 2053/54, with an expected ending balance of \$115.84 million. This

represents a decrease in ending balance as compared to the 2022 study, which projected a balance of \$135.22 million through fiscal year 2051/52; note that the projected ending cash balance at the same point in time (namely as of the end of the 2051/52 fiscal year) projected in this analysis is \$134.07 million. Table 3 provides a comparison of assumptions between the 2022 and 2024 reports. Additionally, the following contribute to the change:

- \$10.87 million decrease in the starting cash balance at June 30, 2024 versus at June 30, 2022
- \$3 thousand decreases in expected premium income from annual premium loans (due to these types of loans running off)
- \$9.14 million increase in expected premium income from up-front premium loans
- \$29.65 million decrease in expected payments on current defaults over the next 30 years
- \$41.20 million increase in expected payments on future defaults including pipeline IBNR over the next 30 years
- \$4.31 million decrease in expected cash in-flows from resolved loans over the next 30 years
- The impact on investment income due to the cumulative effect of above items
- The projected investment yield curve is similar for the next 30 years, with the current 2024 study having an average yield of 5.13% compared to 4.52% in the 2022 study (assuming all funds remain in the state's Pooled Money Investment Account, or PMIA). The updated yield curve results in \$35.85 million more in investment income over the forecast period, versus the investment income which would be indicated by applying the yield curve assumed in the 2022 study to the cash flows in the 2024 study. Oliver Wyman utilized the same method for projecting future PMIA investment yields as the prior study. A deterministic forecast of 6-month US Treasury yields was set based on forward rates implied by the US Treasury yield curve. The implied forward rates were derived using a technique called 'bootstrapping'. Oliver Wyman believes this approach more accurately reflects expectations of future economic conditions.

Table 3
Cal-Mortgage Cash Flow Analysis Change in Assumptions

Item	2022 Study	2024 Study
Average Investment Yield	4.52%	5.13%
Premium Rate	2.66%	2.71%
Certification and Inspection Fee as % of Loan Principal	0.40%	0.40%
Projected Default Rate	6.86%	7.47%
Estimated Claim Severity	64.50%	68.50%
Estimated Payment Pattern (Paid Within)	10 years	10 years
Administrative Expenses	4,716,000	5,572,000
Trend in Administrative Expenses	3.40%	3.40%

Although the study indicates that the expected fund balance will not be depleted until sometime after 2053/54, the expected net cash flow is negative in quite a few of the next 30 years. Please refer to Section III, Exhibit 1, Page 1 for more detail.

Where Cal-Mortgage's own historical data was either (i) not available, (ii) not appropriate or (iii) not sufficiently credible to develop our actuarial assumptions, we supplemented it with industry data, as we deemed appropriate. Although we believe this industry data may be more predictive of future Cal-Mortgage experience than any other external data of which we are aware, the use of industry data adds to the uncertainty associated with our projections.

To measure the sensitivity associated with changes in the selected default rates, two adverse scenarios were developed (Section III, Exhibit 1, Pages 3 and 4), increasing the default rates in the Baseline Scenario by 150 and 300 basis points respectively (Adverse Scenarios). Please note that the degree of uncertainty in the projections becomes increasingly more significant in the later projection years, particularly after 15 years. Further, additional adverse scenarios which stress the investment yield assumption may be useful.

Table 4 below, summarizes the HFCLIF's expected financial position under each of the modeled scenarios:

Table 4

Scenario	Description	Positive Balance Until
Expected	New Loans Insured - Baseline Scenario	at least 2053/54
Run-Off	No New Loans Insured - Baseline Scenario	at least 2053/54
Adverse	New Loans Insured - 150 Basis Point Increase (Scenario 1)	2053/54
Adverse	New Loans Insured - 300 Basis Point Increase (Scenario 2)	2048/49

During the course of Oliver Wyman's analysis, the following assumptions were examined:

- Projected default rate
- Claim severity
- Payment pattern
- Termination rate
- Premium income
- Certification and Inspection fee income
- Administrative expenses
- Investment income

Projected Default Rate

The ultimate default rate is calculated as the percentage of original loan balance dollars (OLB) resulting in default. Specifically, the ultimate default rate is equal to the OLB of all defaulting loans divided by the OLB of all loans for that specific issue year.

Oliver Wyman has applied two actuarial methodologies: the loss development method and the Bornhuetter-Ferguson method. Both methods rely primarily on industry default experience due to Cal-Mortgage's limited experience. The industry data consists of OLB by issue year along with default information provided by Alacra, Inc., Refinitiv US, LLC., and Income Securities Investors, LLC. Due to the Income Securities Investors, LLC. data having no update available since the 2022 study, we have relied on the same default rate assumptions in this study.

Under the loss development method, a loss reporting pattern is applied directly to the latest reported losses to project ultimate losses. Under the Bornhuetter-Ferguson method (B-F method), the loss reporting pattern selected in the loss development method is used to estimate the percentage of ultimate losses which are unreported as of the evaluation date. This percentage is then multiplied by expected ultimate losses to produce expected unreported losses. An advantage of the B-F method is that estimates of ultimate losses tend to be more stable than estimates produced by the loss development method. This is because estimates based on the B-F method are a weighted average of estimates based on the loss development method and expected estimates of ultimate losses.

With the historical default rates developed to the ultimate values, Oliver Wyman has selected to build an econometric model to forecast future default rates. Considering market volatility and financial viability for the healthcare industry, an econometric model provides more scientific evidence and statistical support for the default rate projections for the next 30 years, while better reflecting Cal-Mortgage's historical favorable experience for loan defaults.

The following table summarizes the selected default rate by issue year (since 1989):

Issue Year	Selected Hospital	Selected Nursing Home	Selected Combined	Prior Combined
1989 to 2008	1.05%	7.00%	3.40%	3.16%
2009 to 2023	1.05%	20.00%	9.47%	8.69%
2024 and onwards	Varies	Varies	Varies; long-term average of 7.45%	6.86%

With respect to the analysis of the projected default rates, it was necessary to split Cal-Mortgage insureds into two categories – “Hospitals” and “Nursing Homes” – corresponding with the countrywide industry default data which was available for hospitals and nursing homes. For purposes of this categorization, Hospitals include the following Cal-Mortgage facility types: ADC-DD, ADHC, BB, CDC: DD, CDRF, CLINIC: MULTI, CLINIC-AIDS, CLINIC-MH, CLINIC-PC, HOSP, HOSP-DIST, and HOSP-PSYCH. Additionally, the Nursing Homes category includes the following Cal-Mortgage facility types: GH-DD, GH-DD/MD, GH-MD, HOSPICE, ICF-DD, MULTI-CCRC, MULTI-OTH, and SNF (see Legend, Section 9).

We relied on the same default rate assumptions as our prior 2022 study, for Hospitals and Nursing Homes. However, the proportion of Nursing Homes increased from 71.45% to 78.80%, resulting in a slight increase in the selected default rate assumptions, given that the default rates for Nursing Homes exceed those of

Hospitals. Please refer to the report entitled '*Actuarial Study of Health Facility Construction Loan Insurance Fund as of June 30, 2022*', dated November 5, 2024 for more information on development of these assumptions.

Claim Severity

In the event of a default on a mortgage bond obligation, Cal-Mortgage is required to pay timely interest and principal. That is, Cal-Mortgage is required to pay interest and amortized payments on the defaulted bonds as they come due. Depending on the circumstances, Cal-Mortgage may sell the facility to recover its losses and pay off the debt early.

Oliver Wyman has estimated claim severity on the default loan as the net loss payments to be a percentage of OLB for all loans resulting in default. Net loss payments represent the amount of loss dollars paid by Cal-Mortgage to extinguish the OLB on a defaulted loan and any other expenses associated with the claim such as realtor's fees.

Oliver Wyman selected a claim severity of 68.5% for Cal-Mortgage as shown in Section III, Exhibit 3, Page 1, which is slightly higher than the selected severity in the prior analysis of 64.5%. The selected severity is consistent with industry experience (based on Income Securities Investors, LLC. data) as well as Cal-Mortgage's actual default experience with and without Sherman Oaks Health System (Triad).

Payment Pattern

Oliver Wyman also projected the timing of loss payments after loan defaults. Oliver Wyman selected a thirteen-year payout pattern from the year of default. Section III, Exhibit 4, Page 1 shows the selected payment pattern based on industry countrywide experience indicated from the Income Securities Investors, LLC. data (Section III, Exhibit 4, Page 2). We have selected the same payment pattern as the prior study.

Termination Rate

Consideration is given to the possibility that some older loans with an annual premium will be terminated earlier than expected, and not renewed in the Program. In such cases, the HFCLIF will neither make payments on these loans after termination, nor will the HFCLIF receive premium income on these loans after termination. The selected termination rate including refinanced loans is 8.5% for 2024/25 and thereafter, as shown in Section III, Exhibit 5. This is slightly higher than the prior selected rate of 7.5% for 2022/23 and is based on the observation that termination rates had been somewhat higher in recent years.

The termination rate assumption is not as influential on cash flow projections for future insured business since Cal-Mortgage adopted a one-time nonrefundable premium plan as of January 1, 2001.

Premium Income

The premium for Cal-Mortgage insured loans is set pursuant to statute (Health & Safety Code, Section 129040) and regulation (22 California Code of Regulations, Section 91477). Prior to January 2001, a premium was charged annually on the declining principal balance of the loan; after January 1, 2001, a

wholly earned premium based on total debt service over the life of the loan is charged at closing. Therefore, premium income is calculated each calendar year as the sum of the premiums written on loans in-force as of January 1, 2001, and the premiums written on future loans.

The premiums written on loans in-force issued before January 1, 2001 are calculated as the average of the prior year's outstanding loan balance on in-force loans and the current year's outstanding loan balance on in-force loans multiplied by 50 basis points, or 0.5%. As of June 30, 2024, there are no more expected premiums to be written on this basis.

Premiums for insured loans issued subsequent to January 1, 2001 are charged as a one-time premium at the beginning of the loan term, based on a percentage of total debt service. Total debt service is calculated as the nominal sum of expected interest payments to fully service the loan plus the original principal amount. The volume of new insured loans by issue year (Section III, Exhibit 1, Page 1) is based on information and estimates provided by Cal-Mortgage.

The standard premium rate is 300 basis points, or 3.00%, times total debt service. However, borrowers with a rating of CCC or higher from S&P, Moody's, or Fitch may receive a discounted premium.

The selected premium rate Oliver Wyman used for future business is a weighted average of two different premium rates based on BBB loans (for investment grade) and below investment grade loans (Section III, Exhibit 6). Below investment grade loans receive a 300-basis point premium rate. The discounted premium rate for investment grade BBB loans is 185 basis points. Investment grade loans are expected to comprise 25% of the total future portfolio while non-investment grade loans are expected to comprise the remaining 75%. The resulting weighted average premium rate is 271 basis points. It is applied to the total debt service of future loans to calculate the effective premium rate as a percentage of principal amount for new insured loans.

Certification and Inspection Fee Income

In addition to the premium, a Certification and Inspection fee (C&I fee) is charged on the total proceeds of new loans to cover the Program's expenses for inspections of project construction.

The C&I fee is calculated as 0.4% of the principal amount of the loan for new projects, excepting loans refinanced within the Cal-Mortgage Program.

Administrative Expenses

Cal-Mortgage supplied Oliver Wyman with projected fiscal year 2024/25 administrative expenses of \$5.57 million, and an assumed increase in expenses of 3.4% annually thereafter.

Investment Income

Investment income for each fiscal year is calculated based on the product of an average of the prior fiscal year-end and the current fiscal year-end fund balances and an annual yield. For cash flow projections, investment income is calculated based on variable estimated investment yields that, over the next 30 years, averaging 5.11%. Oliver Wyman's approach to modeling future investment yields is discussed above.

Section IV – Risk to State’s General Fund

In order to evaluate the risk to the State’s General Fund of the Cal-Mortgage Program, Oliver Wyman developed a stochastic simulation model to measure the volatility of cash flow by varying the projected parameters of the cash-flow model. In addition, Oliver Wyman included a scenario analysis for the possibility of catastrophic loss. The size of a catastrophic loss is selected based on the ten largest borrowers’ original insured amount, or \$118 million.

The tables below summarize the results of the simulation model. Table 5 displays the year that the fund balance is expected to be depleted in each scenario. Table 6 shows the expected ending fund balance as of fiscal year 2053/54.

Table 5

Cal-Mortgage Year of Fund Balance Depletion¹				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	at least 2053/54	at least 2053/54	2045/46	2037/38
70%	at least 2053/54	at least 2053/54	2041/42	2034/35
80%	at least 2053/54	at least 2053/54	2038/39	2032/33
90%	at least 2053/54	2046/47	2034/35	2029/30

¹ The fund balance becomes negative by the end of the indicated fiscal year

Table 6

Cal-Mortgage Fiscal Year 2053/54 Ending Fund Balance				
Confidence Level	Probability of Catastrophic Scenario			
	0%	1%	5%	10%
Expected	134,074,843	71,676,742	(177,380,827)	(485,200,611)
70%	116,719,381	82,449,778	(289,920,010)	(657,601,568)
80%	106,326,156	2,030,833	(394,746,832)	(793,777,362)
90%	91,933,801	(121,517,647)	(551,988,535)	(990,665,774)

For each catastrophic scenario, the mean year-end fund balance is forecasted for fiscal years 2024/25 through 2053/54 (Section IV, Exhibit 1). The greater the probability of a catastrophic default, the faster the fund balance is depleted.

To further analyze the risk, Oliver Wyman examined the year-end fund balance at various probability levels. Probability levels are a means to show the risk of results varying from expected. Section IV, Exhibits 2, 3, 4, and 5 correspond to catastrophic probability scenarios of 0%, 1%, 5%, and 10%, respectively. The fund balance projections at various confidence levels are displayed.

For example, in the most pessimistic scenario in which a 10% probability of catastrophic loss is used (Section IV, Exhibit 5, Page 1), there is a 30.0% chance (represented by the 70.0% confidence level) that the Fund will be depleted by the end of fiscal year 2034/35. Also, there is a 10.0% chance (represented by the 90.0% confidence level) that the Fund balance will be depleted by fiscal year-end 2029/30. Oliver Wyman cautions that confidence level estimates should be used as a guide in determining funding levels and not as a rigorous statistical measure of variability. In addition, please note that the lack of diversification in the pool of defaults may lead to high correlation of results, subjected to market risk, which is not reflected in the scenario analysis. Further, the concentration risk may pose a significant risk to the solvency of the Fund Balance.

Please note that the simulation model illustrates the projected impact of actual results varying from projected results due to variability inherent in the claims process. This variability is referred to as process risk. Oliver Wyman's simulation does not reflect the variation of actual results from projections due to parameter risk. Parameter risk refers to the risk associated with the selection of the parameters underlying the applicable projection model. The methodology also does not consider "model risk," or the risk that the techniques used by Oliver Wyman may not be appropriate.

Following is a discussion of the assumptions used in the stochastic simulation model:

Ultimate Default Rate

A truncated lognormal distribution is used to model the ultimate default rate. The expected value of the lognormal distribution is equal to Oliver Wyman's selected ultimate default rate for each issue year. As stated earlier, the following table summarizes the selected default rate by issue year (since 1989):

Issue Year	Selected Hospital	Selected Nursing Home	Selected Combined	Prior Combined
1989 to 2008	1.05%	7.00%	3.40%	3.16%
2009 to 2023	1.05%	20.00%	9.47%	8.69%
2024 and onwards	Varies	Varies	Varies; long-term average of 7.45%	6.86%

A coefficient of variation of 0.60 is determined based on an analysis of industry data from Income Securities Investors, LLC. (Section IV, Exhibit 6, Page 1). The lognormal distribution is truncated between 1.49% and 37.35% of the selected ultimate default rate, in order to establish reasonable bounds on the distribution, based on actuarial judgment.

Claim Severity

The claim severity was modeled as a triangle distribution with a minimum of 30.0% of OLB of the default loan and a maximum of 100.0%. The expected value of the triangle distribution is equal to Oliver Wyman's selected claim severity of 68.5%. The parameters are selected based on the analysis of the data from Income Securities Investors, LLC. and Cal-Mortgage's own loss experience.

New Insured Loans

The volume of new insured loans was modeled as a uniform distribution. It is assumed that the volume of new insured loans is evenly distributed around the expected volume of new insured loans, plus or minus \$50.0 million.

Termination Rate

The termination rate of loans was modeled as a triangle distribution with a minimum of 0.0% and a maximum of 15.0%. The expected value of the triangle distribution is equal to Oliver Wyman's selected termination rate of 8.5%.

Investment Yield

The annual investment yield for each fiscal year is independently modeled as a triangle distribution with a mean equal to the selected investment yield, a lower limit decreasing the mean by 2% and an upper limit increasing the mean by 2%. The final selected investment yield is subject to a maximum yield of 8%.

Catastrophic Loss

Four scenarios with 0%, 1%, 5%, and 10% probabilities of catastrophic default have been analyzed. Catastrophic loss is assumed to be independent for each upcoming fiscal year. These scenarios are intended to assist Cal-Mortgage in evaluating the impact of catastrophic defaults or higher defaults on public health facilities in the future due to seismic upgrade costs. Section IV, Exhibit 7 shows the ten largest borrowers based on in-force insured loans. Oliver Wyman selected a catastrophe loss level of \$118 million. The claim severity of catastrophic loss is modeled by a triangle distribution with a minimum of 50% of OLB, an expected of 75% of OLB, and a maximum of 100% of OLB.

5. DISTRIBUTION AND USE

Usage and Responsibility of Client – Oliver Wyman prepared this report for the sole use of the client named herein for the stated purpose. This report includes important considerations, assumptions, and limitations and, as a result, is intended to be read and used only as a whole. This report may not be separated into, or distributed, in parts other than by the client to whom this report was issued, as needed, in the case of distribution to such client's directors, officers, or employees. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the client named herein.

Third Party Reliance and Due Diligence – Oliver Wyman's consent to any distribution of this report (whether herein or in the written agreement pursuant to which we issued this report) to parties other than of the client named herein does not constitute advice by Oliver Wyman to any such third parties. Any distribution to third parties shall be solely for informational purposes and not for purposes of reliance by any such parties. Oliver Wyman assumes no liability related to third party use of this report or any actions taken or decisions made as a consequence of the results, advice or recommendations set forth herein. This report should not replace the due diligence on behalf of any such third party.

6. CONSIDERATIONS AND LIMITATIONS

Oliver Wyman has prepared this analysis in conformity with its intended utilization by persons technically competent in the areas addressed and for the stated purposes only. Judgments as to the conclusions, indications, methods and data contained in this analysis should be made only after studying the analysis in its entirety. Furthermore, Oliver Wyman staff is available to explain any matter presented herein. It is assumed that the user of the analysis will seek such explanation as to any matter in question.

Data Verification – For our analysis, we relied on data and information provided by the client named herein without independent audit. Though we have reviewed the data for reasonableness and consistency, we have not audited or otherwise verified this data. Our review of data may not always reveal imperfections. We have assumed that the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information is inaccurate or incomplete, our findings and conclusions might therefore be unreliable.

Prospective Policy / Accident Period Estimates – We estimated the prospective period estimates developed in this analysis using estimated loss costs and the projected exposures. Prospective period loss and ALAE estimates are directly related to the projected exposures. Therefore, if actual exposures differ from the projection, we will need to adjust the prospective period estimates accordingly.

Supplemental Data – Where historical data of the client named herein was either (i) not available, (ii) not appropriate or (iii) not sufficiently credible to develop our actuarial assumptions, we supplemented it with external information, as we deemed appropriate. Although we believe these external sources may be more predictive of future experience of the client named herein than any other data of which we are aware, the use of external data adds to the uncertainty associated with our projections.

Exclusion of Other Program Costs – The scope of the project does not include the estimation of any costs other than those described herein. Such ancillary costs may include the costs of trustee, legal, administrative, risk management and actuarial services; fees and assessments; and other costs.

Discounting – Discounted estimates are subject to additional uncertainty that results from the following:

In addition to the risk of underestimating or overestimating the overall amount of the liabilities, there is the additional risk that the timing of the future payments will differ from the expected payout.

There is the risk the actual future yield on the underlying assets (if any) will differ from the assumed yield rate used for determining present value factors.

We have not included any specific provision for this additional risk in our actuarial central estimates.

Investment returns – cashflow projections in this study are highly sensitive to changes in investment yield returns. Economic inflation has risen steeply in recent years. Annual inflation rates ranged from 0.7% to 2.3% between 2012 and 2020 then rose to 7.0% in 2021, 6.5% in 2022, 3.4% in 2023, and 2.9% in 2024. The future outlook for economic inflation remains uncertain.

Funding of Claim Payments – We have not examined any assets that may be supporting the liabilities and have made no assumptions regarding the maturities and liquidity of these assets, should they exist. This examination is beyond the scope of our review.

Rounding and Accuracy – Our models may retain more digits than those displayed. Also, the results of certain calculations may be presented in the exhibits with more or fewer digits than would be considered

significant. As a result, there may be rounding differences between the results of calculations presented in the exhibits and replications of those calculations based on displayed underlying amounts. Also, calculation results may not have been adjusted to reflect the precision of the calculation.

Unanticipated Changes – We developed our conclusions based on an analysis of the data of the client named herein and on the estimation of the outcome of many contingent events. We developed our estimates from the historical claim experience and covered exposure, with adjustments for anticipated changes. Our estimates make no provision for extraordinary future emergence of new types of losses not sufficiently represented in historical databases or which are not yet quantifiable. Also, we assumed that the client named herein will remain a going concern, and we have not anticipated any impacts of potential insolvency, bankruptcy, or any similar event.

Internal / External Changes – The sources of uncertainty affecting our estimates are numerous and include factors internal and external to the client named herein. Internal factors include items such as changes in claim reserving or settlement practices. The most significant external influences include, but are not limited to, changes in the legal, social, or regulatory environment surrounding the claims process. Uncontrollable factors such as general economic conditions also contribute to the variability.

Uncertainty Inherent in Projections – While this analysis complies with applicable Actuarial Standards of Practice, users of this analysis should recognize that our projections involve estimates of future events and are subject to economic and statistical variations from expected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect the frequency or severity of claims. For these reasons, we do not guarantee that the emergence of actual losses will correspond to the projections in this analysis.

Probability Levels – We have calculated estimates of the statistical uncertainty associated with the process risk and parameter risk inherent in our estimates. However, unless otherwise indicated, our probability level estimates do not address model risk. To the extent that the probability estimates do not address model risk, the true variability of results is greater than the range of outcomes presented. The client named herein may wish to consider this additional uncertainty in evaluating the estimates presented in this report.

COVID-19 Pandemic We have included no explicit adjustments in this report for the effect of the COVID-19 pandemic on loss experience except as specifically noted in this report.

7. ACKNOWLEDGEMENT OF QUALIFICATIONS

I, Jason Abril, am a Partner with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow of the Casualty Actuarial Society (FCAS), a member of the American Academy of Actuaries (MAAA) and I meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries to render the actuarial opinion contained herein.

I, Andrew Duhancioglu, am a Principal with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow of the Casualty Actuarial Society (FCAS), a member of the American Academy of Actuaries (MAAA), an Associate of the Canadian Institute of Actuaries (ACIA) and I meet the *Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States* of the American Academy of Actuaries to render the actuarial opinion contained herein.

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APPENDIX A. LEGEND

ADC-DD - Adult Day Care: Developmentally Disabled
ADHC - Adult Day Health Care
BB - Blood Banks
CDC: DD - Child Day Care: Developmentally Disabled
CDRF - Chemical Dependency Recovery Facility
CLINIC: MULTI - Clinic: Multi-Specialty and Diagnostic Services
CLINIC-AIDS - Clinic: A.I.D.S.
CLINIC-MH - Clinic: Mental Health
CLINIC-PC - Clinic: Primary Care
GH-DD - Group Home: Developmentally Disabled
GH-DD/MD - Group Home: Developmentally Disabled and Mentally Disabled
GH-MD - Group Home: Mentally Disabled
HOSP - Hospital
HOSP-DIST - Hospital: District
HOSP-PSYCH - Hospital: Psychiatric
HOSPICE - Hospice
ICF-DD - Intermediate Care Facility: Developmentally Disabled
MULTI-CCRC - Multi-level Facility: Continuing Care Retirement Community
MULTI-OTH - Multi-level Facility: Other (Month-to-Month)
SNF - Skilled Nursing Facility: Stand Alone

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Summary of California Statutory Requirements
Based on Data as of June 30, 2024**

	Statutory Item	Total Reserve with Pipeline IBNR
(1)	Capital and Surplus	75,000,000
(2)	Case Reserve (Current Default)	-
(3)	Pipeline IBNR Reserve	29,077,178
(4)	Recoveries	(13,820,948)
(5)	Contingency Reserve	10,367,218
(6)	Unearned Premium Reserve	52,390,717
(7)	Total	153,014,165

Notes:

- (1) Minimum capital and surplus requirement according to California Statutory Insurance Code Section 12107
- (2) From Section I, Exhibit 2, Column (1); Total defaulted as of 6/30/24
- (3) From Section I, Exhibit 2, Column (11); Pipeline defaulted after 6/30/24
- (4) From Section I, Exhibit 4, Column (9)
- (5) From Section I, Exhibit 6, Row (3)
- (6) From Section I, Exhibit 7, Row (6)
- (7) Sum of Rows (1) through (6)

Section I
Exhibit 2

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Summary of Defaulted Loans - Current or in Pipeline
Case Reserves as of June 30, 2024

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Loan ID	Borrower	Dates of Default	Original Loan Balance	Loan Balance at Time of Default	Current Principal Balances	Projected Principal and Interest Payment	Probability of Payment	Estimated Undiscounted Case Reserve	Discount Factor	Estimated Discounted Case Reserve
N/A	N/A	N/A	0	0	0	0	N/A	0	N/A	0
Pipeline Default (Financial Performance Problems) *										
1076 1034 1084, 0932	San Benito Health Care District Hill County Community Clinic St. Rose Hospital	12,570,000 4,055,000 34,360,000	8,330,000 3,070,000 29,077,178	0% 0% 100%	0% 0% 29,077,178	0% 0% 29,077,178	0% 0% 29,077,178	0% 0% 29,077,178	N/A N/A N/A	0 0 29,077,178
(12) Total Defaulted as of 6/30/24										
		0	0	0	0	0	0	0	0	0
(13) Pipeline Default After 6/30/24										
		50,985,000	N/A	40,477,178		29,077,178		29,077,178		29,077,178
(14) Totals										
		50,985,000	0	40,477,178		29,077,178		29,077,178		29,077,178

Notes:

(1) - (8) Provided by Cal-Mortgage

(9) = (7) x (8)

(10) from Section I, Exhibit 3

(11) = (9) x (10)

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Projected Principal and Interest Payment for Defaulted Loans
Nominal (Excluding Pipeline)**

Based on Data as of June 30, 2024

	(1)
Fiscal Year	Total
7/1/2024-6/30/2025	0
(2) Expected PV(loss) after 6/30/24	0
(3) Discount Factor	N/A
(4) Probability of Payment	100.00%

Notes:

- (1) Provided by Cal-Mortgage
- (2) Discounted total of payments, based on interest rates from Section III, Exhibit 1, Page 1, Column (14)
- (3) = (2) / (1)
- (4) from Section I, Exhibit 2, Column 8

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Summary of Resolved Loans
Based on Data as of June 30, 2024

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Loan ID	Borrower	Original Loan Balance	Date of Loan Default	Loan Balance at Time of Default	Total Net Payment From HFCLIF*	Date Resolved	Estimated Recoveries or Future Income**	Estimated Discounted Recovery
0973 1018, 1053	Verdugo Mental Health California Nevada Methodist Homes	6,315,000 36,445,000	12/9/2010 5/14/2021	5,220,000 32,594,120	2,728,475 30,963,829	5/13/2011 12/7/2022	5,059,248 14,100,608	3,139,614 10,681,334
TOTALS		42,760,000			33,692,304		19,159,857	13,820,948

Notes:

(1) - (7) Provided by Cal-Mortgage
(8) - (9) From Section I, Exhibit 5

* Total Payment from HFCLIF is net; includes payouts and recoveries
** Recovery or future income includes principal and interest income

Office of Health Facility Loan Insurance Program
California Health Facility Construction Loan Insurance Program

Estimated Recoveries by Borrower
Based on Data as of June 30, 2024

Fiscal Period	Verdugo Mental Health	California Nevada Methodist Homes	Total	Total, Probability Adjusted
(1)	(2)	(3)	(4)	
7/1/2024-6/30/2025	252,962	998,276	1,251,238	1,251,238
7/1/2025-6/30/2026	252,962	998,276	1,251,238	1,251,238
7/1/2026-6/30/2027	252,962	998,276	1,251,238	1,251,238
7/1/2027-6/30/2028	252,962	998,276	1,251,238	1,251,238
7/1/2028-6/30/2029	252,962	998,276	1,251,238	1,251,238
7/1/2029-6/30/2030	252,962	998,276	1,251,238	1,251,238
7/1/2030-6/30/2031	252,962	998,276	1,251,238	1,251,238
7/1/2031-6/30/2032	252,962	998,276	1,251,238	1,251,238
7/1/2032-6/30/2033	252,962	6,114,403	6,367,385	6,367,385
7/1/2033-6/30/2034	252,962		252,962	252,962
7/1/2034-6/30/2035	252,962		252,962	252,962
7/1/2035-6/30/2036	252,962		252,962	252,962
7/1/2036-6/30/2037	252,962		252,962	252,962
7/1/2037-6/30/2038	252,962		252,962	252,962
7/1/2038-6/30/2039	252,962		252,962	252,962
7/1/2039-6/30/2040	252,962		252,962	252,962
7/1/2040-6/30/2041	252,962		252,962	252,962
7/1/2041-6/30/2042	252,962		252,962	252,962
7/1/2042-6/30/2043	252,962		252,962	252,962
7/1/2043-6/30/2044	252,962		252,962	252,962
(5) Total (undiscounted)	5,059,248	14,100,608	19,159,857	19,159,857
(6) Probability of recovery	100%	100%		
(7) Probable recovery	5,059,248	14,100,608	19,159,857	19,159,857
(8) Discounted recovery	3,139,614	10,681,334	13,820,948	13,820,948

Notes:

(1) - (2) Provided by Cal-Mortgage

(3) = (1) + (2)

(4) = (3), adjusted by probability of payment

(5) Sum of each column

(6) Provided by Cal-Mortgage

(7) = (6) x (7)

(8) Discounted total of payments, based on interest rates from Section III, Exhibit 1, Page 1, Column (14)

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Contingency Reserves Calculation
Based on Data as of June 30, 2024

(1) Principal Outstanding	1,295,902,235
(2) Contingency Factor	0.80%
(3) Contingency Reserves Requirement	10,367,218

Notes:

- (1) Provided by Cal-Mortgage
- (2) According to California Statutory Insurance Code Section 12108
- (3) = (1) x (2)

* Contingency reserves are 0.8% of principal outstanding on a fully funded basis according to California Insurance Code 12108

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Unearned Premium Reserves Calculation
Based on Data as of June 30, 2024**

Month	(1) Annual Premium	(2) Unearned Premium Reserve Factor	(3) Unearned Premium Reserves
Jul-23	0	0.0417	0
Aug-23	0	0.1250	0
Sep-23	0	0.2083	0
Oct-23	0	0.2917	0
Nov-23	0	0.3750	0
Dec-23	0	0.4583	0
Jan-24	0	0.5417	0
Feb-24	0	0.6250	0
Mar-24	0	0.7083	0
Apr-24	0	0.7917	0
May-24	0	0.8750	0
Jun-24	0	0.9583	0

(4) Subtotal (Annual Premium)

(5) Subtotal (One-time Premium) 52,390,717

(6) Total Unearned Premium Reserves 52,390,717

Notes:

Provided by Cal-Mortgage

(1) Based on monthly pro-rata basis as required by
(2) California Insurance Code 12110

(3) = (1) x (2)

= sum of column (3)

(4) = Section I, Exhibit 8, Column (9)

(5)

(6) = (4) + (5)

Office of Health Facility Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Unearned Premium Reserves Calculation - One-time Nonrefundable Premium*
Based on Data as of June 30, 2024

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Project Number	Borrower Name	Project Name	Facility Group	Date Loan Insured	Original Insured Amount	Current Principal Balance	Total Premium	Unearned Premium
0911	Los Angeles Jewish Home for the Aging St. Rose Hospital	LOS ANGELES JEWISH HOME FOR THE AGING - L.O.C. ST. ROSE HOSPITAL - L.O.C.	MULTI HOSP OTHER	20-Jan-2009 11-Feb-2011	4,750,000 10,000,000 76,970,000	1,720,058 10,000,000 14,770,000	57,000 2,319,304	0 445,058
0832	Community Program for Persons with Developmental Disabilities	COMMUNITY PROGRAM FOR PERSONS WITH DEVELOPMENTAL DISABILITIES	OTHER	06-Oct-2011	2,475,000	325,000	94,975	12,472
0863	TLC Child & Family Services	GATEWAYS HOSPITAL & MENTAL HEALTH CENTER	HOSP	01-Dec-2011	8,025,000	4,205,000	42,065	277,702
0971	Galaxy's Hospital & Mental Health Center	INSTITUTE ON AGING - L.O.C.	MULTI	24-Mar-2014	4,000,000	1,200,000	6,750	0
0974	Northern California Retired Officers Community	NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY	MULTI	04-Apr-2013	32,315,000	6,195,000	80,615	154,612
1012	St. John's Well Child and Family Center	ST. JOHN'S WELL CHILD AND FAMILY CENTER - L.O.C.	CLINIC	14-Mar-2014	4,580,000	1,792,000	0	0
0986	Lincoln Glen Manor	LINCOLN GLEN MANOR	MULTI	11-Feb-2015	11,065,000	9,810,000	302,65	330,376
1011	Marshall Medical Center	MARSHALL MEDICAL CENTER	HOSP	09-Apr-2015	26,885,000	20,815,000	612,222	612,222
1017	Sequoia Living, Inc.	NORTHERN CALIFORNIA PRESBYTERIAN HOMES	MULTI	15-Apr-2015	63,210,000	52,885,000	2,122,766	1,775,352
1014	Sierra View Homes Inc	SIERRA VIEW HOMES INC	MULTI	09-Jun-2010	12,310,000	9,600,000	342,449	261,053
1027	Solvang Lumen Home, Inc.	ASIAN COMMUNITY SKILLED NURSING FACILITY	MULTI	17-Jul-2014	3,470,000	1,715,000	118,982	118,982
1006	Asian Community Center of Sacramento Valley	ATHERTON BAPTIST HOMES	MULTI	22-Nov-2016	16,080,000	11,915,000	443,876	328,758
1035	Asherton Ranch Homes	CHANNING HOUSE	MULTI	04-Nov-2016	31,390,000	1,302,380	1,029,381	1,029,381
1032	Channing House	CHANNING HOUSE	MULTI	18-Apr-2017	54,045,000	46,670,000	1,732,943	1,496,469
1041	Hill County Community Clinic	HILL COUNTRY COMMUNITY CLINIC	CLINIC	03-Nov-2016	4,055,000	3,000,000	122,486	96,516
1044	Institute On Aging	INSTITUTE ON AGING	MULTI	31-May-2017	34,355,000	12,975,000	1,276,930	1,114,137
1034	Jersey Home of San Francisco	JEWSIH HOME OF SAN FRANCISCO	SNF	29-Nov-2016	13,520,000	8,640,000	6,667,934	4,740,755
1022	Monterey Coast Health Corp. Dist. Corp	MENOCICO COAST HOSPITAL	HOSP	29-Jul-2016	5,745,000	2,440,000	72,549	72,549
1030	Mountain Shadows Support Group	MOUNTAIN SHADOWS SUPPORT GROUP	OTHER	27-Oct-2016	13,240,000	6,035,000	524,444	239,050
1029	Northern California Retired Officer Community	PARADISE VALLEY ESTATES	MULTI	30-Nov-2016	22,080,000	18,415,000	618,237	515,617
1037	Options Family of Services	Options Family of Services	OTHER	12-Oct-2017	2,140,000	1,320,000	61,203	32,103
1045	Petaluma Health Center	PETALUMA HEALTH CENTER	CLINIC	13-Sep-2016	3,775,000	4,425,000	153,500	117,751
1033	Pilgrim Place in Claremont, Inc.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI	30-Nov-2016	36,280,000	13,260,000	1,270,360	1,129,725
1028	Santa Rosa Community Health Centers	SANTA ROSA COMMUNITY HEALTH CENTERS	CLINIC	12-Jul-2017	11,050,000	7,355,000	174,301	115,442
1043	St. John's Well Child and Family Center	ST. JOHN'S WELL CHILD AND FAMILY CENTER	MULTI	24-May-2017	19,230,000	4,230,000	174,25	143,350
1022	Viamonte Senior Living	VIAMONTE CENTER OF SACRAMENTO VALLEY	MULTI	26-Jul-2018	26,915,000	17,345,000	717,864	717,864
1030	Asian Community Center of Sacramento Valley	Options Family of Services	MULTI	27-Apr-2020	18,425,000	17,340,000	877,969	825,695
1029	Options Family of Services	Options Family of Services	MULTI	08-Nov-2018	6,105,000	5,500,000	295,720	269,055
1037	Petaluma Health Center	PETALUMA HEALTH CENTER	MULTI	15-Nov-2018	16,885,000	15,000,000	461,103	461,103
1045	Platinum Place in Claremont, Inc.	PILGRIM PLACE IN CLAREMONT, INC.	MULTI	26-Aug-2019	49,785,000	38,585,000	1,511,051	1,172,113
1028	Santa Rosa Community Health Centers	SANTA ROSA COMMUNITY HEALTH CENTERS	CLINIC	11-Aug-2019	11,100,000	450,989	36,225	36,225
1043	St. John's Well Child and Family Center	ST. JOHN'S WELL CHILD AND FAMILY CENTER	MULTI	27-Apr-2020	68,875,000	67,520,000	3,079,556	3,079,556
1022	Viamonte Senior Living	VIAMONTE CENTER OF SACRAMENTO VALLEY	MULTI	36-Jun-2019	4,300,000	62,367	49,676	49,676
1030	Asian Community Center of Sacramento Valley	Options Family of Services	MULTI	07-Mar-2019	95,685,000	81,025,000	4,471,043	3,788,043
1029	Options Family of Services	Options Family of Services	MULTI	13-Jun-2019	24,660,000	1,346,305	1,220,464	1,220,464
1037	Lincoln Glen Manor for Senior Citizens	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	MULTI	13-Jun-2019	34,385,000	32,560,000	1,817,598	1,715,339
1045	Lincoln Glen Manor for Senior Citizens	LINCOLN GLEN MANOR FOR SENIOR CITIZENS	MULTI	17-Nov-2019	21,550,000	21,150,000	1,522,927	1,522,927
1028	Los Angeles Jewish Home for the Aging	LOS ANGELES JEWISH HOME FOR THE AGING	SNF	13-Oct-2021	13,590,000	11,740,000	327,765	326,924
1043	Los Angeles Jewish Home for the Aging	LOS ANGELES JEWISH HOME FOR THE AGING	SNF	19-Nov-2021	12,745,000	12,295,000	726,877	726,877
1022	Marshall Medical Center	MARSHALL MEDICAL CENTER	MULTI	14-Oct-2021	9,145,000	8,960,000	482,020	472,759
1030	North Kern South Tulare Hospital District	North Kern South Tulare Hospital District	MULTI	15-Jun-2022	3,500,000	3,275,000	0	0
1029	Northern California Retired Officer Community	Northern California Retired Officer Community	MULTI	02-Nov-2023	30,580,000	33,970,000	1,183,958	1,083,211
1037	The California Home for the Aged, Inc.	THE CALIFORNIA HOME FOR THE AGED, INC.	MULTI	11-Jun-2021	12,570,000	12,570,000	1,403,319	1,403,319
1045	Town and Country Manor Christian & Masnachary Alliance	TOWN AND COUNTRY MANOR CHRISTIAN & MASNACHARY ALLIANCE	MULTI	17-Feb-2022	21,150,000	8,330,000	29,883	193,427
1028	JEWSIH HOME OF SAN FRANCISCO	JEWSIH HOME OF SAN FRANCISCO	CLINIC	19-Nov-2021	13,590,000	11,740,000	579,302	567,704
1043	La Maestra Family Clinic, Inc.	LA MAESTRA FAMILY CLINIC, INC.	CLINIC	05-Aug-2021	9,145,000	8,960,000	98,342	82,822
1022	La Maestra Family Clinic, Inc.	LA MAESTRA FAMILY CLINIC, INC.	CLINIC	06-Jun-2022	6,130,000	6,130,000	0	0
1030	Los Angeles Jewish Home for the Aging	LOS ANGELES JEWISH HOME FOR THE AGING	SNF	31-Jan-2023	10,915,000	9,195,000	518,822	518,822
1029	Open Door Community Health Centers	OPEN DOOR COMMUNITY HEALTH CENTERS	MULTI	02-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	San Bruno Health Care District	SAN BRUNO HEALTH CARE DISTRICT	MULTI	03-Jun-2023	35,635,000	33,410,000	1,985,403	1,836,152
1045	The Redwoods A Community of Seniors	THE REDWOODS A COMMUNITY OF SENIORS	MULTI	04-Oct-2022	35,595,000	35,490,000	986,958	921,771
1028	Valley Health Team, Inc.	VALLEY HEALTH TEAM, INC.	VOCATIONAL VNA	05-Aug-2023	24,360,000	19,077,178	631,479	494,534
1043	Vocational Vna	VOCATIONAL VNA	VOCATIONAL VNA	05-Aug-2023	24,360,000	19,077,178	631,479	494,534
1022	West County Health Centers	WEST COUNTY HEALTH CENTERS	MULTI	06-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1030	Alredy, Inc.	ALREDY, INC.	MULTI	07-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1029	Asiat Health Center of Los Angeles, Inc.	ASIAH HEALTH CENTER OF LOS ANGELES, INC.	MULTI	08-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	Bethany Home Society of San Joaquin County, Inc.	BETHANY HOME SOCIETY OF SAN JOAQUIN COUNTY, INC.	MULTI	09-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1045	Community Medical Centers, Inc.	COMMUNITY MEDICAL CENTERS, INC.	MULTI	10-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1028	Community Congregational Retirement Homes Inc.	COMMUNITY CONGREGATIONAL RETIREMENT HOMES INC.	MULTI	11-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1043	O'Connor Woods Housing Corporation	O'CONNOR WOODS HOUSING CORPORATION	MULTI	12-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1022	Old Folks Home of California	OLD FOLKS HOME OF CALIFORNIA	MULTI	13-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1030	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	14-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1029	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	15-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	16-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1045	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	17-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1028	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	18-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1043	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	19-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1022	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	20-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1030	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	21-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1029	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	22-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	23-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1045	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	24-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1028	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	25-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1043	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	26-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1022	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	27-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1030	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	28-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1029	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	29-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	30-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1045	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	31-Jun-2023	26,040,000	26,040,000	1,359,695	1,359,695
1028	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	01-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1043	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	02-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1022	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	03-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1030	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	04-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1029	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	05-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	06-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1045	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	07-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1028	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	08-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1043	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	09-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1022	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	10-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1030	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	11-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1029	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	12-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1037	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	13-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1045	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	14-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1028	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	15-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1043	St. Rose Hospital	ST. ROSE HOSPITAL	MULTI	16-Jul-2023	26,040,000	26,040,000	1,359,695	1,359,695
1022								

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Distribution of Active Loans by Facility Type
Based on Data as of June 30, 2024**

Facility Type	(1) Number of Projects	(2) Number of Borrowers	(3) Original Insured Amount	(4) Principal Balance	(5) Distribution By Number of Projects	(6) Distribution By Number of Borrowers	(7) Distribution By Original Loan Amount	(8) Distribution By Principal Outstanding
Hospitals	8	6	173,415,000	148,427,178	13.6%	10.0%	11.5%	
Multi-levels	31	22	1,148,360,000	880,890,058	52.5%	66.4%	68.0%	
Clinics	12	9	141,699,000	123,545,000	20.3%	20.5%	8.2%	9.5%
SNF	3	2	168,250,000	117,895,000	5.1%	4.5%	9.7%	9.1%
Other	5	5	98,025,000	25,145,000	8.5%	11.4%	5.7%	1.9%
Total	59	44	1,729,749,000	1,295,902,235	100.0%	100.0%	100.0%	100.0%

Notes:

- (1) - (4) *Provided by Cal-Mortgage*
- (5) = (1) / (1) *Total*
- (6) = (2) / (2) *Total*
- (7) = (3) / (3) *Total*
- (8) = (4) / (4) *Total*

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

Summary of Debt Service Coverage Ratios

Facility Type	Weighted Average						Average						Median								
	2023	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018	2017
Hospitals	2.27	0.35	4.91	3.33	1.98	2.13	2.37	1.63	1.17	4.67	2.21	1.78	2.07	2.31	1.68	1.92	3.87	1.99	1.51	2.17	2.58
Multi-levels	2.24	0.02	1.82	2.12	3.02	2.21	1.93	2.04	0.39	1.43	1.56	2.54	1.60	1.74	1.69	0.69	1.63	2.05	2.24	1.65	2.11
Clinics	2.09	2.70	6.41	4.77	2.81	1.76	2.54	2.55	2.44	4.86	2.60	2.24	1.94	3.15	1.24	2.78	5.79	2.60	2.57	2.19	3.02
SNF	0.61	0.43	3.11	1.84	2.19	1.81	2.33	0.61	0.54	3.06	2.03	2.11	1.95	2.68	0.61	7.45	14.60	6.08	1.09	3.55	4.12
Other	1.98	2.19	2.51	2.33	1.78	1.35	1.50	2.23	2.52	3.19	2.88	1.28	1.17	1.16	2.42	3.46	3.23	2.42	1.76	1.62	1.61
Total	2.05	0.51	2.91	2.54	2.63	2.10	2.10	1.97	0.93	2.82	2.05	2.12	1.76	2.08	1.69	0.89	2.58	2.13	2.01	1.67	2.20

Summary of Income Debt Service Ratios

Facility Type	Weighted Average						Average						Median								
	2023	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018	2017	2023	2022	2021	2020	2019	2018	2017
Hospitals	0.82	(1.18)	3.33	1.56	0.62	0.79	0.93	0.55	(0.22)	3.19	0.73	0.52	0.83	0.93	0.82	1.01	2.53	0.80	0.38	0.82	1.03
Multi-levels	1.16	(1.20)	0.70	0.81	1.47	1.00	0.80	0.87	(0.46)	0.45	0.46	1.09	0.70	0.78	0.75	(0.45)	0.48	0.98	1.06	0.76	0.91
Clinics	1.14	1.63	4.74	3.31	1.91	0.79	1.70	1.60	1.41	3.56	1.69	1.41	1.07	2.27	0.26	2.04	4.41	1.84	1.15	1.41	1.68
SNF	(1.23)	(1.49)	0.82	1.27	1.70	1.33	1.53	(1.23)	(1.37)	0.77	1.42	1.59	1.44	1.82	(1.23)	5.60	10.87	4.61	0.04	2.69	3.01
Other	1.61	1.81	2.14	1.95	1.24	0.81	1.00	1.81	2.10	2.77	2.44	0.85	0.70	0.77	2.00	2.71	2.72	1.52	1.16	1.16	1.12
Total	0.95	(0.72)	1.67	1.29	1.28	0.95	0.96	0.91	(0.01)	1.71	0.97	0.94	0.81	1.05	0.82	0.17	1.31	1.32	1.06	0.95	1.08

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Summary of Debt Service Coverage Ratios over Last Seven Fiscal Years

Debt Service Coverage Ratios

Facility Type	2023	2022	2021	2020	2019	2018	2017	
<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	40%	60%	40%	0%	60%	17%	0%	71%
Multi-levels	14%	0%	86%	71%	5%	24%	25%	0%
Clinics	38%	13%	50%	25%	0%	75%	10%	90%
SNF	100%	0%	50%	0%	0%	100%	0%	50%
Other	0%	17%	83%	33%	0%	67%	10%	90%
Total	22%	5%	73%	52%	2%	45%	17%	4%

Income Debt Service Ratios

Facility Type	2023	2022	2021	2020	2019	2018	2017	
<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20
Hospitals	60%	40%	40%	40%	33%	0%	43%	63%
Multi-levels	57%	5%	86%	10%	70%	30%	50%	45%
Clinics	63%	0%	38%	25%	75%	10%	0%	44%
SNF	100%	0%	0%	50%	0%	50%	50%	50%
Other	33%	0%	67%	33%	0%	20%	70%	42%
Total	56%	2%	41%	60%	7%	33%	42%	41%

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

Summary of Debt Service Ratios

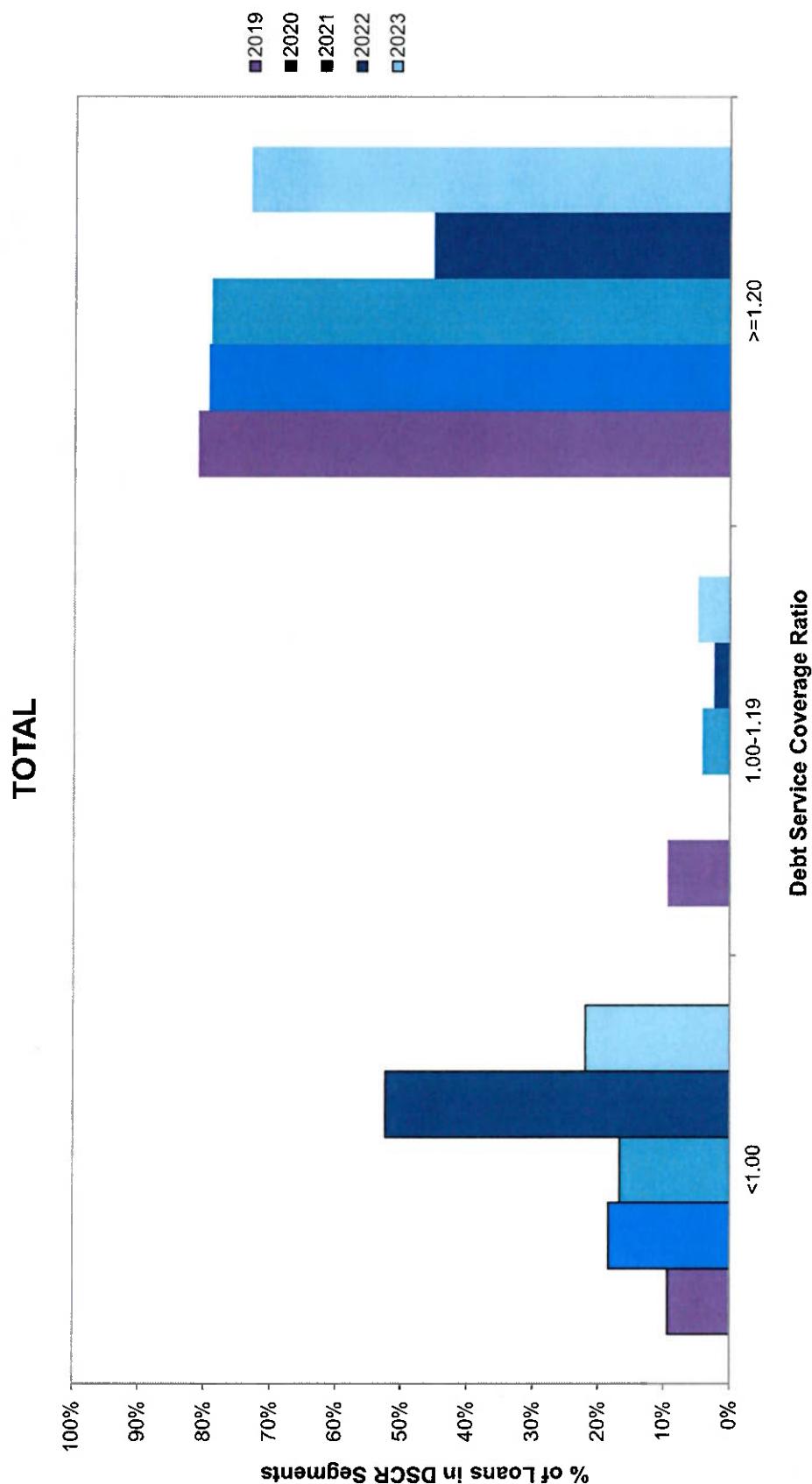
Debt Service Coverage Ratios

Year	Total		Hospitals		Multi-levels		Clinics		SNF		Other						
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20		
2017	15%	4%	81%	0%	14%	86%	19%	6%	75%	0%	100%	0%	29%	0%	71%		
2018	20%	9%	71%	13%	0%	88%	18%	14%	68%	20%	0%	80%	0%	100%	31%	15%	
2019	9%	81%	81%	0%	13%	88%	9%	0%	91%	0%	22%	78%	50%	50%	17%	17%	54%
2020	18%	2%	80%	29%	0%	71%	25%	0%	75%	10%	0%	90%	0%	100%	10%	10%	67%
2021	17%	4%	79%	17%	0%	83%	35%	5%	60%	0%	0%	100%	0%	100%	0%	10%	80%
2022	52%	2%	45%	40%	0%	60%	71%	5%	24%	25%	0%	75%	50%	50%	33%	0%	90%
2023	22%	5%	73%	40%	0%	60%	14%	0%	86%	38%	13%	50%	100%	0%	0%	0%	67%
															17%	83%	

Income Debt Service Ratios

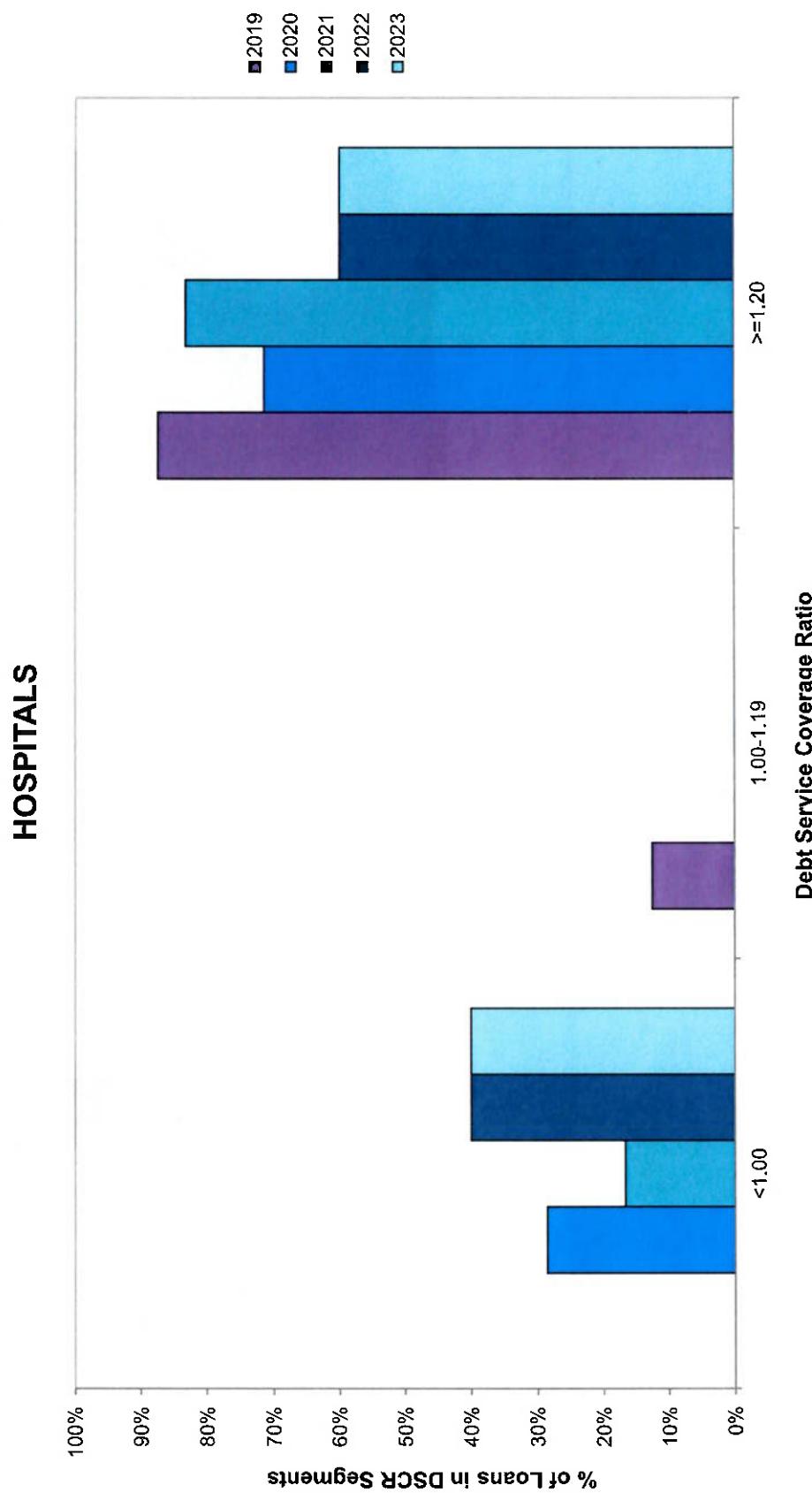
Year	Total		Hospitals		Multi-levels		Clinics		SNF		Other						
	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20	<1.00	1.00-1.19	>=1.20		
2017	45%	11%	45%	43%	14%	43%	56%	19%	25%	25%	13%	63%	0%	0%	100%	50%	50%
2018	46%	8%	46%	63%	0%	38%	64%	9%	27%	40%	10%	50%	0%	50%	50%	46%	46%
2019	47%	11%	42%	63%	0%	38%	45%	14%	41%	44%	11%	44%	50%	0%	50%	42%	42%
2020	41%	8%	51%	57%	0%	43%	50%	5%	45%	30%	0%	70%	0%	50%	50%	30%	30%
2021	42%	4%	54%	33%	0%	67%	70%	0%	30%	10%	10%	80%	50%	0%	50%	20%	20%
2022	60%	7%	33%	40%	20%	40%	86%	10%	5%	25%	0%	75%	50%	0%	50%	33%	33%
2023	56%	2%	41%	60%	0%	40%	57%	5%	38%	63%	0%	38%	100%	0%	0%	33%	0%
															33%	0%	67%
															67%	0%	67%

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**



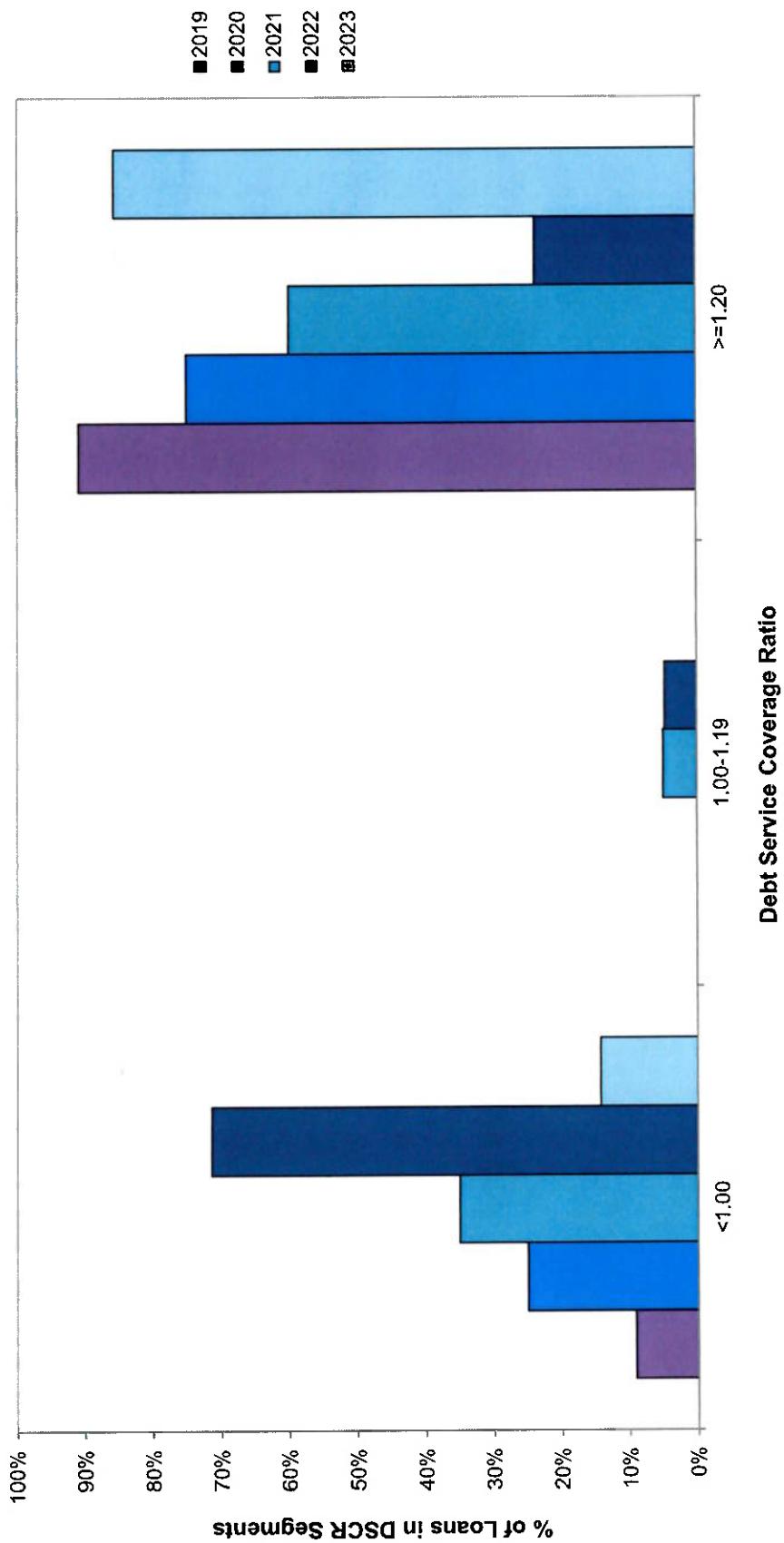
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**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**



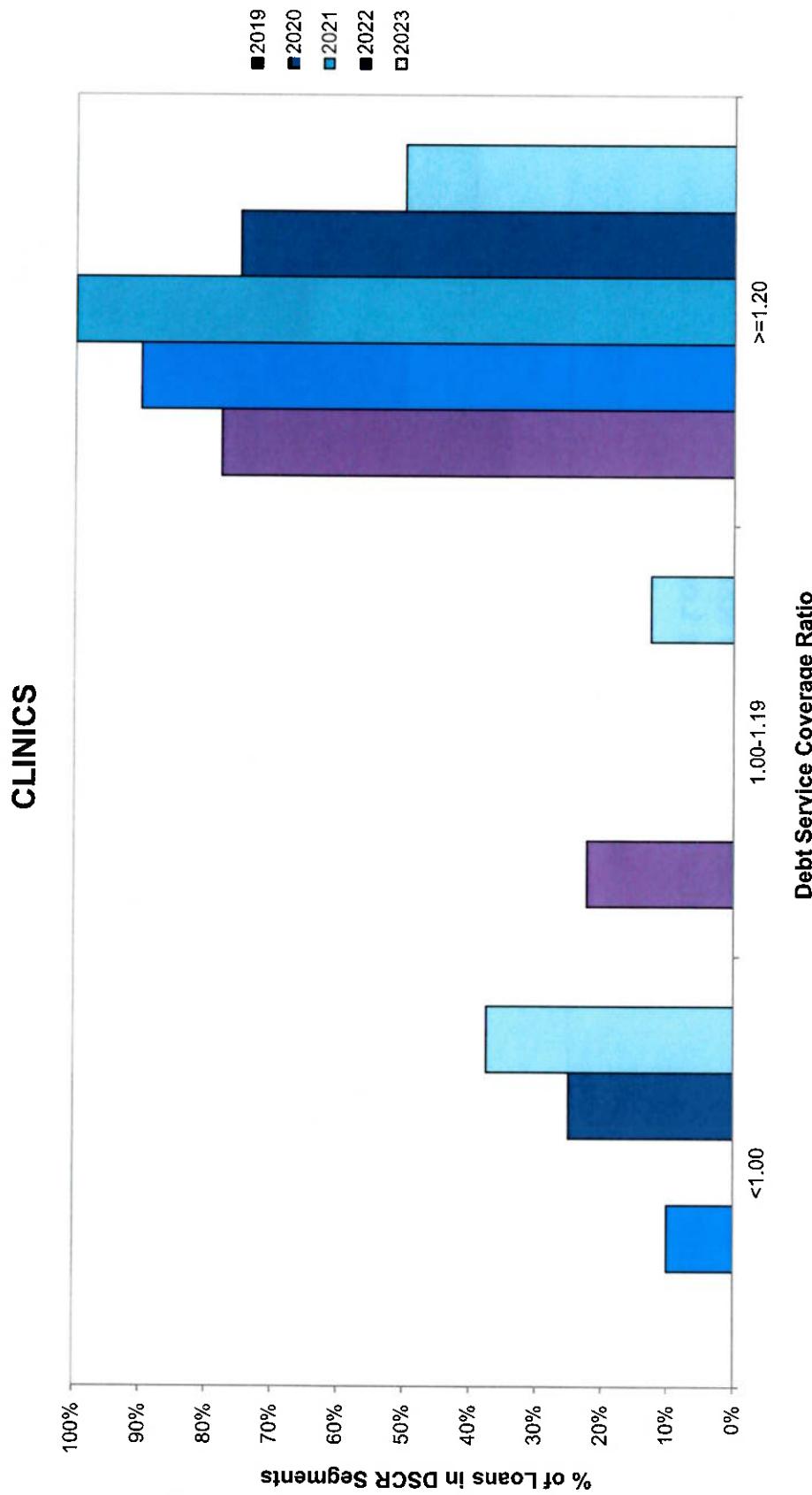
**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**

MULTI-LEVELS

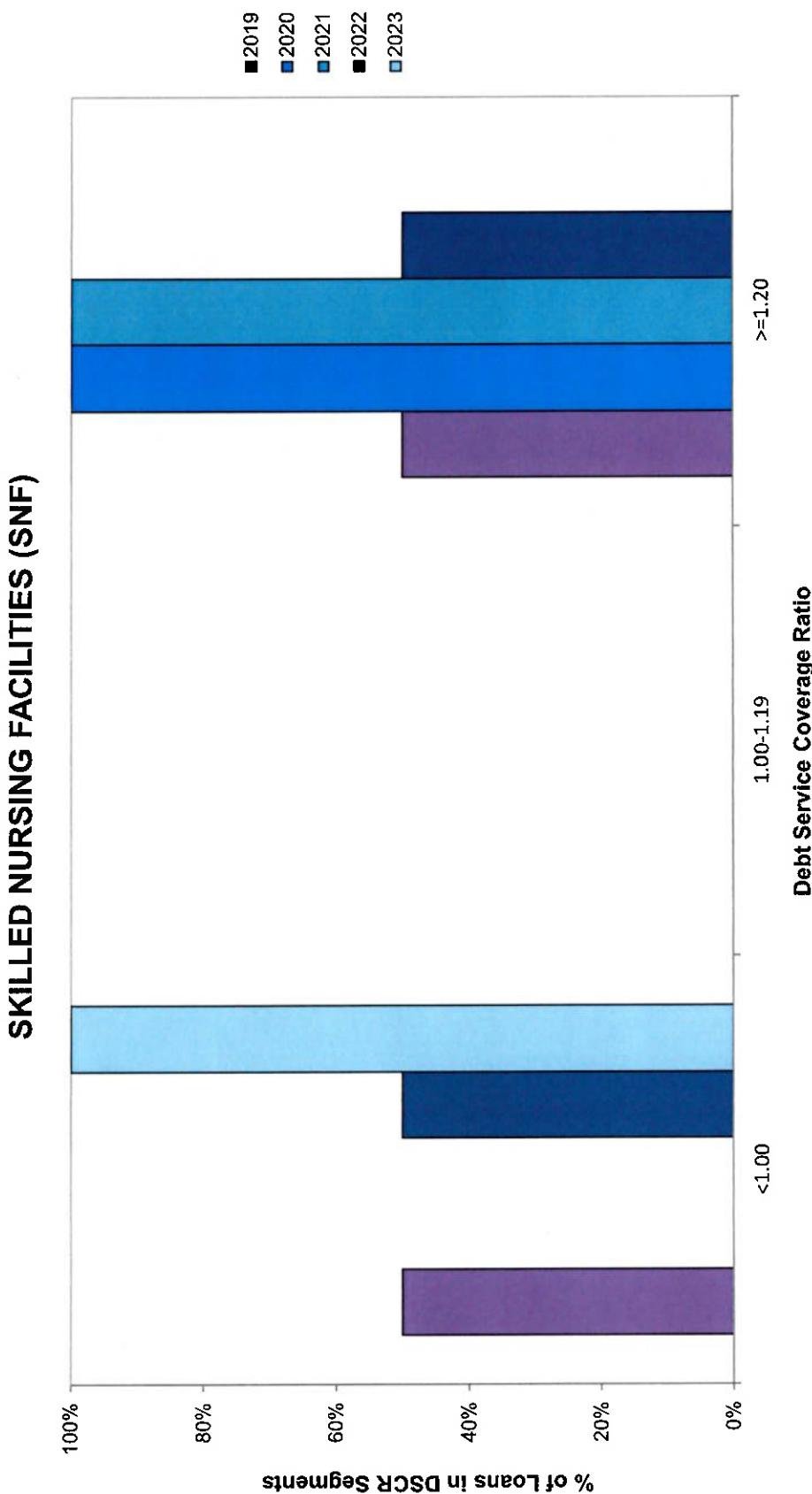


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**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**

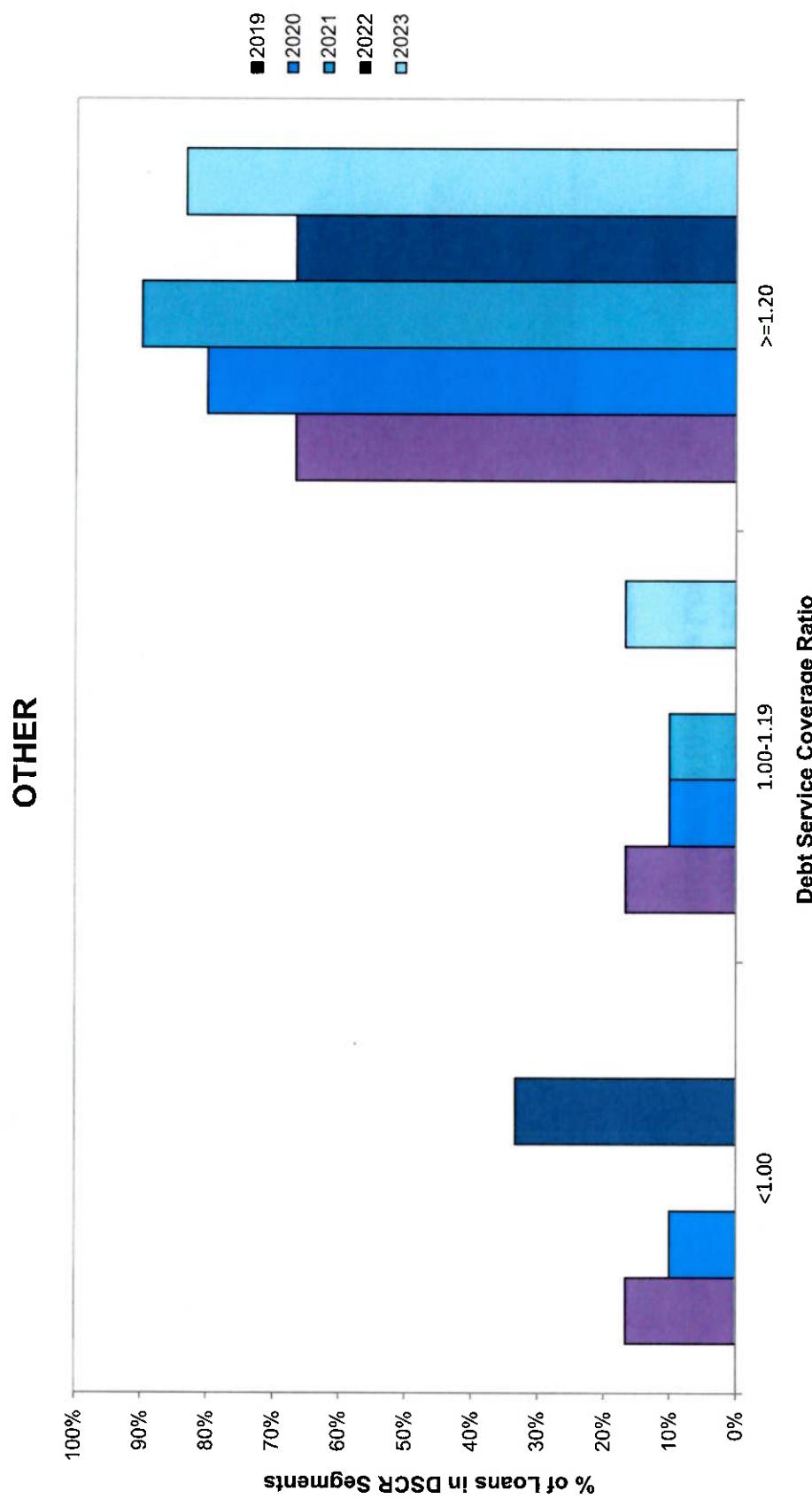


**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**



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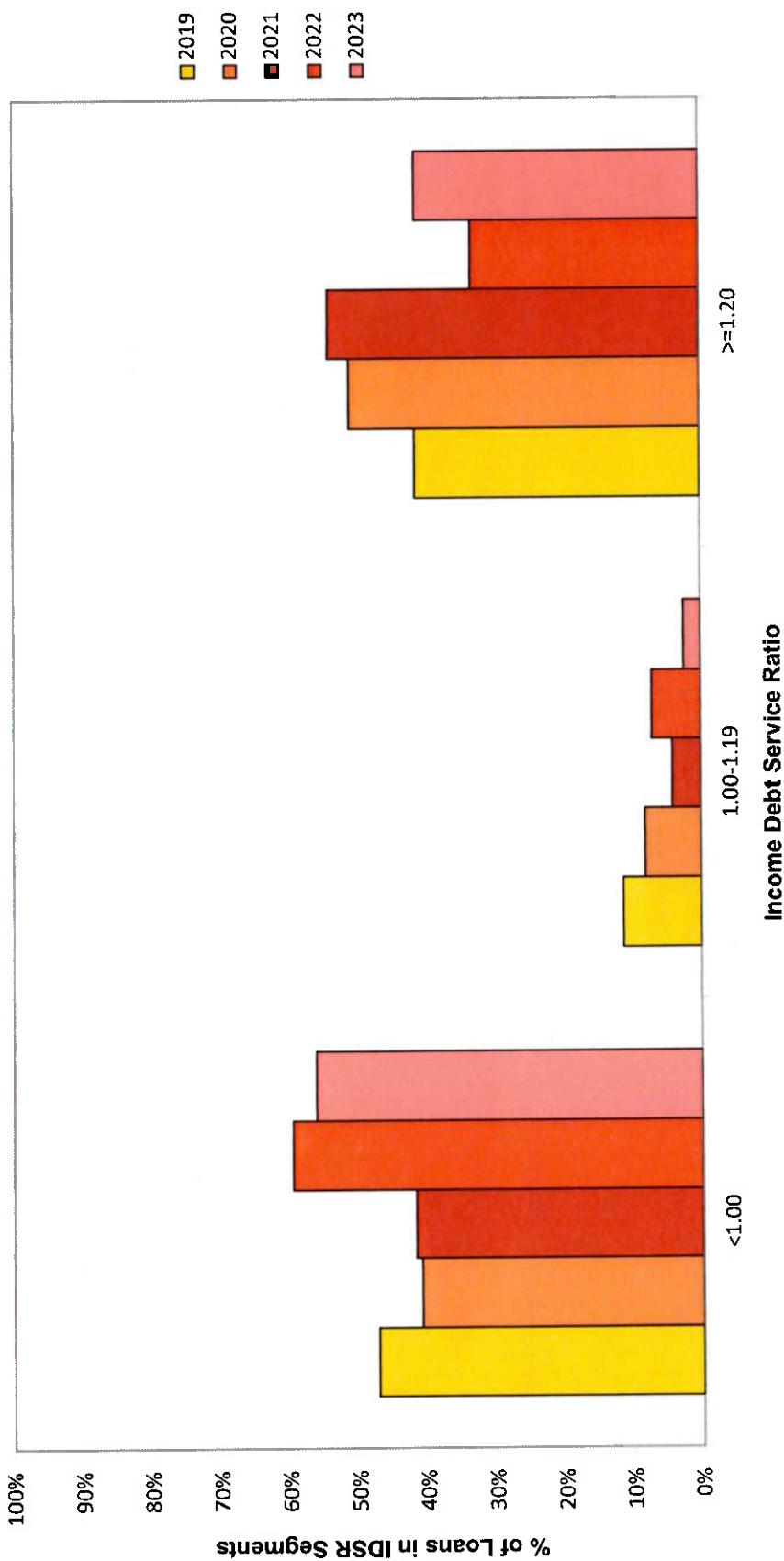
**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Debt Service Coverage Ratios
Distribution of In-Force Loans**



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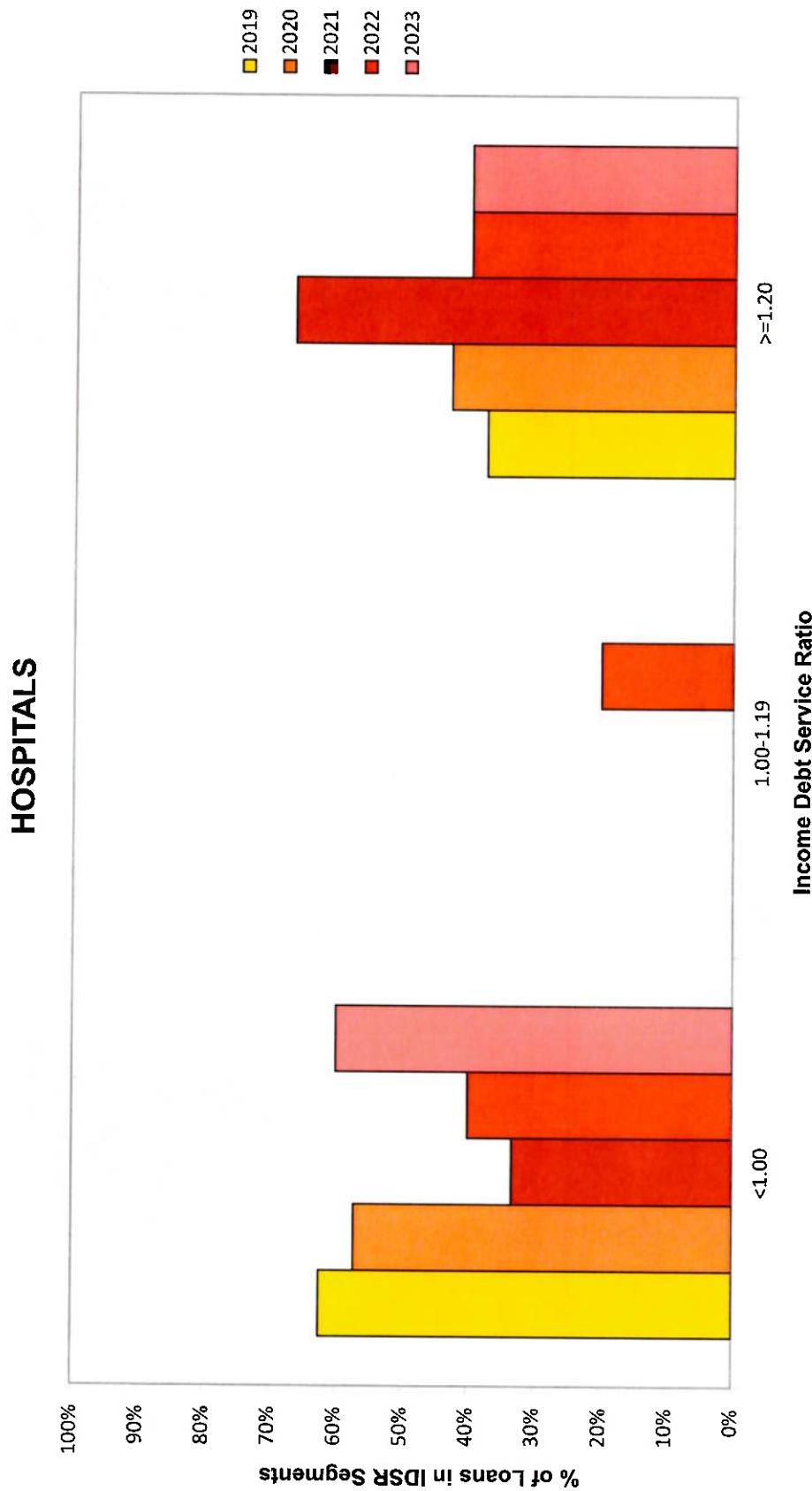
**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**

TOTAL



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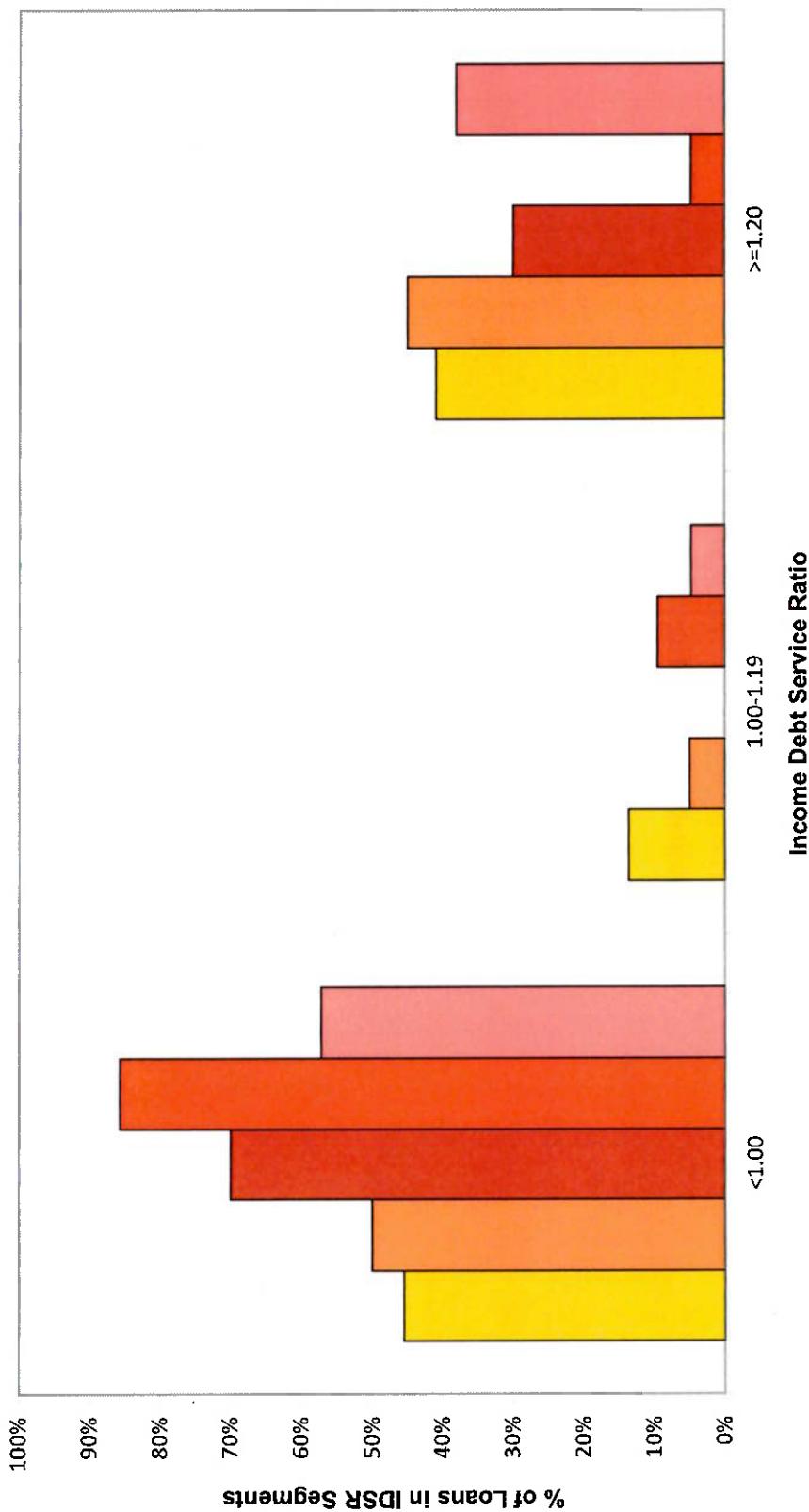
**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**



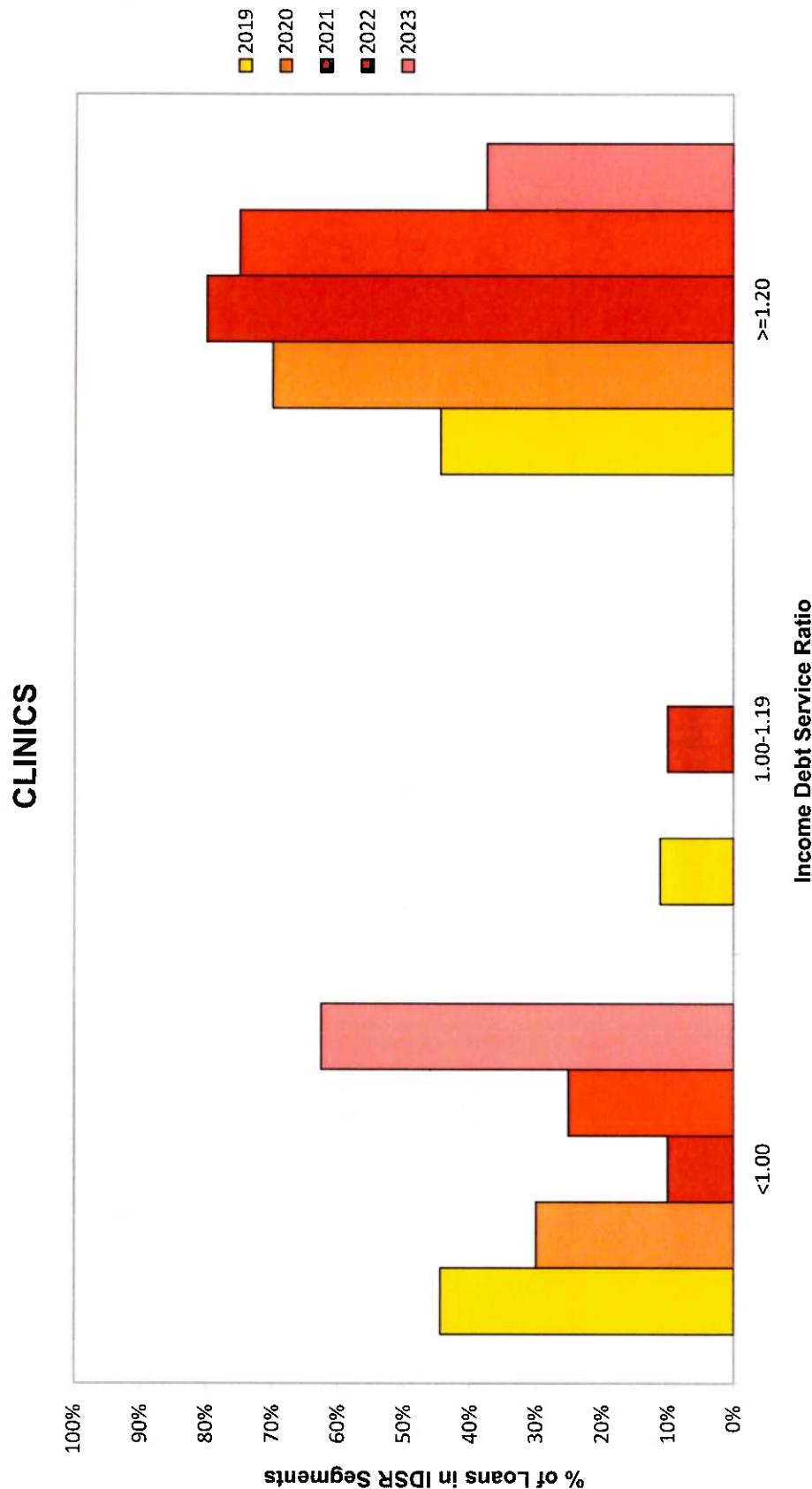
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**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**

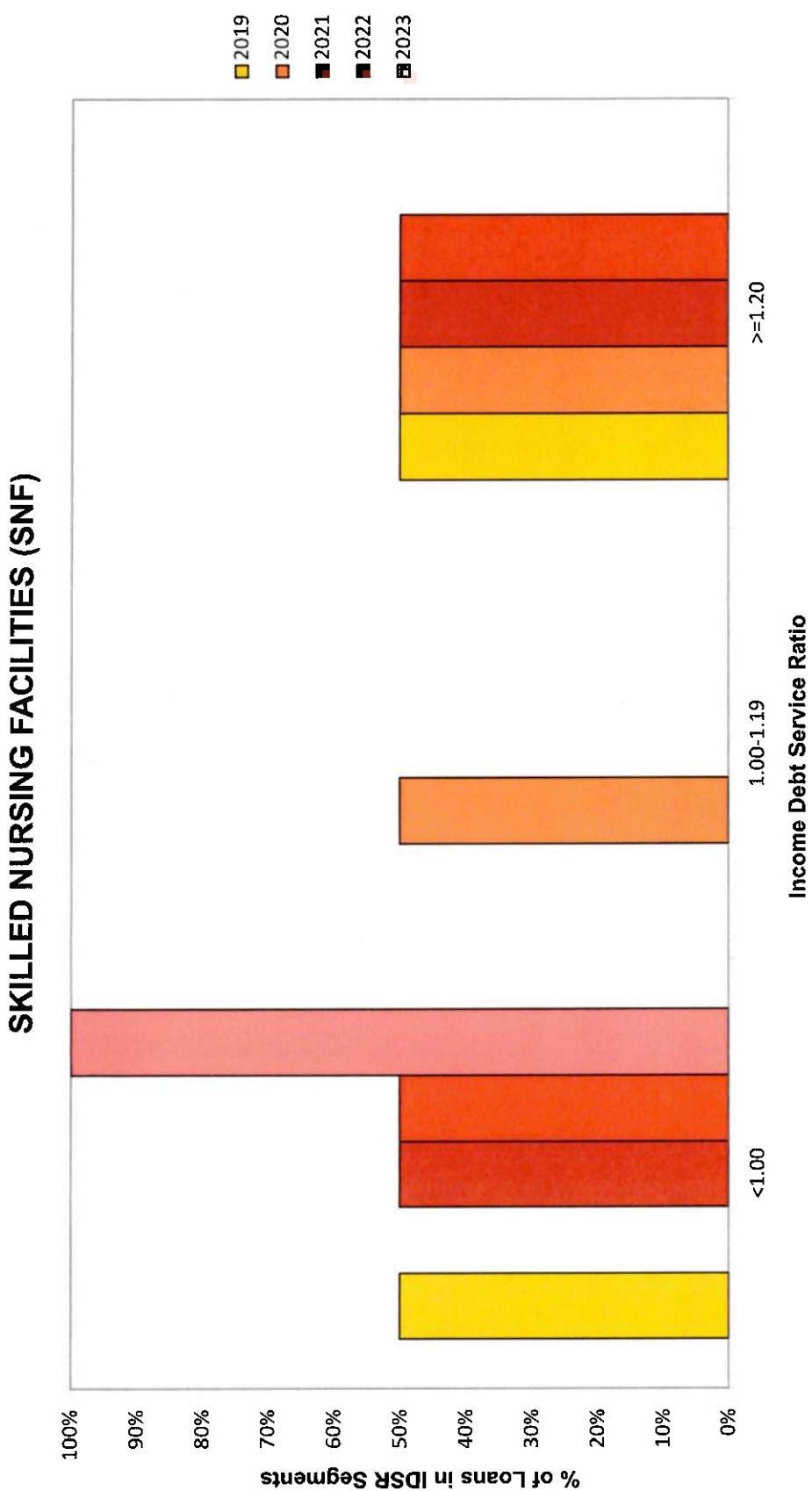
MULTI-LEVELS



**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**

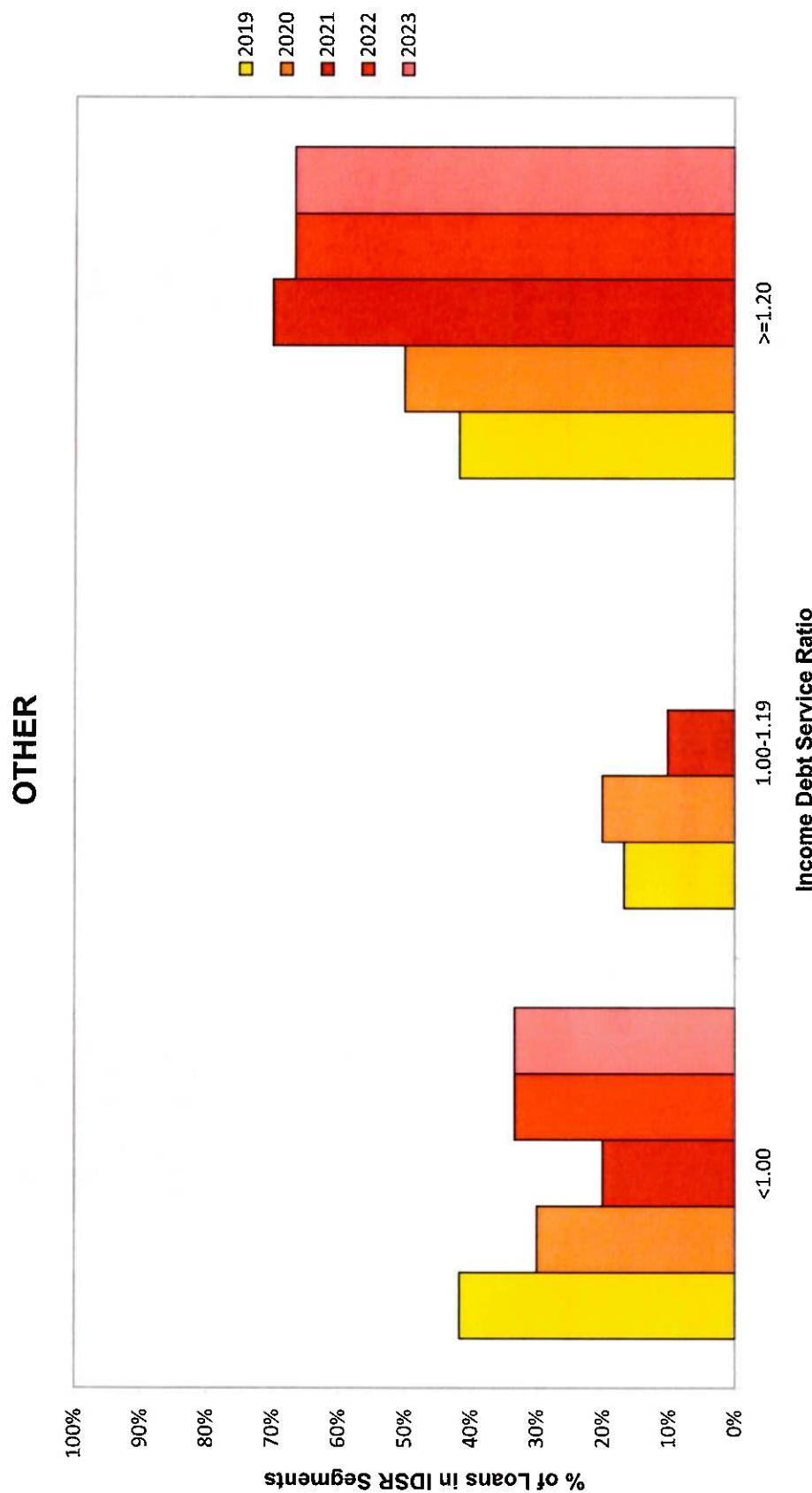


**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**



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**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Income Debt Service Ratios
Distribution of In-Force Loans**



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Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis - New Loans Insured (Expected Scenario)
Baseline Scenario
Based on Data as of June 30, 2024

Year	Scheduled Amortized Balance	(1) Estimated Draft Amount		(2) Income from Annual Premium Loans		(3) Premium		(4) Premium		(5) Premium Income		(6) Income from Up-Front Premium Loans		(7) Premium		(8) Premium		(9) Premium Income		(10) Premium		(11) Premium		(12) Premium		(13) Premium		(14) Premium		(15) Premium		(16) Premium		(17) Premium	
		Percent	Terminated & Refinance	Balance	Net of Default and Termination	Premium Income	Issued Amount	Premium as Estimated	Percent of Insured Amount	Premium Income	Issued Amount	Premium as Estimated	Percent of Insured Amount	Certification and Inspections Fee Income	Cash Inflow from Received Loans	Payment on Current Details	Payment on Future Default (Including Pipeline)	Administrative Expenses	Investment Income	Investment Yield	Net Cash Flow	Cash Balance													
7/1/2023-6/30/2024	0	0	6.5%	0	0	77,980,060	0	4.43%	7,568,019	88,580	1,251,238	0	0	2,461,212	5,372,000	4.4%	6,313,346	7,475,419	135,077,220	142,552,639															
7/1/2024-6/30/2025	0	0	6.5%	0	0	171,000,000	0	4.43%	7,568,069	651,944	1,251,238	0	0	5,161,448	5,171,322	4.4%	6,313,346	6,205,727	149,918,755	151,032,047															
7/1/2025-6/30/2026	0	0	6.5%	0	0	171,000,000	0	4.43%	7,568,069	651,944	1,251,238	0	0	5,161,337	5,171,322	4.4%	6,313,346	6,210,389	151,133,255	151,154,437															
7/1/2026-6/30/2027	0	0	6.5%	0	0	171,000,000	0	4.43%	7,568,069	651,944	1,251,238	0	0	5,161,337	6,159,887	4.4%	6,313,346	6,742,983	151,202,900	151,243,944															
7/1/2027-6/30/2028	0	0	6.5%	0	0	171,000,000	0	4.43%	7,568,069	651,944	1,251,238	0	0	8,843,392	6,163,323	4.4%	6,313,346	6,913,900	151,243,944	151,243,944															
7/1/2028-6/30/2029	0	0	6.5%	0	0	171,000,000	0	4.43%	7,568,069	651,944	1,251,238	0	0	9,932,154	6,163,320	4.4%	6,313,346	6,984,496	151,243,944	151,243,944															
7/1/2029-6/30/2030	0	0	6.5%	0	0	171,000,000	0	4.43%	7,568,069	651,944	1,251,238	0	0	6,585,860	7,136,280	4.4%	6,313,346	7,136,280	151,243,944	151,243,944															
7/1/2030-6/30/2031	0	0	6.5%	0	0	171,000,000	0	4.43%	8,320,1451	718,757	1,251,238	0	0	9,773,471	6,010,800	5.0%	7,143,131	1,148,867	151,243,944	151,243,944															
7/1/2031-6/30/2032	0	0	6.5%	0	0	171,000,000	0	4.43%	8,320,1451	718,757	1,251,238	0	0	7,509,765	6,010,800	5.0%	7,143,131	1,148,867	151,243,944	151,243,944															
7/1/2032-6/30/2033	0	0	6.5%	0	0	171,000,000	0	4.43%	8,320,1451	718,757	1,251,238	0	0	7,509,765	6,010,800	5.0%	7,143,131	1,148,867	151,243,944	151,243,944															
7/1/2033-6/30/2034	0	0	6.5%	0	0	171,000,000	0	4.43%	8,320,1451	718,757	1,251,238	0	0	7,509,765	6,010,800	5.0%	7,143,131	1,148,867	151,243,944	151,243,944															
7/1/2034-6/30/2035	0	0	6.5%	0	0	207,800,000	0	4.43%	9,151,347	785,156	252,962	0	0	7,784,245	8,177,844	5.2%	8,388,163	1,888,203	151,172,853	151,172,853															
7/1/2035-6/30/2036	0	0	6.5%	0	0	207,800,000	0	4.43%	9,151,347	785,156	252,962	0	0	8,164,962	8,164,962	5.2%	8,388,163	1,294,702	151,172,853	151,172,853															
7/1/2036-6/30/2037	0	0	6.5%	0	0	207,800,000	0	4.43%	9,151,347	785,156	252,962	0	0	8,164,962	8,164,962	5.2%	8,388,163	1,294,702	151,172,853	151,172,853															
7/1/2037-6/30/2038	0	0	6.5%	0	0	207,800,000	0	4.43%	9,151,347	785,156	252,962	0	0	8,164,962	8,164,962	5.2%	8,388,163	1,294,702	151,172,853	151,172,853															
7/1/2038-6/30/2039	0	0	6.5%	0	0	207,800,000	0	4.43%	9,151,347	785,156	252,962	0	0	8,164,962	8,164,962	5.2%	8,388,163	1,294,702	151,172,853	151,172,853															
7/1/2039-6/30/2040	0	0	6.5%	0	0	207,800,000	0	4.43%	9,151,347	785,156	252,962	0	0	8,164,962	8,164,962	5.2%	8,388,163	1,294,702	151,172,853	151,172,853															
7/1/2040-6/30/2041	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	10,118,931	9,513,487	5.7%	9,513,487	1,341,037	172,255,657	172,255,657															
7/1/2041-6/30/2042	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	10,386,586	10,117,142	6.0%	9,984,137	1,894,777	171,909,703	171,909,703															
7/1/2042-6/30/2043	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	10,517,229	6,119,889	6.1%	9,533,889	1,078,754	171,909,703	171,909,703															
7/1/2043-6/30/2044	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	10,687,815	11,124,559	5.0%	8,216,708	3,032,980	151,172,853	151,172,853															
7/1/2044-6/30/2045	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2045-6/30/2046	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2046-6/30/2047	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2047-6/30/2048	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2048-6/30/2049	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2049-6/30/2050	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2050-6/30/2051	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2051-6/30/2052	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2052-6/30/2053	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															
7/1/2053-6/30/2054	0	0	6.5%	0	0	228,000,000	0	4.43%	10,980,759	985,259	252,962	0	0	11,125,874	11,622,874	4.9%	8,028,980	3,747,767	151,146,661	151,146,661															

Notes
(1) Based on actual loan information from Cal-Mortgage
(2) From Section III, Appendix, Page 9 (based on a 5% default rate)

(3) Selected
(4) $\times (1 - (2)) \times (1 - 3)$
(5) Average of Current and Prior Columns (4) $\times 0.5\%$
(6) Proceeds by Cal-Mortgage
(7) From Section III, Exhibit 6
(8) $\times (7)$

(9) Issued amount $\times (1 - \text{refinanced}) \times 4\%$
(10) From Section I, Exhibit 3
(11) From Section I, Exhibit 3
(12) From Section III, Appendix, Page 2
(13) Administrative expenses interests $\times 3.40\%$ per year
(14) Selected investment yield
(15) $= (1) + (2) + (3) + (4) + (5) + (6) + (7)$
(16) $= (1) + (2) + (3) + (4) + (5) + (6) + (7) + (8)$
(17) = (1) + (17) prior

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis - No New Loans Insured (Runoff)
Baseline Scenario
Based on Data as of June 30, 2024

Year	Scheduled Amortized Balance	Income for Annual Premium Loans			Premium Income	Net of Default and Termination	Administrative Expenses	Investment Yield	Net Cash Flow	(13)		
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
7/1/2023-6/30/2024	0	0	0	8.5%	0	1,251,238	0	1,786,314	5,572,000	4.4%	5,869,655	
7/1/2024-6/30/2025	0	0	0	8.5%	0	1,251,238	0	3,230,542	5,572,000	4.4%	5,826,995	
7/1/2025-6/30/2026	0	0	0	8.5%	0	1,251,238	0	5,039,948	5,572,000	4.5%	5,721,069	
7/1/2026-6/30/2027	0	0	0	8.5%	0	1,251,238	0	5,038,117	5,572,000	4.6%	5,723,473	
7/1/2027-6/30/2028	0	0	0	8.5%	0	1,251,238	0	4,954,465	5,572,000	4.6%	5,637,071	
7/1/2028-6/30/2029	0	0	0	8.5%	0	1,251,236	0	4,241,174	5,572,000	4.8%	5,703,343	
7/1/2029-6/30/2030	0	0	0	8.5%	0	1,251,236	0	3,482,208	5,572,000	5.0%	5,805,520	
7/1/2030-6/30/2031	0	0	0	8.5%	0	1,251,238	0	2,737,525	5,572,000	5.0%	5,730,539	
7/1/2031-6/30/2032	0	0	0	8.5%	0	1,251,236	0	2,121,927	5,572,000	5.1%	5,833,933	
7/1/2032-6/30/2033	0	0	0	8.5%	0	1,251,236	0	1,564,828	5,572,000	5.1%	6,019,875	
7/1/2033-6/30/2034	0	0	0	8.5%	0	1,252,962	0	1,147,663	5,572,000	5.2%	6,063,349	
7/1/2034-6/30/2035	0	0	0	8.5%	0	1,252,962	0	813,370	5,572,000	5.3%	6,136,392	
7/1/2035-6/30/2036	0	0	0	8.5%	0	1,252,962	0	560,672	5,572,000	5.4%	6,243,568	
7/1/2036-6/30/2037	0	0	0	8.5%	0	1,252,962	0	362,205	5,572,000	5.5%	6,372,769	
7/1/2037-6/30/2038	0	0	0	8.5%	0	1,252,962	0	218,887	5,572,000	5.5%	6,523,440	
7/1/2038-6/30/2039	0	0	0	8.5%	0	1,252,962	0	125,844	5,572,000	5.6%	6,695,096	
7/1/2039-6/30/2040	0	0	0	8.5%	0	1,252,962	0	66,799	5,572,000	5.7%	6,887,822	
7/1/2040-6/30/2041	0	0	0	8.5%	0	1,252,962	0	35,898	5,572,000	5.8%	7,102,400	
7/1/2041-6/30/2042	0	0	0	8.5%	0	1,252,962	0	18,087	5,572,000	6.0%	7,340,381	
7/1/2042-6/30/2043	0	0	0	8.5%	0	1,252,962	0	9,548	5,572,000	6.1%	7,604,153	
7/1/2043-6/30/2044	0	0	0	8.5%	0	1,252,962	0	5,039	5,572,000	5.4%	8,840,646	
7/1/2044-6/30/2045	0	0	0	8.5%	0	1,252,962	0	2,639	5,572,000	5.0%	6,372,211	
7/1/2045-6/30/2046	0	0	0	8.5%	0	1,252,962	0	1,255	5,572,000	4.9%	6,392,493	
7/1/2046-6/30/2047	0	0	0	8.5%	0	1,252,962	0	0	5,572,000	4.9%	819,238	
7/1/2047-6/30/2048	0	0	0	8.5%	0	1,252,962	0	0	5,572,000	4.9%	6,412,996	
7/1/2048-6/30/2049	0	0	0	8.5%	0	1,252,962	0	0	224	5,572,000	4.9%	6,433,665
7/1/2049-6/30/2050	0	0	0	8.5%	0	1,252,962	0	54	5,572,000	4.9%	6,454,451	
7/1/2050-6/30/2051	0	0	0	8.5%	0	1,252,962	0	0	5,572,000	4.9%	6,475,310	
7/1/2051-6/30/2052	0	0	0	8.5%	0	1,252,962	0	0	5,572,000	4.9%	6,496,193	
7/1/2052-6/30/2053	0	0	0	8.5%	0	1,252,962	0	0	5,572,000	4.8%	6,517,054	
7/1/2053-6/30/2054	0	0	0	8.5%	0	1,252,962	0	0	5,572,000	4.8%	6,537,843	

Notes:

(1) Based on active loan information from CalMortgage
 (2) From Section III, Appendix, Page 9 (based on a 7.5% default rate)
 (3) Selected
 (4) = $(1) - (2) \times 1 - (3)$
 (5) Average of current and prior column(4) $\times 0.5\%$
 (6) From Section I, Exhibit 5

(7) From Section I, Exhibit 3
 (8) From Section III, Appendix, Page 4
 (9) Administration expense increase @ 0.0% per year
 (10) Selected investment yield

$$(11) = 0.5 \times (5) + (6) - (7) - (8) + (9) + \text{prior cash balance } j \times (10)$$

$$(12) = (5) + (6) - (7) - (8) - (9) + (11)$$

$$(13) = (12) + (13) \text{ prior}$$

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis - New Loans Insured
Scenario 1: 150 Basis Points Increase
Based on Data as of June 30, 2024

Year	Scheduled Authorized Balance	Estimated Default Amount	Percent Terminated & Refinanced	Balance Net of Default and Termination	Premium* Income	Income from Up-Front Premium Loans	Premium as Percentage of Insured Amount	Certification Fee Income	Cash Inflow from Resolved Loans	Payment on Current Default	Payment on Future Default (including Pipeline)	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2023-6-30/2024	0	0	8.5%	0	77,960,000	1,817,756	88,580	1,251,238	0	2,858,992	5,572,000	4.4%	6,028,537	7,068,797	136,077,220	
7/1/2024-6-30/2025	0	0	8.5%	0	171,000,000	4,43%	7,568,669	651,944	1,251,238	0	5,566,247	5,761,448	4.4%	6,277,570	142,146,017	146,537,324
7/1/2025-6-30/2026	0	0	8.5%	0	171,000,000	4.43%	7,568,669	651,944	1,251,238	0	9,150,309	5,857,337	4.5%	6,434,554	798,160	147,335,483
7/1/2026-6-30/2027	0	0	8.5%	0	171,000,000	4.43%	7,568,669	651,944	1,251,238	0	10,408,531	6,159,887	4.6%	6,580,938	146,829,251	(506,232)
7/1/2027-6-30/2028	0	0	8.5%	0	171,000,000	4.43%	7,568,669	651,944	1,251,238	0	11,483,781	6,369,323	4.6%	6,630,413	(7,51,439)	145,078,112
7/1/2028-6-30/2029	0	0	8.5%	0	171,000,000	4.43%	7,568,669	651,944	1,251,238	0	11,622,095	6,585,880	4.8%	6,801,592	(1,905,024)	143,422,787
7/1/2029-6-30/2030	0	0	8.5%	0	171,000,000	4.43%	7,568,669	651,944	1,251,238	0	11,759,208	6,805,447	5.0%	6,983,447	(1,935,804)	142,537,220
7/1/2030-6-30/2031	0	0	8.5%	0	188,000,000	4.43%	8,320,451	716,757	1,251,238	0	11,274,690	7,041,333	5.0%	6,950,325	(1,007,231)	141,000,468
7/1/2031-6-30/2032	0	0	8.5%	0	188,000,000	4.43%	8,320,451	716,757	1,251,238	0	11,137,968	7,063,888	5.1%	7,063,888	145,180,023	140,959,534
7/1/2032-6-30/2033	0	0	8.5%	0	188,000,000	4.43%	8,320,451	716,757	1,251,238	0	11,026,247	7,128,283	5.1%	7,128,283	143,083,754	(2,846,584)
7/1/2033-6-30/2034	0	0	8.5%	0	188,000,000	4.43%	8,320,451	716,757	1,251,238	0	10,982,681	7,178,245	5.2%	7,222,857	141,713,190	(1,340,584)
7/1/2034-6-30/2035	0	0	8.5%	0	207,000,000	4.43%	9,161,347	789,196	1,252,962	0	11,094,636	8,048,969	5.3%	7,246,397	(1,603,843)	140,109,548
7/1/2035-6-30/2036	0	0	8.5%	0	207,000,000	4.43%	9,161,347	789,196	1,252,962	0	11,065,635	8,322,572	5.4%	7,289,703	(1,914,969)	138,194,548
7/1/2036-6-30/2037	0	0	8.5%	0	207,000,000	4.43%	9,161,347	789,196	1,252,962	0	11,189,646	8,605,540	5.5%	7,302,721	(1,279,494)	136,915,064
7/1/2037-6-30/2038	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	11,564,267	8,888,128	5.5%	7,343,227	(1,695,207)	135,218,858
7/1/2038-6-30/2039	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	11,581,904	9,200,064	5.6%	7,360,226	(1,329,361)	133,009,496
7/1/2039-6-30/2040	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	11,832,484	9,513,897	5.7%	7,347,153	(2,295,338)	130,204,158
7/1/2040-6-30/2041	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	12,143,717	9,836,946	5.8%	7,289,949	(3,467,839)	128,766,325
7/1/2041-6-30/2042	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	12,444,467	10,171,402	6.0%	7,211,351	(4,191,577)	122,594,789
7/1/2042-6-30/2043	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	12,719,638	10,517,229	6.1%	7,077,280	(1,759,192)	117,598,192
7/1/2043-6-30/2044	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	12,975,216	10,874,815	5.4%	5,970,189	(6,919,824)	110,678,368
7/1/2044-6-30/2045	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,191,354	11,244,559	5.5%	5,970,189	(6,928,550)	102,351,819
7/1/2045-6-30/2046	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,372,719	11,626,874	5.6%	4,708,883	(9,330,881)	93,020,927
7/1/2046-6-30/2047	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,519,903	12,022,188	4.9%	4,221,260	(10,360,812)	82,660,115
7/1/2047-6-30/2048	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,641,056	12,430,942	4.9%	3,686,185	(11,125,795)	71,234,320
7/1/2048-6-30/2049	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,768,934	12,653,594	4.9%	2,486,441	(12,528,173)	58,706,148
7/1/2049-6-30/2050	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,812,568	13,200,316	4.9%	1,783,053	(13,574,753)	30,163,052
7/1/2050-6-30/2051	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,858,934	13,742,497	4.5%	1,045,129	(16,995,422)	14,030,570
7/1/2051-6-30/2052	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,887,898	14,208,742	4.8%	1,045,129	(16,995,422)	14,692,873
7/1/2052-6-30/2053	0	0	8.5%	0	228,000,000	4.43%	10,089,769	869,259	1,252,962	0	13,902,057	14,692,873	4.8%	255,687	(17,229,225)	(3,208,655)

Notes
 (1) Based on active loan information from CalMortgage
 (2) From Section II, Appendix, Page 9 (based on a 7.5% default rate)
 (3) Selected
 (4) = (1) * (2) * (1) - (3)
 (5) Average of Current and Prior Column (4) * 0.5%
 (6) Provided by CalMortgage
 (7) From Section II, Exhibit 6
 (8) = (6) * (7)
 (9) Issued Amount \times (1 - % Refinanced) \times 0.4%
 (10) From Section II, Exhibit 5
 (11) From Section II, Exhibit 3
 (12) From Section II, Appendix, Page 6
 (13) Administration expense increase @ 2.4% per year
 (14) Selected Investment Yield

$$\rightarrow (10) \times (5) + (6) + (7) + (11) - (12) - (13) + (15)$$

 (15) = (10) * (5) + (6) + (7) + (11) - (12) - (13) + (15)
 (16) = (5) + (6) + (7) + (11) - (12) - (13) + (15)
 (17) = (16) + (17) Prior
 (17) = (16) + (17) Prior

Section III
Exhibit 1
Page 4

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Cash Flow Analysis - New Loans Insured
Scenario 2: 300 Basis Points Increase
Based on Data as of June 30, 2024

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
Year	Scheduled Amortized Balance	Estimated Default Amount	Percent Refinance	Balance Net of Default and Termination	Premium Income	Issued Amount	Premium as Percent of Insured Amount	Premium Income	Certification and Inspection Fee Income	Cash Inflow from Resolved Loans	Payment on Future Default (including Pipeline)	Payment on Current Default	Administrative Expenses	Investment Yield	Investment Income	Net Cash Flow	Cash Balance
7/1/2023-6/30/2024	0	0	8.5%	0	0	77,980,000	4.43%	1,817,756	86,900	1,251,1398	0	3,256,772	5,527,000	4.4%	6,019,695	136,077,220	
7/1/2024-6/30/2025	0	0	8.5%	0	0	171,000,000	4.43%	7,568,069	651,944	1,251,238	0	6,315,271	5,761,448	4.4%	6,242,355	141,739,395	
7/1/2025-6/30/2026	0	0	8.5%	0	0	171,000,000	4.43%	7,568,069	651,944	1,251,338	0	10,429,240	5,957,337	4.5%	6,351,256	145,319,282	
7/1/2026-6/30/2027	0	0	8.5%	0	0	171,000,000	4.43%	7,568,069	651,944	1,251,438	0	11,875,978	6,159,887	4.6%	6,438,833	144,152,212	
7/1/2027-6/30/2028	0	0	8.5%	0	0	171,000,000	4.43%	7,568,069	651,944	1,251,538	0	13,124,170	6,369,323	4.6%	6,396,925	142,276,492	
7/1/2028-6/30/2029	0	0	8.5%	0	0	171,000,000	4.43%	7,568,069	651,944	1,251,638	0	13,312,037	6,505,860	4.8%	6,467,118	139,001,177	
7/1/2029-6/30/2030	0	0	8.5%	0	0	171,000,000	4.43%	7,568,069	651,944	1,251,738	0	6,809,800	6,809,800	5.0%	6,543,463	135,641,630	
7/1/2030-6/30/2031	0	0	8.5%	0	0	171,000,000	4.43%	8,320,451	716,757	1,251,238	0	12,984,484	7,041,333	5.0%	6,391,284	131,862,868	
7/1/2031-6/30/2032	0	0	8.5%	0	0	178,000,000	4.43%	8,320,451	716,757	1,251,338	0	12,860,188	7,280,734	5.1%	6,377,148	134,077,397	
7/1/2032-6/30/2033	0	0	8.5%	0	0	178,000,000	4.43%	8,320,451	716,757	1,251,438	0	12,760,188	7,578,204	5.1%	6,365,176	131,298,781	
7/1/2033-6/30/2034	0	0	8.5%	0	0	178,000,000	4.43%	8,320,451	716,757	1,251,538	0	12,760,188	7,876,234	5.1%	6,353,199	129,416,519	
7/1/2034-6/30/2035	0	0	8.5%	0	0	207,000,000	4.43%	9,167,347	789,196	251,963	0	12,734,465	8,146,730	5.2%	6,268,070	121,538,163	
7/1/2035-6/30/2036	0	0	8.5%	0	0	207,000,000	4.43%	9,167,347	789,196	251,963	0	12,734,465	8,449,887	5.2%	6,134,627	117,045,202	
7/1/2036-6/30/2037	0	0	8.5%	0	0	226,000,000	4.43%	9,167,347	789,196	251,963	0	12,869,584	8,322,572	5.4%	5,984,103	105,004,368	
7/1/2037-6/30/2038	0	0	8.5%	0	0	226,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2038-6/30/2039	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,230,504	8,898,128	5.5%	5,656,787	105,258,164	
7/1/2039-6/30/2040	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,200,684	9,200,684	5.6%	5,442,145	96,139,350	
7/1/2040-6/30/2041	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,824,639	9,513,487	5.7%	5,173,432	96,561,713	
7/1/2041-6/30/2042	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,866,946	10,168,617	5.8%	5,181,617	89,187,617	
7/1/2042-6/30/2043	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	14,322,338	10,171,402	6.0%	4,438,566	81,236,994	
7/1/2043-6/30/2044	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,781,210	10,346,908	5.3%	4,491,887	72,184,801	
7/1/2044-6/30/2045	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,869,584	8,322,572	5.4%	5,984,103	65,004,368	
7/1/2045-6/30/2046	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2046-6/30/2047	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,230,504	8,898,128	5.5%	5,656,787	105,258,164	
7/1/2047-6/30/2048	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,200,684	9,200,684	5.6%	5,442,145	96,139,350	
7/1/2048-6/30/2049	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,824,639	9,513,487	5.7%	5,173,432	89,187,617	
7/1/2049-6/30/2050	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	14,322,338	10,171,402	6.0%	4,438,566	81,236,994	
7/1/2050-6/30/2051	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,869,584	8,322,572	5.4%	3,954,936	70,194,155	
7/1/2051-6/30/2052	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2052-6/30/2053	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,230,504	8,898,128	5.5%	5,656,787	105,258,164	
7/1/2053-6/30/2054	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,200,684	9,200,684	5.6%	5,442,145	96,139,350	
7/1/2054-6/30/2055	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,824,639	9,513,487	5.7%	5,173,432	89,187,617	
7/1/2055-6/30/2056	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	14,322,338	10,171,402	6.0%	4,438,566	81,236,994	
7/1/2056-6/30/2057	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,869,584	8,322,572	5.4%	3,954,936	70,194,155	
7/1/2057-6/30/2058	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2058-6/30/2059	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,230,504	8,898,128	5.5%	5,656,787	105,258,164	
7/1/2059-6/30/2060	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,200,684	9,200,684	5.6%	5,442,145	96,139,350	
7/1/2060-6/30/2061	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,824,639	9,513,487	5.7%	5,173,432	89,187,617	
7/1/2061-6/30/2062	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	14,322,338	10,171,402	6.0%	4,438,566	81,236,994	
7/1/2062-6/30/2063	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,869,584	8,322,572	5.4%	3,954,936	70,194,155	
7/1/2063-6/30/2064	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2064-6/30/2065	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,230,504	8,898,128	5.5%	5,656,787	105,258,164	
7/1/2065-6/30/2066	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,200,684	9,200,684	5.6%	5,442,145	96,139,350	
7/1/2066-6/30/2067	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,824,639	9,513,487	5.7%	5,173,432	89,187,617	
7/1/2067-6/30/2068	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	14,322,338	10,171,402	6.0%	4,438,566	81,236,994	
7/1/2068-6/30/2069	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,869,584	8,322,572	5.4%	3,954,936	70,194,155	
7/1/2069-6/30/2070	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2070-6/30/2071	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,230,504	8,898,128	5.5%	5,656,787	105,258,164	
7/1/2071-6/30/2072	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	9,200,684	9,200,684	5.6%	5,442,145	96,139,350	
7/1/2072-6/30/2073	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,824,639	9,513,487	5.7%	5,173,432	89,187,617	
7/1/2073-6/30/2074	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	14,322,338	10,171,402	6.0%	4,438,566	81,236,994	
7/1/2074-6/30/2075	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	12,869,584	8,322,572	5.4%	3,954,936	70,194,155	
7/1/2075-6/30/2076	0	0	8.5%	0	0	228,000,000	4.43%	10,986,759	889,259	251,962	0	13,027,998	8,605,540	5.5%	5,826,285	107,447,382	
7/1/2076-6/30/2077	0	0	8.5%	0	0	228,000,000	4.43%	10,986,7									

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Default Rate
Based on Data as of June 30, 2024**

	Industry Loss Experience	Cal-Mortgage	
		Including Triad	Excluding Triad
(1) Selected Hospitals Default Rate	0.95%		
(2) Cal-Mortgage's Hospitals In-Force Current Principal Balance	274,667,178		
(3) Selected Nursing Homes Default Rate	15.75%		
(4) Cal-Mortgage's Nursing Homes In-Force Current Principal Balance	1,021,235,058		
(5) Combined Cal-Mortgage's Hospitals and Nursing Homes Default Rate	12.61%	4.33%	2.19%
(6) 2022 Selected Default Rate	6.86%		
(7) New Selected Long-Term Default Rate	7.47%		
(8) Original Loan Amount Default as of 6/30/2024 - Expected vs. Actual	323,765,828	369,094,120	186,864,120

Notes:

- (1) From Section III, Exhibit 2, Page 2, Row (7)
- (2) Provided by Cal-Mortgage
- (3) From Section III, Exhibit 2, Page 3, Row (7)
- (4) Provided by Cal-Mortgage
- (5) = [(1) x (2) + (3) x (4)] / [(2) + (4)]
- (6) From Cal-Mortgage Analysis at 6/30/2022
- (7) Selected
- (8) Based on (7) and Cal-Mortgage Data

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Industry - Countrywide Loss Experience - Hospitals
Selection of Ultimate Default Rate
Based on Data as of June 30, 2024

Issue Year	Exposure Base	Actual Original Loan Balance Default Rate	Development Method	Bornhuetter-Ferguson Method Ultimate	Prior Selected	Ultimate Default Rate	Selected Ultimate Default Rate
1981	4,666,380				1.94%	1.94%	
1982	8,153,200				1.13%	1.13%	
1983	8,817,100				0.28%	0.28%	
1984	7,589,500				0.23%	0.23%	
1985	23,821,200				0.91%	0.91%	
1986	7,184,300				3.88%	3.88%	
1987	11,121,100				1.92%	1.92%	
1988	10,757,500				0.45%	0.45%	
1989	13,387,300				0.61%	0.61%	
1990	12,003,000				0.82%	0.82%	
1991	15,988,000				2.77%	2.77%	
1992	20,414,100				2.70%	2.70%	
1993	29,001,500				1.39%	1.39%	
1994	13,536,700				1.14%	1.14%	
1995	11,442,100				0.29%	0.29%	
1996	16,356,200				3.30%	3.30%	
1997	22,036,300				1.00%	1.00%	
1998	33,823,500				0.94%	0.94%	
1999	21,678,800				0.45%	0.45%	
2000	14,147,100				0.05%	0.05%	
2001	20,232,300				0.05%	0.05%	
2002	21,982,400				0.44%	0.44%	
2003	25,228,700				2.38%	2.38%	
2004	25,692,900				0.13%	0.13%	
2005	34,116,970				0.43%	0.43%	
2006	32,707,970				0.16%	0.16%	
2007	40,893,880				2.64%	2.64%	
2008	58,164,990				0.86%	0.86%	
2009	43,923,150				0.05%	0.05%	
2010	28,106,270				0.27%	0.27%	
2011	22,644,540				0.25%	0.25%	
2012	27,202,420				0.59%	0.59%	
2013	18,424,500				0.24%	0.24%	
2014	16,235,790				0.30%	0.30%	
2015	23,998,300				0.50%	0.50%	
2016	37,247,500				0.51%	0.51%	
2017	34,727,680				0.63%	0.63%	
2018	22,326,960				2.53%	2.53%	
2019	29,126,550				0.91%	0.91%	
2020	25,589,230				1.02%	1.02%	
2021	22,828,260				1.05%	1.05%	
2022	18,734,270				1.05%	1.05%	
2023	12,347,560				1.05%	1.05%	

Weighted Average 1981-2019
Weighted Average 1981-1987
Weighted Average 1988-2008
Weighted Average 2009-2019
Arithmetic Average 1981-2019
Arithmetic Average 1981-1987
Arithmetic Average 1988-2008
Arithmetic Average 2009-2019

Prior Selection
(7) Selected Long-Term Default Rate
0.95% 0.95%

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Industry Countrywide Loss Experience - Nursing Homes
Selection of Ultimate Default Rate
Based on Data as of June 30, 2024

Issue Year	Exposure Base	Actual Original Loan Balance Default Rate	Development Method	Bornhuetter-Ferguson Method	Prior Selected Ultimate	Ultimate Default Rate	Notes
1981	392,300				37.09%	37.09%	(1) From Alacra, Inc. for 1981 - 2004 and from Refinitiv US, LLC. for 2005 and subsequent Data Not Available
1982	838,700				40.17%	40.17%	(2) Data Not Available
1983	795,000				54.32%	54.32%	(3) Data Not Available
1984	739,700				40.39%	40.39%	(4) Data Not Available
1985	1,160,300				26.26%	26.26%	(5) Data Not Available
1986	772,800				24.40%	24.40%	(6) Selected
1987	914,300				13.44%	13.44%	From Cal-Mortgage Analysis at 6/30/2022
1988	1,451,700				8.57%	8.57%	(7) Selected
1989	1,561,600				4.76%	4.76%	Selected
1990	1,678,600				9.77%	9.77%	
1991	1,538,500				2.23%	2.23%	
1992	2,429,300				5.22%	5.22%	
1993	2,515,500				9.04%	9.04%	
1994	2,427,400				11.41%	11.41%	
1995	1,986,300				14.60%	14.60%	
1996	3,040,500				10.33%	10.33%	
1997	3,523,600				9.03%	9.03%	
1998	5,077,800				9.65%	9.65%	
1999	4,981,900				8.39%	8.39%	
2000	2,876,400				5.74%	5.74%	
2001	2,919,300				6.06%	6.06%	
2002	3,787,200				3.72%	3.72%	
2003	3,228,400				3.27%	3.27%	
2004	3,222,300				6.51%	6.51%	
2005	4,276,270				1.42%	1.42%	
2006	6,010,820				3.15%	3.15%	
2007	7,837,320				8.40%	8.40%	
2008	2,498,740				7.65%	7.65%	
2009	1,953,000				15.09%	15.09%	
2010	2,729,050				15.73%	15.73%	
2011	1,217,210				20.58%	20.58%	
2012	3,680,230				19.00%	19.00%	
2013	2,804,940				10.58%	10.58%	
2014	2,717,980				30.20%	30.20%	
2015	3,797,800				13.68%	13.68%	
2016	5,690,630				20.73%	20.73%	
2017	6,195,970				29.65%	29.65%	
2018	4,678,190				31.42%	31.42%	
2019	5,276,660				17.99%	17.99%	
2020	3,844,000				22.11%	22.11%	
2021	6,403,150				20.00%	20.00%	
2022	2,146,380				20.60%	20.60%	
2023	1,701,990				20.00%	20.00%	
Weighted Average 1981-2019							
Weighted Average 1981-1987							
Weighted Average 1988-2008							
Weighted Average 2009-2019							
Arithmetic Average 1981-2019							
Arithmetic Average 1981-1987							
Arithmetic Average 1988-2008							
Arithmetic Average 2009-2019							
Prior Selection							
15.75%							

Weighted Average 1981-2019

Weighted Average 1981-1987

Weighted Average 1988-2008

Weighted Average 2009-2019

Arithmetic Average 1981-2019

Arithmetic Average 1981-1987

Arithmetic Average 1988-2008

Arithmetic Average 2009-2019

Prior Selection

15.75%

Section III
Exhibit 2
Page 4

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Industry Loss Experience - Hospital and Nursing Homes Combined
Based on Data as of June 30, 2022

Year	12	24	36	48	60	72	84	96	108	120	144	168	192	216	240	264	288	312	336	360	384	408	432	456	480	504	528	552	576	600	624	648	672	696	720	744	768	792	816	840	864	888	912	936	960	984	1008	1032	1056	1080	1104	1128	1152	1176	1200	1224	1248	1272	1296	1320	1344	1368	1392	1416	1440	1464	1488	1512	1536	1560	1584	1608	1632	1656	1680	1704	1728	1752	1776	1800	1824	1848	1872	1896	1920	1944	1968	1992	2016	2040	2064	2088	2112	2136	2160	2184	2208	2232	2256	2280	2304	2328	2352	2376	2400	2424	2448	2472	2496	2520	2544	2568	2592	2616	2640	2664	2688	2712	2736	2760	2784	2808	2832	2856	2880	2904	2928	2952	2976	2900	2924	2948	2972	2996	3020	3044	3068	3092	3116	3140	3164	3188	3212	3236	3260	3284	3308	3332	3356	3380	3404	3428	3452	3476	3500	3524	3548	3572	3596	3620	3644	3668	3692	3716	3740	3764	3788	3812	3836	3860	3884	3908	3932	3956	3980	4004	4028	4052	4076	4100	4124	4148	4172	4196	4220	4244	4268	4292	4316	4340	4364	4388	4412	4436	4460	4484	4508	4532	4556	4580	4604	4628	4652	4676	4700	4724	4748	4772	4796	4820	4844	4868	4892	4916	4940	4964	4988	5012	5036	5060	5084	5108	5132	5156	5180	5204	5228	5252	5276	5300	5324	5348	5372	5396	5420	5444	5468	5492	5516	5540	5564	5588	5612	5636	5660	5684	5708	5732	5756	5780	5804	5828	5852	5876	5900	5924	5948	5972	5996	6020	6044	6068	6092	6116	6140	6164	6188	6212	6236	6260	6284	6308	6332	6356	6380	6404	6428	6452	6476	6500	6524	6548	6572	6596	6620	6644	6668	6692	6716	6740	6764	6788	6812	6836	6860	6884	6908	6932	6956	6980	7004	7028	7052	7076	7100	7124	7148	7172	7196	7220	7244	7268	7292	7316	7340	7364	7388	7412	7436	7460	7484	7508	7532	7556	7580	7604	7628	7652	7676	7700	7724	7748	7772	7796	7820	7844	7868	7892	7916	7940	7964	7988	7912	7936	7960	7984	8008	8032	8056	8080	8104	8128	8152	8176	8200	8224	8248	8272	8296	8320	8344	8368	8392	8416	8440	8464	8488	8512	8536	8560	8584	8608	8632	8656	8680	8704	8728	8752	8776	8800	8824	8848	8872	8896	8920	8944	8968	8992	9016	9040	9064	9088	9112	9136	9160	9184	9208	9232	9256	9280	9304	9328	9352	9376	9400	9424	9448	9472	9496	9520	9544	9568	9592	9616	9640	9664	9688	9712	9736	9760	9784	9808	9832	9856	9880	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9940	9964	9988	9912	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	9924	9948	9972	9996	9920	9944	9968	9992	9916	9936	9960	9984	9908	9932	9956	9980	9904	9928	9952	9976	9900	

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Loss Severity
Based on Data as of June 30, 2024**

Facility Type	(1) Income Securities Investors Data	(2) Actual Cal-Mortgage Experience (Including Triad)	(3) Prior Selected	(4) Selected
Hospitals		N/A	N/A	N/A
Nursing Home		N/A	N/A	N/A
TOTALS		72.5%	64.5%	68.5%

Notes:

- (1) Data Not Available
- (1) From Section III, Exhibit 3, Page 2
- (2) From Cal-Mortgage Analysis at 6/30/2022
- (3) Selected

**Office of Health Facility Loan Insurance
California Health Facility Construction loan Insurance program**

Cal-Mortgage's Loss Severity (Actual Experience Including Triad)
Based on Data as of June 30, 2024

		Notes:
(1) Total Defaulted as of 6/30/2024	0	(1) From Section I, Exhibit 2
(2) Net Paid at 6/30/2024	0	(2) Provided by Cal-Mortgage
(3) Sherman Oaks Original Loan Balance	182,230,000	(3) Provided by Cal-Mortgage (4) = (1) + (2) + (3); Including Triad (Sherman Oaks) Original Loan Balance
(4) Loss on Current Defaults	182,230,000	(5) Provided by Cal-Mortgage
(5) Net Paid on Resolved Loans	60,379,451	(6) From Section I, Exhibits 4 and 5 (7) = (4) + (5) + (6)
(6) Expected Recoveries on Resolved Loans	13,820,948	(8) Provided by Cal-Mortgage
(7) Total Outlay	228,788,502	(9) Provided by Cal-Mortgage (10) = (8) + (9) (11) = (7) / (10)
(8) Defaulted Original Loan Amount	0	
(9) Resolved Original Loan Amount	315,655,805	
(10) Total Loan Amount	315,655,805	
(11) Indicated Loss Severity	72.5%	

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Estimate of Cal-Mortgage's Cumulative Loss Payment Pattern
Based on Data as of June 30, 2024**

Years From Default	(1) Income Securities Investors Data	(2) Prior Selection	(3) Selected
0	21.1%	20.5%	20.5%
1	41.1%	41.0%	41.0%
2	68.8%	68.5%	68.5%
3	80.8%	80.5%	80.5%
4	91.3%	91.5%	91.5%
5	95.4%	95.5%	95.5%
6	97.3%	97.5%	97.5%
7	98.8%	98.5%	98.5%
8	99.3%	99.3%	99.3%
9	99.5%	99.5%	99.5%
10	99.7%	99.7%	99.7%
11	99.9%	99.9%	99.9%
12	100.0%	100.0%	100.0%
13	100.0%	100.0%	100.0%

Notes:

- (1) From Income Securities Investors, LLC; based on selections from Cal-Mortgage Analysis at 6/30/2022
- (2) From Cal-Mortgage Analysis at 6/30/2022
- (3) Selected

Section III
Exhibit 4
Page 2

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Industry Countywide Loss Experience - Hospitals and Nursing Homes Combined
Analysis of Settlement Pattern after Loan Default (\$500s)

Oliver Wyman Actuarial Consulting, Inc.

Section III
Exhibit 5

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Historical Termination Rate
Based on Data as of June 30, 2024

Fiscal Year End	Outstanding Balance	(1)		(2)		(3)		(4)		(5)	
		Terminated Loans	Termination Rate	Including Refinanced Loans	Termination Rate	Terminated Loans	Termination Rate	Excluding Refinanced Loans	Termination Rate	Terminated Loans	Termination Rate
2002	1,166,847,458	68,072,545	5.7%					no data		62,425,000	5.0%
2003	1,244,637,412	66,600,000	5.4%					55,985,000	4.2%		
2004	1,328,588,053	112,540,000	8.5%					83,782,148	6.6%		
2005	1,260,565,324	140,022,148	11.1%					34,830,000	2.8%		
2006	1,254,779,406	43,985,000	3.5%					139,530,000	12.3%		
2007	1,132,647,525	152,015,000	13.4%								
2008	1,374,064,775	67,057,777	4.9%					56,362,777	4.1%		
2009	1,655,191,905	63,009,971	3.8%					63,009,971	3.8%		
2010	1,735,067,532	16,220,755	0.9%					9,720,755	0.6%		
2011	1,810,529,285	102,687,212	5.7%					90,762,212	5.0%		
2012	1,714,993,295	151,868,952	8.9%					102,558,952	6.0%		
2013	1,726,980,115	391,406,790	22.7%					142,846,790	8.3%		
2014	1,671,379,249	339,040,000	20.3%					233,550,000	14.0%		
2015	1,773,230,552	103,506,653	5.8%					73,506,653	4.1%		
2016	1,637,990,120	328,208,594	20.0%					63,823,594	3.9%		
2017	1,580,800,080	415,480,080	26.1%					206,225,000	13.0%		
2018	1,679,591,385	43,577,000	2.6%					35,117,000	2.1%		
2019	1,816,496,274	38,485,000	2.1%					31,370,000	1.7%		
2020	1,780,317,746	195,430,000	11.0%					25,805,000	1.4%		
2021	1,661,201,598	336,115,000	20.2%					160,725,000	9.7%		
2022	1,548,180,135	154,500,000	9.8%					119,205,000	7.7%		
2023	1,386,594,261	322,765,535	23.3%					257,840,000	18.6%		
2024	1,256,902,235	64,635,000	5.0%					-	0.0%		
TOTALS	35,247,575,820	3,712,228,932	10.5%					2,048,960,852	6.0%		

Estimated Termination Rate

Fiscal Year	(6)		(7)	
	Termination Rate	Termination Rate	Termination Rate	Termination Rate
7/1/2024-6/30/2025 and subsequent	8.5%		8.0%	

Notes:

- (1) Provided by Cal-Mortgage
- (2) Provided by Cal-Mortgage
- (3) = (2) / (1)
- (4) Provided by Cal-Mortgage
- (5) = (4) / (1)
- (6) Selected
- (7) Selected

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

Estimated Premium Rate

	Risk Category	(1)	(2)
	Weight	Premium Rate	
Below Investment Grade	75.0%	3.00%	
Investment Grade	25.0%	1.85%	
(3) Combined		2.71%	
(4) Ratio of Principal & Interest to Principal for Current Borrower Portfolio		1.632	
(5) Effective Premium Rate as a Percent of the Principal		4.43%	

Notes:

- (1) Provided by Cal-Mortgage
- (2) From the Cal-Mortgage Loan Insurance Premium Fee Schedule
- (3) Sum of column (2) weighted by column (1)
- (4) Based on active loan information from Cal-Mortgage
- (5) = (3) x (4)

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Estimated Amount of Loan Default by Fiscal Year - New Loans Insured
Baseline Scenario
Based on Data as of June 30, 2024

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1988-6/30/1980	285,070,000	3.40%	9,689,485	420	100%	7/1/2024-6/30/2025	17,568,719
7/1/1989-6/30/1991	502,627,148	3.40%	17,061,237	408	100%	7/1/2025-6/30/2026	16,771,712
7/1/1989-6/30/1993	340,350,000	3.40%	11,568,456	366	100%	7/1/2026-6/30/2027	16,764,584
7/1/1989-6/30/1994	265,234,203	3.40%	9,162,902	384	100%	7/1/2027-6/30/2028	15,140,752
7/1/1989-6/30/1995	265,777,356	3.40%	9,175,487	360	100%	7/1/2028-6/30/2029	14,533,018
7/1/1989-6/30/1996	86,885,000	3.40%	2,982,191	348	100%	7/1/2029-6/30/2030	14,184,857
7/1/1989-6/30/1997	122,845,000	3.40%	4,175,487	348	100%	7/1/2030-6/30/2031	13,546,216
7/1/1989-6/30/1998	95,845,000	3.40%	3,281,750	346	100%	7/1/2031-6/30/2032	13,309,257
7/1/1989-6/30/1999	288,615,000	3.40%	8,009,560	324	100%	7/1/2032-6/30/2033	13,447,725
7/1/1989-6/30/1999	30,100,000	3.40%	1,023,055	312	100%	7/1/2033-6/30/2034	13,470,792
7/1/1989-6/30/2000	135,160,000	3.40%	4,123,454	300	100%	7/1/2034-6/30/2035	13,345,156
7/1/2000-6/30/2001	163,985,000	3.40%	5,234,272	288	100%	7/1/2035-6/30/2036	13,568,847
7/1/2001-6/30/2002	183,375,000	3.40%	6,231,533	276	100%	7/1/2036-6/30/2037	13,707,332
7/1/2002-6/30/2003	157,890,000	3.40%	5,366,662	264	100%	7/1/2037-6/30/2038	14,039,870
7/1/2003-6/30/2004	198,201,000	3.40%	6,736,828	252	100%	7/1/2038-6/30/2039	14,384,040
7/1/2004-6/30/2005	47,200,000	3.40%	1,604,322	249	100%	7/1/2039-6/30/2040	14,726,021
7/1/2005-6/30/2006	68,565,000	3.40%	2,204,650	228	100%	7/1/2040-6/30/2041	15,195,511
7/1/2006-6/30/2007	58,224,358	3.40%	861,363	216	100%	7/1/2041-6/30/2042	15,542,152
7/1/2007-6/30/2008	329,816,660	3.40%	11,312,172	204	99%	7/1/2042-6/30/2043	15,860,518
7/1/2008-6/30/2009	354,000,000	3.40%	12,044,654	192	99%	7/1/2043-6/30/2044	16,118,965
7/1/2009-6/30/2010	135,035,000	9.47%	12,763,232	180	97%	7/1/2044-6/30/2045	16,354,816
7/1/2010-6/30/2011	190,190,000	9.47%	15,054,539	168	98%	7/1/2045-6/30/2046	16,519,130
7/1/2011-6/30/2012	55,860,000	9.47%	8,288,046	156	93%	7/1/2046-6/30/2047	16,637,284
7/1/2012-6/30/2013	261,055,000	9.47%	24,381,989	144	91%	7/1/2047-6/30/2048	16,751,456
7/1/2013-6/30/2014	256,081,853	9.47%	24,431,597	132	87%	7/1/2048-6/30/2049	16,846,566
7/1/2014-6/30/2015	241,145,000	9.47%	22,822,248	102	82%	7/1/2049-6/30/2050	16,886,212
7/1/2015-6/30/2016	263,624,235	9.47%	24,946,802	108	77%	7/1/2050-6/30/2051	16,943,934
7/1/2016-6/30/2017	374,645,000	9.47%	34,456,701	96	72%	7/1/2051-6/30/2052	16,979,487
7/1/2017-6/30/2018	236,740,000	9.47%	22,600,576	84	62%	7/1/2052-6/30/2053	16,850,037
7/1/2018-6/30/2019	192,050,000	9.47%	18,180,618	72	52%	7/1/2053-6/30/2054	16,318,729
7/1/2019-6/30/2020	167,100,000	9.47%	18,975,499	60	49%		
7/1/2020-6/30/2021	75,780,000	9.47%	7,173,794	48	28%		
7/1/2021-6/30/2022	143,320,000	9.47%	10,121,538	36	13%		
7/1/2022-6/30/2023	232,896,000	9.47%	23,046,780	24	4%		
7/1/2023-6/30/2024	77,986,000	9.47%	7,382,060	12	1%		
7/1/2024-6/30/2025	171,000,000	7.30%	15,480,008		0%		
7/1/2025-6/30/2026	171,000,000	7.30%	15,229,908		0%		
7/1/2026-6/30/2027	171,000,000	7.42%	15,682,881		0%		
7/1/2027-6/30/2028	171,000,000	7.43%	12,122,210		0%		
7/1/2028-6/30/2029	171,000,000	7.43%	12,247,327		0%		
7/1/2029-6/30/2030	171,000,000	7.43%	12,376,726		0%		
7/1/2030-6/30/2031	171,000,000	7.43%	14,124,966		0%		
7/1/2031-6/30/2032	188,000,000	7.45%	14,257,765		0%		
7/1/2032-6/30/2033	188,000,000	7.47%	17,037,207		0%		
7/1/2033-6/30/2034	188,000,000	7.47%	14,638,835		0%		
7/1/2034-6/30/2035	207,000,000	7.47%	15,455,472		0%		
7/1/2035-6/30/2036	207,000,000	7.47%	15,455,853		0%		
7/1/2036-6/30/2037	228,000,000	7.47%	17,027,293		0%		
7/1/2037-6/30/2038	228,000,000	7.47%	17,028,394		0%		
7/1/2038-6/30/2039	228,000,000	7.47%	17,027,436		0%		
7/1/2039-6/30/2040	228,000,000	7.47%	17,028,574		0%		
7/1/2040-6/30/2041	228,000,000	7.47%	17,028,561		0%		
7/1/2041-6/30/2042	228,000,000	7.47%	17,028,394		0%		
7/1/2042-6/30/2043	228,000,000	7.47%	17,028,485		0%		
7/1/2043-6/30/2044	228,000,000	7.47%	17,028,446		0%		
7/1/2044-6/30/2045	228,000,000	7.47%	17,028,446		0%		
7/1/2045-6/30/2046	228,000,000	7.47%	17,028,446		0%		
7/1/2046-6/30/2047	228,000,000	7.47%	17,028,446		0%		
7/1/2047-6/30/2048	228,000,000	7.47%	17,028,446		0%		
7/1/2048-6/30/2049	228,000,000	7.47%	17,028,446		0%		
7/1/2049-6/30/2050	228,000,000	7.47%	17,028,446		0%		

Office of Health Facility Construction Loan Insurance Program

Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
Baseline Scenario
Based on Data as of June 30, 2024

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2024-6/30/2025	17,526,879	68.5%	12,005,912	2,461,212
7/1/2025-6/30/2026	16,777,712	68.5%	11,492,733	4,817,222
7/1/2026-6/30/2027	15,764,584	68.5%	10,798,740	7,871,378
7/1/2027-6/30/2028	15,140,752	68.5%	10,371,415	8,941,093
7/1/2028-6/30/2029	14,583,018	68.5%	9,989,367	9,843,392
7/1/2029-6/30/2030	14,184,857	68.5%	9,716,627	9,932,154
7/1/2030-6/30/2031	13,546,216	68.5%	9,279,158	9,773,471
7/1/2031-6/30/2032	13,309,257	68.5%	9,116,841	9,564,695
7/1/2032-6/30/2033	13,447,725	68.5%	9,211,692	9,415,749
7/1/2033-6/30/2034	13,410,792	68.5%	9,186,392	9,292,011
7/1/2034-6/30/2035	13,345,155	68.5%	9,141,431	9,230,701
7/1/2035-6/30/2036	13,548,847	68.5%	9,280,960	9,228,062
7/1/2036-6/30/2037	13,707,332	68.5%	9,389,523	9,261,666
7/1/2037-6/30/2038	14,039,970	68.5%	9,617,379	9,351,295
7/1/2038-6/30/2039	14,364,040	68.5%	9,339,367	9,478,069
7/1/2039-6/30/2040	14,726,021	68.5%	10,087,324	9,660,178
7/1/2040-6/30/2041	15,195,511	68.5%	10,408,925	9,880,329
7/1/2041-6/30/2042	15,534,152	68.5%	10,640,894	10,118,901
7/1/2042-6/30/2043	15,860,518	68.5%	10,864,455	10,366,596
7/1/2043-6/30/2044	16,118,865	68.5%	11,041,423	10,593,889
7/1/2044-6/30/2045	16,354,616	68.5%	11,202,912	10,805,702
7/1/2045-6/30/2046	16,519,130	68.5%	11,315,604	10,985,166
7/1/2046-6/30/2047	16,637,284	68.5%	11,396,539	11,135,971
7/1/2047-6/30/2048	16,751,456	68.5%	11,474,747	11,258,468
7/1/2048-6/30/2049	16,846,556	68.5%	11,539,891	11,359,346
7/1/2049-6/30/2050	16,896,212	68.5%	11,573,905	11,439,190
7/1/2050-6/30/2051	16,943,934	68.5%	11,606,595	11,502,187
7/1/2051-6/30/2052	16,973,487	68.5%	11,626,838	11,549,137
7/1/2052-6/30/2053	16,850,007	68.5%	11,542,255	11,564,937
7/1/2053-6/30/2054	16,318,729	68.5%	11,178,329	11,493,460

Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program

Estimated Amount of Loan Default by Fiscal Year - No New Loans Insured (Runoff)
Baseline Scenario
Based on Data as of June 30, 2024

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1989-6/30/1990	285,070,000	3.40%	9,689,495	420	100%	7/1/2024-6/30/2025	12,720,769
7/1/1990-6/30/1991	502,627,148	3.40%	17,084,237	408	100%	7/1/2025-6/30/2026	10,284,694
7/1/1991-6/30/1992	340,350,000	3.40%	11,568,456	396	100%	7/1/2026-6/30/2027	8,285,171
7/1/1992-6/30/1993	425,234,203	3.40%	14,453,660	384	100%	7/1/2027-6/30/2028	6,349,623
7/1/1993-6/30/1994	269,577,356	3.40%	9,162,902	372	100%	7/1/2028-6/30/2029	4,971,966
7/1/1994-6/30/1995	86,855,000	3.40%	2,952,191	360	100%	7/1/2029-6/30/2030	3,862,088
7/1/1995-6/30/1996	122,845,000	3.40%	4,175,487	348	100%	7/1/2030-6/30/2031	2,855,461
7/1/1996-6/30/1997	96,845,000	3.40%	3,291,750	336	100%	7/1/2031-6/30/2032	1,900,194
7/1/1997-6/30/1998	288,615,000	3.40%	9,809,990	324	100%	7/1/2032-6/30/2033	1,406,068
7/1/1998-6/30/1999	30,100,000	3.40%	1,023,095	312	100%	7/1/2033-6/30/2034	925,347
7/1/1999-6/30/2000	135,160,000	3.40%	4,584,072	300	100%	7/1/2034-6/30/2035	620,584
7/1/2000-6/30/2001	153,995,000	3.40%	5,234,272	288	100%	7/1/2035-6/30/2036	358,065
7/1/2001-6/30/2002	183,335,000	3.40%	6,231,535	276	100%	7/1/2036-6/30/2037	169,040
7/1/2002-6/30/2003	157,890,000	3.40%	5,366,662	264	100%	7/1/2037-6/30/2038	78,983
7/1/2003-6/30/2004	198,201,000	3.40%	6,736,828	252	100%	7/1/2038-6/30/2039	0
7/1/2004-6/30/2005	47,200,000	3.40%	1,604,322	240	100%	7/1/2039-6/30/2040	0
7/1/2005-6/30/2006	68,565,000	3.40%	2,330,516	228	100%	7/1/2040-6/30/2041	0
7/1/2006-6/30/2007	26,224,359	3.40%	891,363	216	100%	7/1/2041-6/30/2042	0
7/1/2007-6/30/2008	33,820,000	3.40%	11,312,172	204	99%	7/1/2042-6/30/2043	0
7/1/2008-6/30/2009	354,360,000	3.40%	12,044,654	192	98%	7/1/2043-6/30/2044	0
7/1/2009-6/30/2010	135,035,000	9.47%	12,733,232	180	97%	7/1/2044-6/30/2045	0
7/1/2010-6/30/2011	190,190,000	9.47%	18,004,539	168	96%	7/1/2045-6/30/2046	0
7/1/2011-6/30/2012	55,860,000	9.47%	5,288,046	156	93%	7/1/2046-6/30/2047	0
7/1/2012-6/30/2013	361,555,000	9.47%	34,226,989	144	91%	7/1/2047-6/30/2048	0
7/1/2013-6/30/2014	258,081,893	9.47%	24,431,597	132	87%	7/1/2048-6/30/2049	0
7/1/2014-6/30/2015	241,145,000	9.47%	22,828,248	120	82%	7/1/2049-6/30/2050	0
7/1/2015-6/30/2016	263,524,235	9.47%	24,946,802	108	77%	7/1/2050-6/30/2051	0
7/1/2016-6/30/2017	374,545,000	9.47%	35,456,701	96	72%	7/1/2051-6/30/2052	0
7/1/2017-6/30/2018	228,740,000	9.47%	22,600,576	84	62%	7/1/2052-6/30/2053	0
7/1/2018-6/30/2019	192,050,000	9.47%	18,180,618	72	52%	7/1/2053-6/30/2054	0
7/1/2019-6/30/2020	167,700,000	9.47%	15,875,499	60	49%		
7/1/2020-6/30/2021	75,780,000	9.47%	7,173,794	48	28%		
7/1/2021-6/30/2022	113,320,000	9.47%	10,727,558	36	13%		
7/1/2022-6/30/2023	232,890,000	9.47%	22,046,780	24	4%		
7/1/2023-6/30/2024	77,980,000	9.47%	7,382,050	12	1%		

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program

Estimated Loss Payment for Future Default by Fiscal Year - No New Loans Insured (Runoff)
Baseline Scenario
Based on Data as of June 30, 2024

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2024-6/30/2025	12,720,769	68.5%	8,713,726	1,786,314
7/1/2025-6/30/2026	10,284,694	68.5%	7,045,016	3,230,542
7/1/2026-6/30/2027	8,285,171	68.5%	5,675,342	5,003,948
7/1/2027-6/30/2028	6,349,623	68.5%	4,349,492	5,038,117
7/1/2028-6/30/2029	4,971,966	68.5%	3,405,797	4,954,465
7/1/2029-6/30/2030	3,862,088	68.5%	2,645,530	4,241,174
7/1/2030-6/30/2031	2,855,461	68.5%	1,955,991	3,482,208
7/1/2031-6/30/2032	1,900,194	68.5%	1,301,633	2,737,525
7/1/2032-6/30/2033	1,406,068	68.5%	963,156	2,121,927
7/1/2033-6/30/2034	925,347	68.5%	633,863	1,564,828
7/1/2034-6/30/2035	620,584	68.5%	425,100	1,147,663
7/1/2035-6/30/2036	358,065	68.5%	245,274	813,370
7/1/2036-6/30/2037	169,040	68.5%	115,793	560,672
7/1/2037-6/30/2038	78,983	68.5%	54,103	362,205
7/1/2038-6/30/2039	0	68.5%	0	218,887
7/1/2039-6/30/2040	0	68.5%	0	125,844
7/1/2040-6/30/2041	0	68.5%	0	66,799
7/1/2041-6/30/2042	0	68.5%	0	35,898
7/1/2042-6/30/2043	0	68.5%	0	18,087
7/1/2043-6/30/2044	0	68.5%	0	9,548
7/1/2044-6/30/2045	0	68.5%	0	5,039
7/1/2045-6/30/2046	0	68.5%	0	2,639
7/1/2046-6/30/2047	0	68.5%	0	1,255
7/1/2047-6/30/2048	0	68.5%	0	585
7/1/2048-6/30/2049	0	68.5%	0	224
7/1/2049-6/30/2050	0	68.5%	0	54
7/1/2050-6/30/2051	0	68.5%	0	0
7/1/2051-6/30/2052	0	68.5%	0	0
7/1/2052-6/30/2053	0	68.5%	0	0
7/1/2053-6/30/2054	0	68.5%	0	0

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Estimated Amount of Loan Default by Fiscal Year - New Loans Insured
Scenario 1: 150 Basis Points Increase
Based on Data as of June 30, 2024

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1999-6/30/1990	285,070,000	4.90%	13,865,545	420	100%	7/1/2024-6/30/2025	20,359,565
7/1/1990-6/30/1991	502,327,448	4.90%	24,223,644	408	100%	7/1/2025-6/30/2026	19,492,647
7/1/1991-5/31/1992	340,564,000	4.90%	16,875,706	396	100%	7/1/2026-6/30/2027	18,357,279
7/1/1992-5/31/1993	425,234,208	4.90%	20,932,173	384	100%	7/1/2027-6/30/2028	17,607,923
7/1/1993-6/30/1994	269,537,356	4.90%	13,205,985	372	100%	7/1/2028-6/30/2029	17,120,235
7/1/1994-6/30/1995	86,895,000	4.90%	4,255,116	360	100%	7/1/2029-6/30/2030	16,724,576
7/1/1995-6/30/1996	122,845,000	4.90%	6,018,162	348	100%	7/1/2030-6/30/2031	16,041,113
7/1/1996-6/30/1997	96,845,000	4.90%	4,744,425	336	100%	7/1/2031-6/30/2032	15,316,414
7/1/1997-6/30/1998	289,615,000	4.90%	14,139,315	324	100%	7/1/2032-6/30/2033	16,013,104
7/1/1998-6/30/1999	30,100,000	4.90%	1,475,356	312	100%	7/1/2033-6/30/2034	16,001,574
7/1/1999-6/30/2000	135,160,000	4.90%	6,822,472	300	100%	7/1/2034-6/30/2035	15,958,647
7/1/2000-6/30/2001	153,985,000	4.90%	7,544,197	288	100%	7/1/2035-6/30/2036	16,225,687
7/1/2001-6/30/2002	183,335,000	4.90%	8,981,156	276	100%	7/1/2036-6/30/2037	15,431,529
7/1/2002-5/31/2003	157,889,000	4.90%	7,735,012	264	100%	7/1/2037-6/30/2038	16,841,784
7/1/2003-6/30/2004	198,210,000	4.90%	9,109,343	252	100%	7/1/2038-6/30/2039	12,286,825
7/1/2004-6/30/2005	47,200,000	4.90%	2,313,322	240	100%	7/1/2039-6/30/2040	12,679,862
7/1/2005-6/30/2006	68,565,000	4.90%	3,558,391	228	100%	7/1/2040-6/30/2041	16,243,758
7/1/2006-6/30/2007	26,224,359	4.90%	1,284,128	216	100%	7/1/2041-6/30/2042	16,654,395
7/1/2007-6/30/2008	332,810,000	4.90%	16,304,322	204	99%	7/1/2042-6/30/2043	13,047,534
7/1/2008-6/30/2009	354,380,000	4.90%	17,380,054	192	98%	7/1/2043-6/30/2044	13,357,266
7/1/2009-6/30/2010	135,035,000	10.97%	14,808,757	180	97%	7/1/2044-6/30/2045	19,640,081
7/1/2010-6/30/2011	190,190,000	10.97%	20,857,389	168	96%	7/1/2045-6/30/2046	18,837,482
7/1/2011-6/30/2012	55,880,000	10.97%	6,125,346	156	93%	7/1/2046-6/30/2047	19,979,241
7/1/2012-6/30/2013	381,555,000	10.97%	39,850,314	144	91%	7/1/2047-6/30/2048	20,116,288
7/1/2013-6/30/2014	248,081,953	10.97%	28,302,325	132	87%	7/1/2048-6/30/2049	20,230,424
7/1/2014-6/30/2015	241,145,000	10.97%	26,445,223	120	82%	7/1/2049-6/30/2050	20,290,027
7/1/2015-6/30/2016	263,524,235	10.97%	26,859,866	108	77%	7/1/2050-6/30/2051	20,447,315
7/1/2016-6/30/2017	314,545,000	10.97%	41,074,876	96	72%	7/1/2051-6/30/2052	20,382,707
7/1/2017-6/30/2018	238,740,000	10.97%	26,181,676	84	62%	7/1/2052-6/30/2053	23,234,510
7/1/2018-6/30/2019	192,050,000	10.97%	21,061,388	72	52%	7/1/2053-6/30/2054	19,536,510
7/1/2019-6/30/2020	187,700,000	10.97%	18,390,599	60	40%		
7/1/2020-6/30/2021	75,780,000	10.97%	8,310,394	48	28%		
7/1/2021-6/30/2022	113,320,000	10.97%	12,427,358	36	13%		
7/1/2022-6/30/2023	232,890,000	10.97%	25,540,330	24	4%		
7/1/2023-6/30/2024	27,980,000	10.97%	8,551,760	12			
7/1/2024-6/30/2025	171,000,000	8.80%	15,193,008		0%		
7/1/2025-6/30/2026	171,000,000	8.97%	16,857,207		0%		
7/1/2026-6/30/2027	171,000,000	8.92%	15,247,861		0%		
7/1/2027-6/30/2028	171,000,000	8.85%	15,277,210		0%		
7/1/2028-6/30/2029	171,000,000	8.95%	15,312,327		0%		
7/1/2029-6/30/2030	188,000,000	8.86%	16,844,386		0%		
7/1/2030-6/30/2031	188,000,000	8.96%	18,845,765		0%		
7/1/2031-6/30/2032	188,000,000	8.97%	18,854,008		0%		
7/1/2032-6/30/2033	188,000,000	8.97%	18,858,335		0%		
7/1/2033-6/30/2034	207,000,000	8.97%	18,580,472		0%		
7/1/2034-6/30/2035	207,000,000	8.87%	18,580,853		0%		
7/1/2035-6/30/2036	207,000,000	8.97%	18,580,244		0%		
7/1/2036-6/30/2037	228,000,000	8.97%	20,446,894		0%		
7/1/2037-6/30/2038	228,000,000	8.97%	20,446,574		0%		
7/1/2038-6/30/2039	228,000,000	8.97%	20,446,451		0%		
7/1/2039-6/30/2040	228,000,000	8.97%	20,446,974		0%		
7/1/2040-6/30/2041	228,000,000	8.97%	20,446,985		0%		
7/1/2041-6/30/2042	228,000,000	8.97%	20,446,944		0%		
7/1/2042-6/30/2043	228,000,000	8.97%	20,447,293		0%		
7/1/2043-6/30/2044	228,000,000	8.97%	20,446,904		0%		
7/1/2044-6/30/2045	228,000,000	8.97%	20,446,894		0%		
7/1/2045-6/30/2046	228,000,000	8.97%	20,446,894		0%		
7/1/2046-6/30/2047	228,000,000	8.97%	20,446,894		0%		
7/1/2047-6/30/2048	228,000,000	8.97%	20,446,894		0%		
7/1/2048-6/30/2049	228,000,000	8.97%	20,446,894		0%		
7/1/2049-6/30/2050	228,000,000	8.97%	20,446,894		0%		
7/1/2050-6/30/2051	228,000,000	8.97%	20,446,894		0%		
7/1/2051-6/30/2052	228,000,000	8.97%	20,446,761		0%		
7/1/2052-6/30/2053	228,000,000	8.97%	20,446,761		0%		
7/1/2053-6/30/2054	228,000,000	8.97%	20,446,761		0%		

Office of Health Facility Construction Loan Insurance Program

Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
Scenario 1: 150 Basis Points Increase
Based on Data as of June 30, 2024

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2024-6/30/2025	20,359,565	68.5%	13,946,302	2,858,992
7/1/2025-6/30/2026	19,492,647	68.5%	13,352,463	5,596,247
7/1/2026-6/30/2027	18,357,279	68.5%	12,574,736	9,150,309
7/1/2027-6/30/2028	17,697,923	68.5%	12,123,077	10,408,535
7/1/2028-6/30/2029	17,120,235	68.5%	11,727,361	11,483,781
7/1/2029-6/30/2030	16,724,576	68.5%	11,456,335	11,622,095
7/1/2030-6/30/2031	16,041,113	68.5%	10,988,163	11,477,161
7/1/2031-6/30/2032	15,818,414	68.5%	10,835,614	11,274,690
7/1/2032-6/30/2033	16,013,104	68.5%	10,968,976	11,137,968
7/1/2033-6/30/2034	16,001,574	68.5%	10,961,078	11,026,247
7/1/2034-6/30/2035	15,958,647	68.5%	10,931,673	10,982,681
7/1/2035-6/30/2036	16,225,697	68.5%	11,114,602	11,004,636
7/1/2036-6/30/2037	16,431,529	68.5%	11,255,597	11,065,635
7/1/2037-6/30/2038	16,841,784	68.5%	11,536,622	11,189,646
7/1/2038-6/30/2039	17,236,825	68.5%	11,807,225	11,354,287
7/1/2039-6/30/2040	17,676,652	68.5%	12,108,506	11,581,904
7/1/2040-6/30/2041	18,243,728	68.5%	12,496,954	11,852,484
7/1/2041-6/30/2042	18,654,395	68.5%	12,778,261	12,143,717
7/1/2042-6/30/2043	19,047,534	68.5%	13,047,561	12,444,467
7/1/2043-6/30/2044	19,357,256	68.5%	13,259,720	12,719,638
7/1/2044-6/30/2045	19,640,081	68.5%	13,453,455	12,975,216
7/1/2045-6/30/2046	19,837,482	68.5%	13,588,675	13,191,354
7/1/2046-6/30/2047	19,979,241	68.5%	13,685,780	13,372,719
7/1/2047-6/30/2048	20,116,288	68.5%	13,779,657	13,519,903
7/1/2048-6/30/2049	20,230,424	68.5%	13,857,841	13,641,056
7/1/2049-6/30/2050	20,290,027	68.5%	13,898,669	13,736,934
7/1/2050-6/30/2051	20,347,315	68.5%	13,937,911	13,812,568
7/1/2051-6/30/2052	20,382,797	68.5%	13,962,216	13,868,934
7/1/2052-6/30/2053	20,234,510	68.5%	13,860,639	13,887,898
7/1/2053-6/30/2054	19,596,510	68.5%	13,423,609	13,802,057

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program
Estimated Amount of Loan Default by Fiscal Year - New Loans Insured
Scenario 2: 300 Basis Points Increase
Based on Data as of June 30, 2024

Issue Year	Total Loan Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1988-6-30/1990	285,070,000	6.40% ^a	18,241,595	420	100%	7/1/2024-6-30/2025	23,192,251
7/1/1989-6-30/1991	562,321,148	6.40% ^a	32,163,025	408	100%	7/1/2025-6-30/2026	22,207,561
7/1/1990-6-30/1992	345,450,000	6.40% ^a	27,778,565	396	100%	7/1/2026-6-30/2027	20,949,973
7/1/1991-6-30/1993	425,234,203	6.40% ^a	27,210,585	384	100%	7/1/2027-6-30/2028	20,255,054
7/1/1992-6-30/1994	269,677,156	6.40% ^a	17,250,223	372	100%	7/1/2028-6-30/2029	19,657,452
7/1/1993-6-30/1995	86,845,000	6.40% ^a	5,567,841	360	100%	7/1/2029-6-30/2030	19,264,296
7/1/1994-6-30/1996	122,845,000	6.40% ^a	7,980,837	348	100%	7/1/2030-6-30/2031	19,538,011
7/1/1995-6-30/1997	96,245,000	6.40% ^a	6,197,100	336	100%	7/1/2031-6-30/2032	19,327,572
7/1/1996-6-30/1998	288,615,000	6.40% ^a	18,468,440	324	100%	7/1/2032-6-30/2033	18,578,482
7/1/1997-6-30/1999	30,100,000	6.40% ^a	5,266,095	312	100%	7/1/2033-6-30/2034	18,592,356
7/1/1998-6-30/2000	135,160,000	6.40% ^a	8,648,872	300	100%	7/1/2034-6-30/2035	18,572,140
7/1/1999-6-30/2001	153,995,000	6.40% ^a	9,854,122	288	100%	7/1/2035-6-30/2036	18,902,547
7/1/2000-6-30/2002	163,335,000	6.40% ^a	11,731,585	276	100%	7/1/2036-6-30/2037	19,155,725
7/1/2001-6-30/2003	167,894,000	6.40% ^a	10,103,362	264	100%	7/1/2037-6-30/2038	19,643,598
7/1/2002-6-30/2004	198,201,000	6.40% ^a	12,682,858	252	100%	7/1/2038-6-30/2039	20,109,610
7/1/2003-6-30/2005	47,203,000	6.40% ^a	3,020,322	240	100%	7/1/2039-6-30/2040	20,627,282
7/1/2004-6-30/2006	68,665,000	6.40% ^a	4,387,456	228	100%	7/1/2040-6-30/2041	21,291,945
7/1/2005-6-30/2008	71,205,000	6.40% ^a	1,678,094	216	100%	7/1/2041-6-30/2042	21,774,658
7/1/2006-6-30/2007	26,224,598	6.40% ^a	21,956,472	204	99%	7/1/2042-6-30/2043	22,234,591
7/1/2007-6-30/2008	332,610,000	6.40% ^a	22,675,454	192	99%	7/1/2043-6-30/2044	22,595,646
7/1/2008-6-30/2009	354,380,000	6.40% ^a	18,834,282	180	99%	7/1/2044-6-30/2045	22,925,595
7/1/2009-6-30/2010	135,035,000	12.47%	23,710,239	168	99%	7/1/2045-6-30/2046	23,158,833
7/1/2010-6-30/2011	190,190,000	12.47%	5,860,000	156	99%	7/1/2046-6-30/2047	23,321,199
7/1/2011-6-30/2012	55,860,000	12.47%	6,963,846	144	91%	7/1/2047-6-30/2048	23,481,121
7/1/2012-6-30/2013	361,555,000	12.47%	45,073,639	132	87%	7/1/2048-6-30/2049	23,614,292
7/1/2013-6-30/2014	258,081,593	12.47%	32,174,054	120	82%	7/1/2049-6-30/2050	23,683,843
7/1/2014-6-30/2015	241,145,000	12.47%	30,062,538	120	77%	7/1/2050-6-30/2051	23,750,697
7/1/2015-6-30/2016	263,524,235	12.47%	46,852,528	108	72%	7/1/2051-6-30/2052	23,792,107
7/1/2016-6-30/2017	374,545,000	12.47%	46,693,051	96	72%	7/1/2052-6-30/2053	23,619,013
7/1/2017-6-30/2018	238,760,000	12.47%	29,732,776	84	52%	7/1/2053-6-30/2054	22,874,261
7/1/2018-6-30/2019	192,050,000	12.47%	23,942,118	72	40%		
7/1/2019-6-30/2020	167,700,000	12.47%	20,966,439	60	40%		
7/1/2020-6-30/2021	75,786,000	12.47%	9,447,134	48	28%		
7/1/2021-6-30/2022	+13,320,000	12.47%	14,127,158	36	13%		
7/1/2022-6-30/2023	232,889,000	12.47%	28,033,440	24	4%		
7/1/2023-6-30/2024	77,980,000	12.47%	9,721,460	12	1%		
7/1/2024-6-30/2025	17,000,000	10.39%	17,610,008		0%		
7/1/2025-6-30/2026	171,000,000	10.39%	17,758,508		0%		
7/1/2026-6-30/2027	171,000,000	10.39%	17,812,561		0%		
7/1/2027-6-30/2028	171,000,000	10.39%	17,842,210		0%		
7/1/2028-6-30/2029	171,000,000	10.39%	17,877,327		0%		
7/1/2029-6-30/2030	171,000,000	10.45%	17,886,726		0%		
7/1/2030-6-30/2031	188,000,000	10.49%	19,684,986		0%		
7/1/2031-6-30/2032	188,000,000	10.49%	19,665,765		0%		
7/1/2032-6-30/2033	188,000,000	10.49%	19,677,207		0%		
7/1/2033-6-30/2034	188,000,000	10.49%	23,866,735		0%		
7/1/2034-6-30/2035	207,000,000	10.47%	23,865,472		0%		
7/1/2035-6-30/2036	207,000,000	10.47%	21,665,853		0%		
7/1/2036-6-30/2037	207,000,000	10.47%	21,655,344		0%		
7/1/2037-6-30/2038	228,000,000	10.47%	23,866,844		0%		
7/1/2038-6-30/2039	228,000,000	10.47%	23,866,904		0%		
7/1/2039-6-30/2040	228,000,000	10.47%	23,867,574		0%		
7/1/2040-6-30/2041	228,000,000	10.47%	23,866,561		0%		
7/1/2041-6-30/2042	228,000,000	10.47%	23,866,794		0%		
7/1/2042-6-30/2043	228,000,000	10.47%	23,866,985		0%		
7/1/2043-6-30/2044	228,000,000	10.47%	23,866,544		0%		
7/1/2044-6-30/2045	228,000,000	10.47%	23,867,293		0%		

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Estimated Loss Payment for Future Default by Fiscal Year - New Loans Insured
Scenario 2: 300 Basis Points Increase
Based on Data as of June 30, 2024**

Fiscal Year	Estimated Amount of Loan Default	Estimated Loss Severity	Estimated Total Amount of Loss	Projected Loss Payment
7/1/2024-6/30/2025	23,192,251	68.5%	15,886,692	3,256,772
7/1/2025-6/30/2026	22,207,581	68.5%	15,212,193	6,375,271
7/1/2026-6/30/2027	20,949,973	68.5%	14,350,732	10,429,240
7/1/2027-6/30/2028	20,255,094	68.5%	13,874,740	11,875,978
7/1/2028-6/30/2029	19,657,452	68.5%	13,465,355	13,124,170
7/1/2029-6/30/2030	19,264,296	68.5%	13,196,043	13,312,037
7/1/2030-6/30/2031	18,536,011	68.5%	12,697,168	13,180,851
7/1/2031-6/30/2032	18,327,572	68.5%	12,554,387	12,984,684
7/1/2032-6/30/2033	18,578,482	68.5%	12,726,260	12,860,188
7/1/2033-6/30/2034	18,592,356	68.5%	12,735,764	12,760,483
7/1/2034-6/30/2035	18,572,140	68.5%	12,721,916	12,734,661
7/1/2035-6/30/2036	18,902,547	68.5%	12,948,244	12,781,210
7/1/2036-6/30/2037	19,155,725	68.5%	13,121,672	12,869,604
7/1/2037-6/30/2038	19,643,598	68.5%	13,455,865	13,027,998
7/1/2038-6/30/2039	20,109,610	68.5%	13,775,083	13,230,504
7/1/2039-6/30/2040	20,627,282	68.5%	14,129,688	13,503,630
7/1/2040-6/30/2041	21,291,945	68.5%	14,584,983	13,824,639
7/1/2041-6/30/2042	21,774,638	68.5%	14,915,627	14,168,533
7/1/2042-6/30/2043	22,234,551	68.5%	15,230,668	14,522,338
7/1/2043-6/30/2044	22,595,646	68.5%	15,478,017	14,845,387
7/1/2044-6/30/2045	22,925,545	68.5%	15,703,999	15,144,730
7/1/2045-6/30/2046	23,155,833	68.5%	15,861,746	15,397,542
7/1/2046-6/30/2047	23,321,199	68.5%	15,975,021	15,609,468
7/1/2047-6/30/2048	23,481,121	68.5%	16,084,568	15,781,338
7/1/2048-6/30/2049	23,614,292	68.5%	16,175,790	15,922,767
7/1/2049-6/30/2050	23,683,843	68.5%	16,223,432	16,034,679
7/1/2050-6/30/2051	23,750,697	68.5%	16,269,227	16,122,949
7/1/2051-6/30/2052	23,792,107	68.5%	16,297,594	16,188,732
7/1/2052-6/30/2053	23,619,013	68.5%	16,179,024	16,210,859
7/1/2053-6/30/2054	22,874,291	68.5%	15,668,890	16,110,653

Office of Health Facility Construction Loan Insurance Program
California Health Facility Construction Loan Insurance Program

Estimated Amount of Loan Default by Fiscal Year - Annual-Premium Loans Only
Baseline Scenario
Based on Data as of June 30, 2024

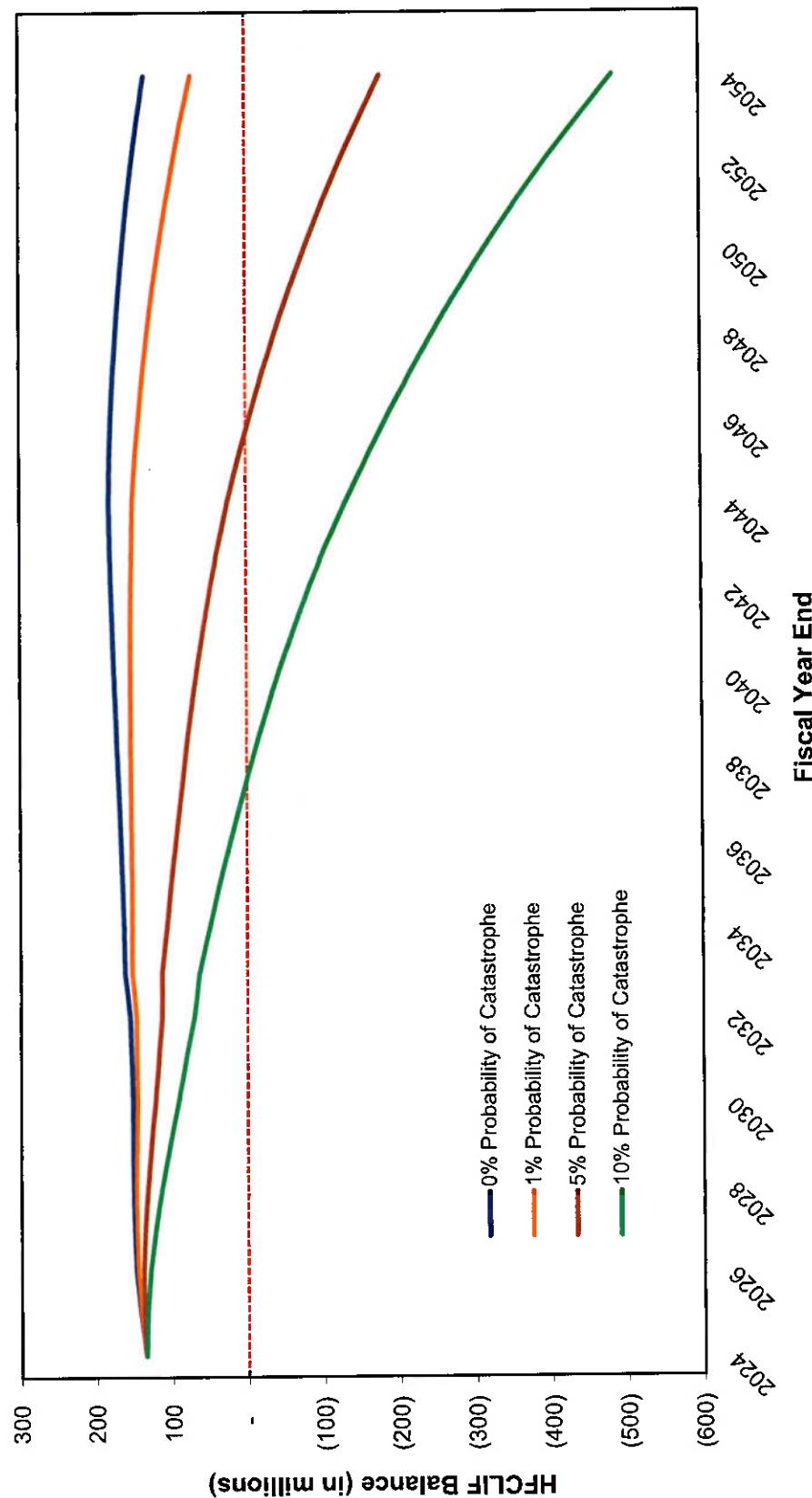
Issue Year	Total Annual Premium Loans Insured	Selected Default Rate	Estimated Default Original Loan Amount	Age	Reported Factor	Fiscal Year	Estimated Amount of Loan Default by Fiscal Year
7/1/1983-6/30/1984	159,700,000	7.47%	11,929,590	492	100%	7/1/2024-6/30/2025	0
7/1/1984-6/30/1985	151,784,000	7.47%	11,338,265	480	100%	7/1/2025-6/30/2026	0
7/1/1985-6/30/1986	210,620,000	7.47%	15,733,314	468	100%	7/1/2026-6/30/2027	0
7/1/1986-6/30/1987	287,629,000	7.47%	21,485,886	456	100%	7/1/2027-6/30/2028	0
7/1/1987-6/30/1988	164,845,000	7.47%	12,313,922	444	100%	7/1/2028-6/30/2029	0
7/1/1988-6/30/1989	291,840,000	7.47%	21,800,448	432	100%	7/1/2029-6/30/2030	0
7/1/1989-6/30/1990	285,070,000	7.47%	21,294,729	420	100%	7/1/2030-6/30/2031	0
7/1/1990-6/30/1991	502,627,148	7.47%	37,546,248	408	100%	7/1/2031-6/30/2032	0
7/1/1991-6/30/1992	340,350,000	7.47%	25,424,145	396	100%	7/1/2032-6/30/2033	0
7/1/1992-6/30/1993	425,234,203	7.47%	31,764,995	384	100%	7/1/2033-6/30/2034	0
7/1/1993-6/30/1994	269,577,356	7.47%	20,137,428	372	100%	7/1/2034-6/30/2035	0
7/1/1994-6/30/1995	86,855,000	7.47%	6,488,069	360	100%	7/1/2035-6/30/2036	0
7/1/1995-6/30/1996	122,845,000	7.47%	9,176,522	348	100%	7/1/2036-6/30/2037	0
7/1/1996-6/30/1997	96,845,000	7.47%	7,234,322	336	100%	7/1/2037-6/30/2038	0
7/1/1997-6/30/1998	288,615,000	7.47%	21,559,541	324	100%	7/1/2038-6/30/2039	0
7/1/1998-6/30/1999	30,100,000	7.47%	2,248,470	312	100%	7/1/2039-6/30/2040	0
7/1/1999-6/30/2000	135,160,000	7.47%	10,096,452	300	100%	7/1/2040-6/30/2041	0
7/1/2000-6/30/2001	35,640,000	7.47%	2,662,308	288	100%	7/1/2041-6/30/2042	0

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

Projected Fiscal Year End HFCLIF Balance

Fiscal Year	Expected Fiscal Year End Fund Balance			
	0% Probability of Catastrophe	1% Probability of Catastrophe	5% Probability of Catastrophe	10% Probability of Catastrophe
7/1/2023-6/30/2024	135,077,220	135,077,220	135,077,220	135,077,220
7/1/2024-6/30/2025	142,579,064	141,666,776	138,049,844	133,548,768
7/1/2025-6/30/2026	147,896,961	146,019,566	138,627,327	129,451,012
7/1/2026-6/30/2027	150,284,355	147,414,890	136,097,140	122,047,124
7/1/2027-6/30/2028	151,674,679	147,769,009	132,321,443	113,138,502
7/1/2028-6/30/2029	152,120,706	147,124,022	127,314,687	102,782,761
7/1/2029-6/30/2030	152,555,352	146,404,708	122,030,311	91,844,795
7/1/2030-6/30/2031	154,065,250	146,702,367	117,468,335	81,304,516
7/1/2031-6/30/2032	155,630,063	146,990,044	112,649,003	70,159,768
7/1/2032-6/30/2033	162,455,001	152,465,654	112,780,289	63,657,833
7/1/2033-6/30/2034	163,358,485	151,945,999	106,597,510	50,436,000
7/1/2034-6/30/2035	165,149,632	152,224,871	100,893,800	37,331,160
7/1/2035-6/30/2036	166,883,159	152,370,710	94,668,777	23,264,494
7/1/2036-6/30/2037	168,534,159	152,333,944	87,921,290	8,171,099
7/1/2037-6/30/2038	171,077,251	153,097,159	81,527,349	(7,067,949)
7/1/2038-6/30/2039	173,487,080	153,606,798	74,424,213	(23,596,855)
7/1/2039-6/30/2040	175,701,359	153,792,122	66,470,831	(41,578,277)
7/1/2040-6/30/2041	177,671,259	153,589,774	57,607,298	(61,123,936)
7/1/2041-6/30/2042	179,365,344	152,970,083	47,737,923	(82,442,662)
7/1/2042-6/30/2043	180,758,857	151,888,706	36,754,861	(105,655,342)
7/1/2043-6/30/2044	181,854,829	150,329,103	24,538,228	(131,025,957)
7/1/2044-6/30/2045	180,936,505	146,807,141	10,633,661	(157,756,937)
7/1/2045-6/30/2046	178,678,888	141,953,225	(4,619,321)	(185,840,431)
7/1/2046-6/30/2047	175,742,222	136,297,594	(21,141,977)	(215,795,756)
7/1/2047-6/30/2048	172,107,718	129,821,411	(39,004,838)	(247,704,509)
7/1/2048-6/30/2049	167,749,098	122,485,176	(58,258,987)	(281,647,513)
7/1/2049-6/30/2050	162,638,085	114,250,595	(78,953,265)	(317,759,178)
7/1/2050-6/30/2051	156,740,518	105,080,392	(101,177,466)	(356,101,663)
7/1/2051-6/30/2052	150,020,193	94,930,243	(124,948,568)	(396,696,765)
7/1/2052-6/30/2053	142,454,201	83,782,564	(150,373,058)	(439,733,022)
7/1/2053-6/30/2054	134,074,843	71,676,742	(177,380,827)	(485,290,611)

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCLI Balance**

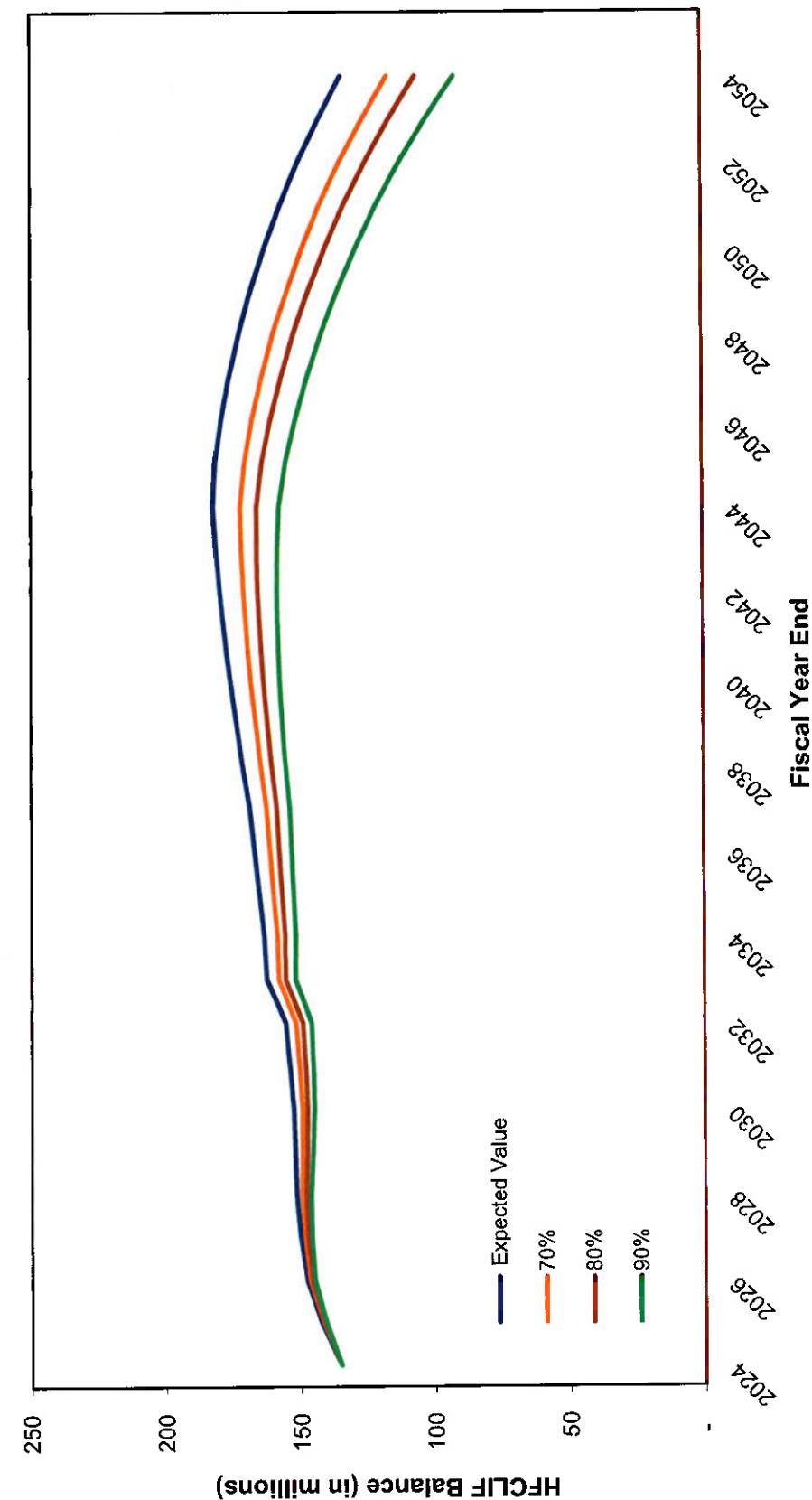


**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program**

**Projected Fiscal Year End HFCLIF Balance
0% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2023-6/30/2024	135,077,220	135,077,220	135,077,220	135,077,220
7/1/2024-6/30/2025	142,579,064	141,675,379	141,210,665	140,688,215
7/1/2025-6/30/2026	147,896,961	146,686,713	145,964,363	144,957,758
7/1/2026-6/30/2027	150,284,355	148,565,265	147,501,826	146,106,882
7/1/2027-6/30/2028	151,674,679	149,483,705	148,128,136	146,281,930
7/1/2028-6/30/2029	152,120,706	149,431,106	147,779,136	145,566,127
7/1/2029-6/30/2030	152,555,352	149,369,782	147,530,802	144,928,973
7/1/2030-6/30/2031	154,065,250	150,448,205	148,282,746	145,394,767
7/1/2031-6/30/2032	155,630,063	151,617,625	149,231,585	145,994,663
7/1/2032-6/30/2033	162,455,001	157,994,757	155,432,668	151,790,278
7/1/2033-6/30/2034	163,358,485	158,495,374	155,657,370	151,638,717
7/1/2034-6/30/2035	165,149,632	159,915,752	156,776,502	152,432,478
7/1/2035-6/30/2036	166,883,159	161,161,995	157,720,818	153,110,021
7/1/2036-6/30/2037	168,534,159	162,382,542	158,644,470	153,696,022
7/1/2037-6/30/2038	171,077,251	164,424,425	160,418,286	155,179,63
7/1/2038-6/30/2039	173,487,080	166,294,672	161,995,747	156,408,591
7/1/2039-6/30/2040	175,701,359	168,008,514	163,386,445	157,299,113
7/1/2040-6/30/2041	177,671,259	169,349,161	164,482,497	157,966,094
7/1/2041-6/30/2042	179,365,344	170,498,843	165,345,746	158,178,074
7/1/2042-6/30/2043	180,758,857	171,271,794	165,693,073	158,028,563
7/1/2043-6/30/2044	181,854,829	171,703,938	165,754,078	157,463,950
7/1/2044-6/30/2045	180,936,505	170,148,161	163,813,538	154,951,222
7/1/2045-6/30/2046	178,678,888	167,305,077	160,493,060	151,282,130
7/1/2046-6/30/2047	175,742,222	163,739,604	156,493,012	146,804,877
7/1/2047-6/30/2048	172,107,718	159,403,128	151,767,269	141,469,275
7/1/2048-6/30/2049	167,749,098	154,188,848	146,285,599	135,420,024
7/1/2049-6/30/2050	162,638,085	148,514,274	140,019,355	128,466,465
7/1/2050-6/30/2051	156,740,518	141,941,791	132,867,434	120,851,205
7/1/2051-6/30/2052	150,020,193	134,373,264	124,921,144	112,133,109
7/1/2052-6/30/2053	142,454,201	125,938,395	116,033,793	102,450,480
7/1/2053-6/30/2054	134,074,843	116,719,381	106,326,156	91,933,801

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCLF Balance**

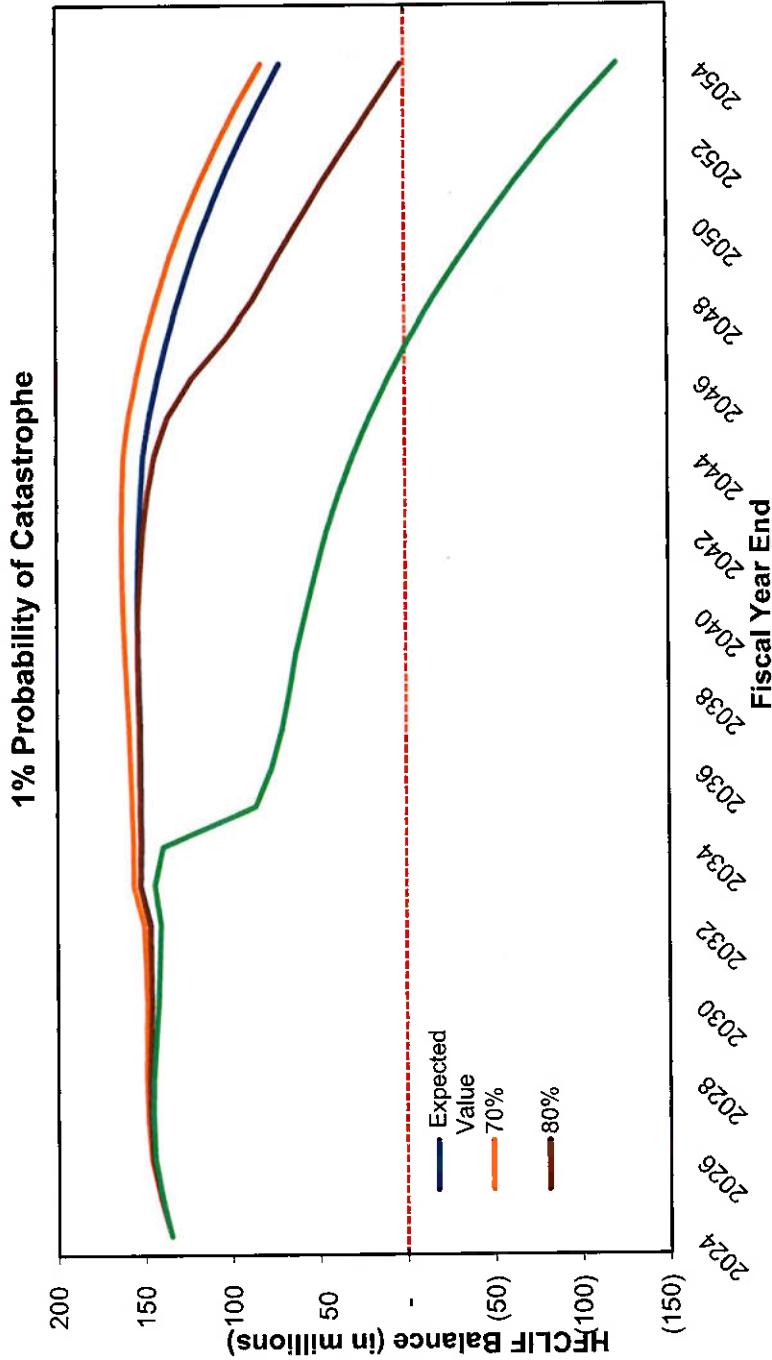


Office of Health Facility Construction Loan Insurance Program

**Projected Fiscal Year End HFCLIF Balance
1% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2023-6/30/2024	135,077,220	135,077,220	135,077,220	135,077,220
7/1/2024-6/30/2025	141,666,776	141,642,169	141,175,087	140,640,844
7/1/2025-6/30/2026	146,019,566	146,601,246	145,819,953	144,701,360
7/1/2026-6/30/2027	147,414,890	148,351,783	147,216,042	145,564,732
7/1/2027-6/30/2028	147,769,009	149,099,886	147,577,714	145,288,107
7/1/2028-6/30/2029	147,124,022	148,853,725	146,956,412	143,987,690
7/1/2029-6/30/2030	146,404,708	148,581,274	146,388,010	142,502,637
7/1/2030-6/30/2031	146,702,367	149,414,730	146,719,763	141,881,091
7/1/2031-6/30/2032	146,990,044	150,292,702	147,156,890	140,835,963
7/1/2032-6/30/2033	152,465,654	156,333,063	152,779,018	144,363,182
7/1/2033-6/30/2034	151,945,999	156,424,939	152,323,003	139,542,723
7/1/2034-6/30/2035	152,224,871	157,355,461	152,699,120	146,542,502
7/1/2035-6/30/2036	152,370,710	158,047,884	152,883,294	177,120,593
7/1/2036-6/30/2037	152,333,944	158,692,197	152,900,138	171,050,578
7/1/2037-6/30/2038	153,097,159	160,077,021	153,559,850	166,791,907
7/1/2038-6/30/2039	153,606,798	161,219,988	153,779,065	162,868,633
7/1/2039-6/30/2040	153,792,122	162,129,170	153,545,028	157,484,478
7/1/2040-6/30/2041	153,589,774	162,655,945	152,398,364	151,738,492
7/1/2041-6/30/2042	152,970,083	162,711,135	150,826,056	145,700,692
7/1/2042-6/30/2043	151,888,706	162,397,080	147,944,125	138,418,158
7/1/2043-6/30/2044	150,329,103	161,473,101	143,926,131	30,017,016
7/1/2044-6/30/2045	146,807,141	158,480,859	136,233,733	20,203,887
7/1/2045-6/30/2046	141,953,225	154,005,655	122,111,009	9,250,736
7/1/2046-6/30/2047	136,297,594	148,704,002	102,854,665	(2,826,328)
7/1/2047-6/30/2048	129,821,411	142,372,751	87,134,789	(16,093,775)
7/1/2048-6/30/2049	122,485,176	135,283,952	74,303,073	(30,898,903)
7/1/2049-6/30/2050	114,250,595	126,940,263	60,939,090	(46,096,923)
7/1/2050-6/30/2051	105,080,392	117,378,401	47,045,328	(62,805,677)
7/1/2051-6/30/2052	94,930,243	106,885,424	32,314,729	(80,719,301)
7/1/2052-6/30/2053	83,782,564	95,276,469	17,305,547	(100,398,753)
7/1/2053-6/30/2054	71,676,742	82,449,778	2,030,833	(121,517,647)

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCCLIF Balance**

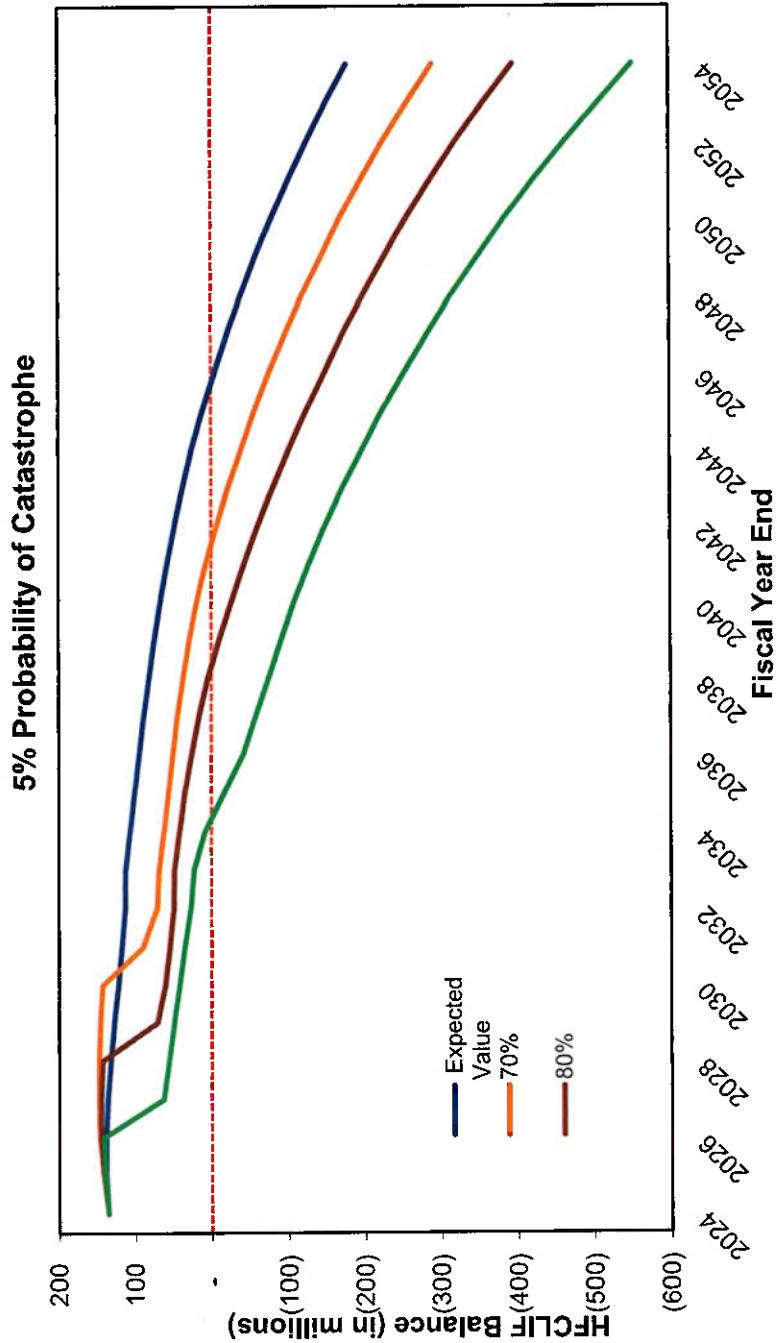


Office of Health Facility Construction Loan Insurance Program

**Projected Fiscal Year End HFCLIF Balance
5% Probability of Catastrophe**

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2023-6/30/2024	135,077,220	135,077,220	135,077,220	135,077,220
7/1/2024-6/30/2025	138,049,844	141,511,776	141,905,906	140,355,582
7/1/2025-6/30/2026	138,627,327	146,166,379	145,124,005	142,149,833
7/1/2026-6/30/2027	136,097,140	147,303,693	145,404,920	142,646,855
7/1/2027-6/30/2028	132,321,443	147,083,400	143,111,099	144,444,470
7/1/2028-6/30/2029	127,314,687	145,419,687	140,413,660	148,443,186
7/1/2029-6/30/2030	122,030,311	142,624,322	140,699,627	141,662,728
7/1/2030-6/30/2031	117,468,335	89,072,892	54,615,180	34,943,460
7/1/2031-6/30/2032	112,649,003	70,582,117	49,095,973	27,105,848
7/1/2032-6/30/2033	112,780,289	68,576,885	48,813,424	22,860,696
7/1/2033-6/30/2034	106,597,510	61,599,676	41,747,794	8,411,336
7/1/2034-6/30/2035	100,893,800	56,008,298	34,725,804	(15,676,701)
7/1/2035-6/30/2036	94,668,777	50,149,882	26,280,209	(40,703,454)
7/1/2036-6/30/2037	87,921,290	43,682,532	16,354,273	(58,285,923)
7/1/2037-6/30/2038	81,527,349	37,223,384	5,118,104	(74,382,925)
7/1/2038-6/30/2039	74,424,213	28,866,805	(9,431,120)	(90,737,845)
7/1/2039-6/30/2040	66,470,831	18,622,996	(25,738,757)	(107,797,458)
7/1/2040-6/30/2041	57,607,298	6,583,572	(42,639,658)	(127,457,181)
7/1/2041-6/30/2042	47,737,923	(7,544,608)	(61,474,140)	(148,545,456)
7/1/2042-6/30/2043	36,754,861	(22,015,976)	(81,195,559)	(172,660,864)
7/1/2043-6/30/2044	24,538,228	(39,592,495)	(101,923,903)	(198,469,696)
7/1/2044-6/30/2045	10,633,661	(57,303,880)	(124,718,933)	(224,704,870)
7/1/2045-6/30/2046	(4,619,321)	(76,023,283)	(148,829,095)	(253,833,709)
7/1/2046-6/30/2047	(21,141,977)	(97,178,305)	(173,385,424)	(284,006,845)
7/1/2047-6/30/2048	(39,004,838)	(119,659,565)	(199,486,539)	(315,564,876)
7/1/2048-6/30/2049	(58,258,987)	(144,480,397)	(227,622,362)	(349,779,779)
7/1/2049-6/30/2050	(78,953,265)	(169,381,307)	(256,146,022)	(384,957,019)
7/1/2050-6/30/2051	(101,177,466)	(197,119,499)	(287,345,670)	(423,484,845)
7/1/2051-6/30/2052	(124,948,568)	(225,910,044)	(321,294,969)	(464,668,256)
7/1/2052-6/30/2053	(156,373,058)	(257,436,596)	(357,226,422)	(507,888,730)
7/1/2053-6/30/2054	(177,380,827)	(289,920,010)	(394,746,832)	(551,988,535)

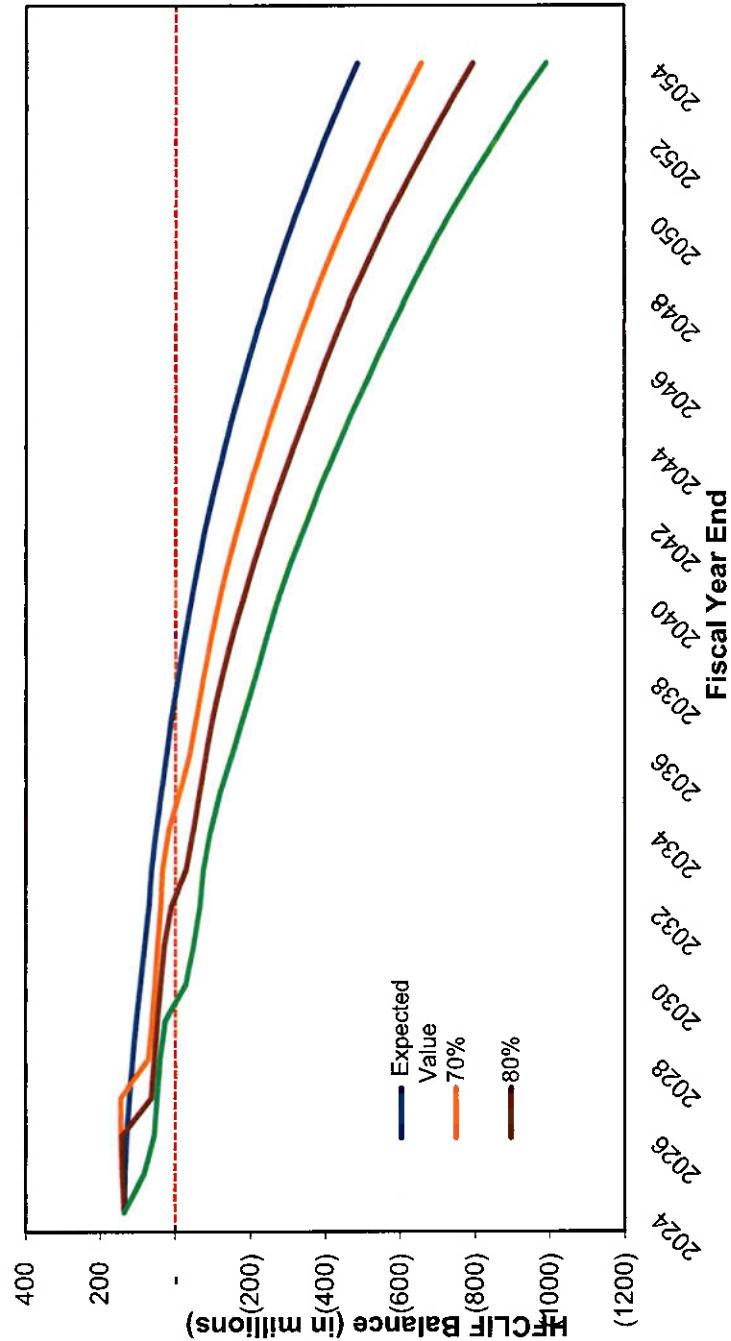
**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCCLIF Balance**



Office of Health Facility Construction Loan Insurance
California Health Facility Construction Loan Insurance Program
Projected Fiscal Year End HFCLIF Balance
10% Probability of Catastrophe

Fiscal Year	Expected Value	Confidence Levels		
		70%	80%	90%
7/1/2023-6/30/2024	135,077,220	135,077,220	135,077,220	135,077,220
7/1/2024-6/30/2025	133,548,768	141,372,288	140,815,286	82,666,021
7/1/2025-6/30/2026	129,451,012	145,500,623	143,167,802	55,117,308
7/1/2026-6/30/2027	122,047,124	144,882,702	63,409,218	48,147,050
7/1/2027-6/30/2028	113,138,502	70,683,772	55,237,216	39,976,779
7/1/2028-6/30/2029	102,732,761	60,596,575	47,191,967	26,306,758
7/1/2029-6/30/2030	91,844,795	52,452,477	38,674,302	(28,445,319)
7/1/2030-6/30/2031	81,304,516	45,855,830	28,768,123	(49,032,692)
7/1/2031-6/30/2032	70,159,768	38,186,800	9,762,715	(65,223,819)
7/1/2032-6/30/2033	63,657,833	32,931,199	(29,360,450)	(75,077,406)
7/1/2033-6/30/2034	50,436,000	16,926,672	(49,401,986)	(95,209,744)
7/1/2034-6/30/2035	37,331,160	(12,480,818)	(65,411,354)	(119,784,163)
7/1/2035-6/30/2036	23,294,494	(39,191,898)	(83,008,448)	(151,809,789)
7/1/2036-6/30/2037	8,171,099	(58,631,893)	(103,485,293)	(183,153,768)
7/1/2037-6/30/2038	(7,067,949)	(76,043,904)	(125,027,772)	(212,680,789)
7/1/2038-6/30/2039	(23,566,855)	(95,666,013)	(150,848,580)	(241,934,557)
7/1/2039-6/30/2040	(41,578,277)	(118,275,441)	(180,347,237)	(273,019,828)
7/1/2040-6/30/2041	(61,123,936)	(142,670,641)	(209,657,945)	(308,307,767)
7/1/2041-6/30/2042	(82,442,662)	(169,508,705)	(243,195,305)	(347,897,390)
7/1/2042-6/30/2043	(105,655,342)	(199,876,728)	(278,010,627)	(387,581,598)
7/1/2043-6/30/2044	(131,025,957)	(231,828,476)	(315,688,931)	(432,276,480)
7/1/2044-6/30/2045	(157,756,937)	(264,518,288)	(353,693,825)	(476,515,213)
7/1/2045-6/30/2046	(185,840,431)	(297,720,677)	(390,813,716)	(522,459,385)
7/1/2046-6/30/2047	(215,795,756)	(334,211,446)	(432,217,712)	(571,532,121)
7/1/2047-6/30/2048	(247,704,509)	(372,747,808)	(474,370,605)	(621,734,521)
7/1/2048-6/30/2049	(281,647,513)	(414,669,780)	(521,204,943)	(674,364,698)
7/1/2049-6/30/2050	(317,759,178)	(459,001,253)	(569,032,255)	(729,541,413)
7/1/2050-6/30/2051	(356,101,663)	(504,513,606)	(623,447,294)	(790,162,987)
7/1/2051-6/30/2052	(396,696,755)	(552,065,550)	(676,733,970)	(854,046,671)
7/1/2052-6/30/2053	(439,733,022)	(604,323,110)	(734,098,841)	(917,777,637)
7/1/2053-6/30/2054	(485,200,611)	(657,601,568)	(793,777,362)	(990,665,774)

**Office of Health Facility Loan Insurance
California Health Facility Construction Loan Insurance Program
Estimated Fiscal Year End HFCCLIF Balance**





Oliver Wyman
Four Embarcadero Center, Suite 1100
San Francisco, CA 94111

Agenda Item 7A

Cal-Mortgage Reports – Project Monitoring – Informational Item

**Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program**

As of January 29, 2026

**Summary of Monitoring
Financial Statements Received
Project Filing Status**

Survey Date:	Feb 29, 2024	Jun 27, 2024	Aug 23, 2024	Apr 2, 2025	May 27, 2025	Jan 29, 2026
Current	43	43	38	48	27	36
Behind 1 quarter	11	14	12	6	21	18
Behind 2 quarters	1	1	7	2	8	0
Behind 3 quarters	3	1	2	2	1	1
Total:	58	59	59	58	57	55

**Summary of Monitoring
Debt Service Coverage Ratio
Number of Projects that Exceed Required Ratio**

Survey Date:	Feb 29, 2024	Jun 27, 2024	Aug 23, 2024	Apr 2, 2025	May 27, 2025	Jan 29, 2026
DSCR at or greater than required:	43	47	51	48	48	51
DSCR less than required:	13	11	7	9	8	4
Problem Project:	1	1	1	1	1	0
Total:	58	59	59	58	57	55

**Summary of Monitoring
Site Visits
Number of Projects that are Current**

Survey Date:	Feb 29, 2024	Jun 27, 2024	Aug 23, 2024	Apr 2, 2025	May 27, 2025	Jan 29, 2026
Current:	25	21	23	9	8	6
Past Due:	33	38	36	49	49	49
Total:	58	59	59	58	57	55

Agenda Item 7B

Cal-Mortgage Reports – Pending Projects –

Informational Item

Department of Health Care Access and Information (HCAI)
Cal-Mortgage Loan Insurance Program
As of February 1, 2026

Projects Insured - Fiscal 2025-2026					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Loan Amount</u>	<u>Loan Type</u>	<u>Rating</u>
Channing House	Palo Alto	Multi - CCRC	\$36,120,000	New	
Sequoia Living Inc.	San Francisco	Multi- CCRC	\$151,555,000	Refinance Plus	BBB
			\$187,675,000		

Projects Insured - Fiscal 2024 - 2025					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Loan Amount</u>	<u>Loan Type</u>	<u>Rating</u>
Moldaw	Palo Alto	Multi-CCRC	\$59,450,000	New	BBB-
La Maestra Community Health Centers	San Diego	Clinic-PC	\$14,225,000	New	
			\$73,675,000		

Projects with Letters of Commitment					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Amount</u>	<u>Loan Type</u>	<u>Rating</u>
Gateways Hospital	Los Angeles	Hospital	\$57,000,000	New	BBB

Applications Before Advisory Loan Insurance Committee					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Amount</u>	<u>Loan Type</u>	<u>Rating</u>
Odd Fellows Home of California	Saratoga	Multi- CCRC	\$107,250,000	New	

Pending Applications					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Amount</u>	<u>Loan Type</u>	<u>Rating</u>

Pre - Applications					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Amount</u>	<u>Loan Type</u>	<u>Rating</u>
SAC Health	San Bernardino	Clinic - PC	\$45,000,000	New	
Castle Family Health Centers	Atwater	Clinic - PC	\$40,600,000	New	
			\$85,600,000		

Discussions					
<u>Project Name</u>	<u>Location</u>	<u>Facility Type</u>	<u>Amount</u>	<u>Loan Type</u>	<u>Rating</u>
OLE Health	Fairfield	Clinic - PC	\$35,600,000	New	
Atherton Baptist Homes	Alhambra	CCRC	\$11,000,000	New	
Livingston	Merced	Clinic - PC	\$43,000,000	New	
			\$89,600,000		

Facility Type Abbreviations

ADHC-DD	Adult Day Health Care-Developmentally Disabled
CDRF	Chemical Dependency Recovery Facility
Clinic-PC	Clinic for Primary Care
GH-DD	Group Home for the Developmentally Disabled
GH-Mental Health	Group Home - Mental Health
Hosp	General Acute Care Hospital
Hosp-Dist.	Acute Care Hospital - Healthcare District
Multi-CCRC	Multi-level Facility - Entrance Fee Continuing Care Retirement Community
Multi-Others	Multi-level Facility - Multiple Levels of Care, Month-to-Month Rental Community
SNF	Skilled Nursing Facility

Agenda Item 7C

Cal-Mortgage Reports – Problem Projects Report – Informational Item

Department of Health Care Access and Information

Cal-Mortgage Loan Insurance Program

Problem Projects Report

January 2026

Distribution: Elizabeth A. Landsberg, Director
Scott Christman, Chief Deputy Director
Dean O'Brien, Deputy Director, Cal-Mortgage
Advisory Loan Insurance Committee Members

Problem Projects Report - Update for January 2026

Facility Name	Location	Type	Risk Rating as of 1/1/26	Current Obligation (Millions)	Percent In Debt Reserve Fund ¹	Payment Status?	Technical Default? (or other issues)	HFCLIF ² Payment Likelihood? ³	Change Since Last Report	Page
I. HFCLIF Payments Expected										
II. Ongoing HFCLIF Payments										
St. Rose Hospital	Hayward	Hospital	E	\$14.31M - Note (as of 12/31/25) \$15.89M - HFCLIF Advances (\$10.087M for LOC & \$5.8M for Note)	N/A	Paid from HFCLIF pursuant to Debt Relief Agreement	Liquidity, Ratio Default	HFCLIF making 100% of Payments	The HFCLIF payment was made on November 3, 2025 in the amount of \$1,935,085.80. The next HFCLIF payment will be made on May 1, 2026 in the amount of \$1,935,085.80. FYE 9/30/2025 18.5 DCOH and 1.28 DSCR.	1
III. Financial Performance Problems										
San Benito Health Care District	Hollister	Hosp - District	C	\$ 6.8	100% (6-Month)	Current	Liquidity, Ratio Default	Low - March '26 September YTD (3 mo.) net income of \$3.2M and 94 DCOH.	Insight transaction cancelled on 8/13/25.	5
Hill Country Community Clinic	Round Mountain /Redding	FQHC	C	\$ 2.9	100% (6-Month)	Current	Liquidity, Ratio Default	Low	Redding clinic, Center of Hope, sold on April 22, 2024. The clinic will keep approximately \$3 million cash on hand through the end of 2025. Loan payments are punctual.	8
IV. Defaulted Projects: Pending Asset Sales										
None										
V. Resolved Defaulted Projects										
Verdugo Mental Health	Glendale	Clinic-MH							Last payment received on January 2, 2026. Current balance is \$3,575,993.34.	10
Lake Merrit - Cal-Nevada/Pacifica	Oakland	CCRC							Last payment received on January 5, 2026. Current balance is \$13,231,143.34.	11

¹ The insured project's Debt Service Reserve Fund (DSRF)

² Health Facility Construction Loan Insurance Fund

³ Likelihood means probability or possibility of using HFCLIF for next payment.

Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program
Problem Project Monthly Report – January 2026

II. Financial Performance Problems

Project: St. Rose Hospital

Numbers: 1084 & 1096 (HFCLIF Adv.)

Description:

Hayward Sisters Hospital dba St. Rose Hospital (Corporation) is a general acute care 171 bed facility in Hayward, CA which offers emergency; subacute care; cardiology; orthopedics; rehabilitation; and both inpatient and outpatient services that was founded in 1962. From 2013 until the end of 2024, the Corporation was run via a management agreement with Alecto Healthcare LLC (Alecto). In the third quarter of 2024, Alecto notified the Department of Health Care Access and Information (Department) Cal-Mortgage Loan Insurance Program of the CEO's intention to retire; discontinue management services; and not acquire the Corporation under the Management Services Agreement (MSA). In response to the Alecto decision, the Corporation issued a Request for Proposal (RFP) in an attempt to find a new long-term operator or partner. As a result of the RFP process and on August 19, 2024, the Corporation and Alameda Health System (AHS) entered into a membership issuance agreement (Agreement) by which AHS became the sole corporate member of the Hospital. AHS assumed control of all operations at the Corporation effective October 31, 2024. Under the new organizational structure, the Corporation continues its existence as a California nonprofit public benefit corporation and will remain the owner and licensed operator of St. Rose Hospital.

Background:

In May 2009, the Department insured a \$42.1 million bond issue to refinance existing debt, remodel the 5th floor to add 30 acute care beds, and to retrofit the hospital to meet seismic regulations through 2030 (2009 Bonds). In May 2009, concurrently with the 2009 Bonds, the Department also insured a \$10 million line-of-credit (LOC) with City Nation Bank (CNB) to ensure adequate operating liquidity for the Corporation (2009 LOC). In May 2016, the 2009 Bonds were refinanced with a Department insured \$38.0 million CNB term note (2016 Term Note). In August 2022, the 2016 Term Note was refinanced with a Department insured 24.36 million CNB term note (2022 Term Note). The 2022 Term Note has an outstanding principal balance of \$14.58 million with a final maturity date of December 28, 2029.

In December 2010, the Corporation had financial issues and drew on a \$7 million Alameda County emergency reserve fund to pay \$4 million for Hospital Provider Fees and \$3 million to pay down the outstanding balance on the 2009 LOC. As a result of this and other performance issues, in 2012, the Department took action to avert bankruptcy and replaced all five board members, including two members from the Department's Advisory Loan Insurance Committee. After restructuring the Board of Directors and various management roles, the Corporation ultimately entered into a management agreement with Alecto, a for-profit hospital management company.

In early 2023, a group of community stakeholders led by Eden Health District engaged Innova Healthcare Solutions to conduct a study on the future sustainability of St. Rose Hospital. The study revealed that St. Rose Hospital was not sustainable as a stand-alone hospital without substantial and ongoing increases in public funding. The report further recommended the Corporation's board pursue an affiliation with a health system that had sufficient resources to secure the Corporation's ability to operate. The Corporation engaged Kaufman Hall and Steven Hollis as consultants to assist with an request for proposal (RFP) process. After an extensive search for an affiliation partner, the Corporation entered into a 90-day affiliation agreement with Alameda Health System (AHS). The affiliation then led to a long-term agreement with AHS. On August 19, 2024, the Corporation and Alameda Health System (AHS) entered into a membership issuance agreement (Agreement) by which AHS became the sole corporate member of the Corporation. The Agreement closed on October 31, 2024 and became effective November 1, 2024. The Agreement with AHS resulted in the termination of management agreement with Alecto. As part of the Agreement, AHS required that the Corporation restructure its 2022 Term Note and 2009 LOC and that AHS shall not be required to guarantee or become co-obligor.

The debt restructuring is intended to provide debt service relief while the Corporation implements its turnaround plan and revenue generating initiatives.

On October 31, 2024, the Department, the Corporation, and AHS executed a Debt Service Relief Agreement (DSRA) by which the Department agreed to cure the Corporation's defaults by making payments on the 2009 LOC and 2022 Term Note from the Health Facility Construction Loan Insurance Fund (HFCLIF). The DSRA terms are as follows:

- The payments due on the 2009 LOC will be made in full by the Department from the HFCLIF.
- Between November 1, 2024 and October 1, 2027 (36-months), monthly payments on the 2022 Term Note will be made in full by the Department from the HFCLIF.
- Between November 1, 2027 and October 1, 2029 (24-months), monthly payments on the 2022 Term Note will be made equally (50% each) by the Corporation and the Department.
- Between November 1, 2029 and December 1, 2029 (2-months), monthly payments on the 2022 Term Note will be made in full by the Corporation, until the defeasance of the 2022 Term Note on December 1, 2029.
- Between January 1, 2030 and December 1, 2034 (60-months), the Corporation will make monthly payments to the Department to repay all of the HFCLIF advances on the 2009 LOC and 2022 Term Note.
- Interest will accrue at 4.44% on the outstanding balance of the HFCLIF Advances beginning January 1, 2030.

In accordance with the DSRA, on December 10, 2024, the Department paid in full the \$10 million outstanding principal balance of the 2009 LOC from the HFCLIF and the 2009 LOC was closed. The HFCLIF advanced a total of \$10.087 million towards the 2009 LOC to cover principal plus accrued interest. In accordance with the DSRA, the Department began making monthly debt service payments on the 2022 Term Note. The Department is unable to make monthly payments and has worked with CNB to allow us to send six-months of payments in advance. The advance is then applied monthly towards the 2022 Term Note. The six-month advance equals approximately \$1.9 million. Between December 2024 and November 2025, the HFCLIF has made three six-month advances totaling \$5.8 million. The Department estimates it will make additional advances from the HFCLIF towards the 2022 Term Note totalling \$9.6 million. The next six-month advance will be due on May 1, 2026. As of November 3, 2025, the HFCLIF advances totaled \$15.89 million, with \$10.087 million paid on the LOC and \$5.8 million paid on the Note.

In addition to the AHS transition and DSRA execution, the Corporation secured additional funding in December 2023 when the Corporation was allocated a \$17.65M Distressed Hospital Loan Program (DHLP) award. The Corporation applied for a loan modification for the DHLP loan and was approved on May 8, 2025; the loan modification extended the payment deferral period by an additional 12 months until July 1, 2026.

In March 2025 AHS agreed to provide \$15M LOC to the Corporation for the purposes of addressing cash shortages and meeting operating expenses while the turn-around plan is in progress. The LOC funds will come from AHS's Liquidity Facility.

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Current Situation: (as of January 22, 2025)**Risk Rating: E**

The following table shows key financial statistics of the Corporation:

Dollars in Thousands	Internal	Audit	Audit	Audit	Audit	Audit
	9/30/2025 (12 mos.)	2024	2023	2022	2021	2020
Cash & Equivalents	\$7,139	\$9,041	\$8,768	\$11,652	\$26,175	\$36,831
Net Accounts Receivable	\$9,532	\$10,787	\$11,226	\$8,867	\$9,269	\$6,782
Total Assets	\$90,980	\$82,731	\$68,449	\$68,242	\$81,597	\$94,642
Total Current Liabilities	\$59,322	\$45,171	\$35,940	\$21,930	\$26,647	\$26,791
Total Liabilities	85,369	\$78,741	\$59,298	\$49,238	\$59,567	\$67,678
Net Assets	\$5,611	\$3,990	\$9,151	\$19,004	\$22,030	\$26,964
Operating Revenue	\$145,845	\$137,483	\$119,316	\$122,295	120,745	\$125,420
Operating Profit/Loss	\$2,261	(\$4,169)	(\$10,470)	(\$4,773)	(\$4,683)	(\$2,776)
Net Income/Loss	\$1,391	(\$5,5161)	(\$9,853)	(\$5,712)	(\$5,641)	(\$4,637)
Debt Service Coverage	1.28	0.07	(1.25)	0.30	0.61	1.03
Days Cash on Hand	18.5	23.7	25.2	25.0	79.9	110.8
Current Ratio	0.93	0.94	0.88	1.47	1.76	2.05

Fiscal year-end is September 30.

As of the fiscal year ended (FYE) September 30, 2025, the Corporation's liquidity declined to \$7.1 million, or 18.5 days cash on hand. The operating revenue of \$145.8 million exceeded the operating expenses of \$143.5 million and led to an operating profit of \$2.2 million. Other non-operating expenses of \$0.8 million led to a positive net income of \$1.39 million, which compared favorably to a budgeted loss of \$19.78 million for the fiscal year. The favorable improvements were the result of \$30.3 million in IGT funds and \$7.0 million in Alameda County Measure A Funds booked during the fiscal year, both of which exceeded budgeted amounts. The positive net income led to a 1.28 debt service coverage ratio, which met the covenant requirement. The days cash on hand of 18.5 and the current ratio of 0.94 did not meet the covenant requirements.

Pursuant to the DSRA, the HFCLIF will make the next six-month installment payment on May 1, 2026. As of November 3, 2025, the HFCLIF advances totaled \$15.89 million, with \$10.087 million paid on the LOC and \$5.8 million paid on the Note.

The Department meets monthly with the Corporation's General Counsel Mike Sarrao, Chief Administrative Officer Mario Harding, and Controller Rosario Eugenio to discuss and receive updates regarding the Corporation's turnaround plan and financial operations. The latest meeting was held on January 2, 2026, and the following was discussed:

- The Corporation has hired new leadership for the following positions: Chris Adams transitioned to the Chief Administrative Officer role after Mario Harding was laid off as part of AHS layoffs.
- Management has renegotiated its agreement with Alameda Alliance to align with AHS with a retro rate effective date of November 2024, which has improved reimbursement and increased cash flow.
- Management is working on getting final Medicare/Medi-Cal certification for the 29-bed subacute unit. Received Medicare approval on December 5, 2025; Medi-Cal provider enrollment is still pending. The Corporation is negotiating a bed reserve agreement with Stanford Health.
- The Corporation selected NT Lewis as contractor for the buildout of a new cardiac catheterization lab adjacent to its existing lab. HCAI issued the permit for radiology door component and construction started on December 1, 2025; permits are expected in late January 2026 for the Cath Lab component of the project. Construction is expected to be complete by the end of July 2026. The cost is estimated at \$5.3 million and will be funded from a \$3.5 million donation from Alameda Alliance, a \$1million donation from SRH Foundation, and seeking additional donations for the remaining amount.
- Continued focus on building a referral network for primary and specialty care through partnerships with local AHS clinics.
- Awarded \$62.4M Behavioral Health Continuum Infrastructure Program (BHCIP) for the construction of a 20-bed medical psychiatry unit and 20-bed geriatric psychiatry unit (preliminary stages). On

October 9, 2025, the Corporation requested the Department consent to the BHCIP grant, this request is currently under review. The scope of the project has been changed to construct a separate building adjacent to the hospital; the change is under review by BHCIP.

Assessment:

Profitability:	FYE 9/30/2025 (12 mo.): \$1,391,902
Liquidity:	Days Cash on Hand: 18.5 days
Debt Service Reserve Fund:	Not required per terms of note
Debt Service Payments:	Paid from HFCLIF
HFCLIF Payments:	Next installment due 5/1/2026
St. Rose CAO (via AHS):	Chris Adams
St. Rose Controller:	Rosario Eugenio
Counsel:	Michael Sarrao, Esq.

Account Manager: Lauren Hadley

Supervisor: Consuelo Hernandez

Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program
Problem Project Monthly Report – January 2026

III. Financial Performance Problems

Project: San Benito Health Care District

Number: 1076

Description:

San Benito Health Care District (District) operates the 25-bed Hazel Hawkins Memorial Hospital, four rural health clinics, two community health clinics, a distinct part skilled nursing facility, four satellite lab/draw stations, a home health agency in Hollister, and a rural health clinic in San Juan Bautista, California. In March 2013, HCAI insured a \$24.9M bond issue for the refunding of \$16M in outstanding bond debt, reimbursing the District \$10M for construction costs for a Women's Center, and \$2.4M toward the cost of issuance (2013 Bonds). The District refinanced the 2013 Bonds on February 11, 2021 (2021 Bonds) and achieved a net present value (NPV) savings of 10.42 percent, or \$1.7M. The refinance provided annual cash flow savings of approximately \$380,000. In addition, the refinance allowed the outstanding balance to decline from \$16.48M to \$12.57M. The 2021 Bonds have a current outstanding balance of \$6.8M with a final maturity on March 1, 2029.

Background:

Between 2014 and 2020, the District's financial condition struggled due to a decline in census and ever-increasing expenses. In 2018, the District began the application process to convert to a Critical Access Hospital (CAH) and the Centers for Medicare and Medicaid Services (CMS) approved its application effective March 26, 2020. As part of the reclassification to a CAH, the District decreased its licensed beds from 62 to 25. Between April 2020 and June 2022, the District's financial condition improved due to the increased Medicare rates as part of the CAH reclassification, improved census related to COVID, and supplemental COVID funding.

In the third quarter of calendar year 2022, the District began experiencing liquidity issues due to two factors. First, CMS indicated that the District was overpaid during FYE 2022 by \$5.2M. A one-year repayment plan was established in the amount of \$441,036 per month. In addition, CMS indicated that an additional \$5.2M was to be reduced from future payments in FYE 2023, thus the District's inpatient rates were reduced by 20 percent and outpatient rates were reduced by 13 percent. The District was able to negotiate the one-year CMS repayment plan for a five-year repayment plan.

Second, the District ended its commercial provider agreement with Anthem Blue Cross (Anthem) on August 10, 2022. Anthem deactivated payments to the District on the commercial provider agreement, and inadvertently deactivated payments to the District on its Medi-Cal provider agreement. Anthem identified that it may take 45 days to correct the accidental deactivation of the payments for the Medi-Cal provider agreement. The District identified that approximately \$4M in claims were delayed due to this payment processing issue with Anthem. The District eventually reached a new commercial provider agreement with Anthem covering the 2023 calendar year. The outstanding Anthem Medi-Cal receivables were subsequently processed and paid.

The District initiated an aggressive cost savings plan to address its immediate cash-flow needs, while the District explored sources to provide temporary liquidity and collected on its receivables. The San Benito County Board of Supervisors agreed to advance the District its annual property tax revenue normally paid in April; the District received \$2.2M of property tax revenue in December 2022. In January 2023, the District obtained a \$3.09M loan from the California Health Facilities Financing Authority's Nondesignated Public Hospital Bridge Loan Program II to provide additional liquidity. The District receives over \$13M in supplemental funding annually; however, the majority of the funding is normally not received until months later and sometimes in the following fiscal year. The District worked with various agencies to receive its supplemental payments in advance, thus improving its liquidity.

Current Situation: (As of January 22, 2026)**Risk Rating: C***(No updates from last report)*

On May 22, 2023, the District's Board of Directors authorized the filing of a Chapter 9 bankruptcy petition and adopting a pendency plan outlining a strategy to proceed forward. The District officially filed for Chapter 9 on May 23, 2023. In December the District defended itself in a trial due to Unions' claiming that the District did not meet the criteria to file for bankruptcy protection, which lead to wage and benefit cost cutting measures. On March 21, 2024, the Judge dismissed the District's bankruptcy case citing that the District is not insolvent and therefore not eligible for Chapter 9 relief. The District filed an appeal and on March 21, 2025, an appeals court upheld the bankruptcy court's decision. The dismissal from bankruptcy may result in the District having to repay the reduction in salaries and benefits put in place during bankruptcy, in addition to paying increased salaries and benefits each month going forward. The District is in mediation with the California Nurses Association union on the salaries and benefits that were removed during the bankruptcy. Given that the District faces higher salaries and benefit expenses, the District's financial performance could deteriorate later this year.

The District engaged B Riley Advisory Services to search for a strategic partner to help ensure the long-term viability of the District. The District received interest from several potential partners or buyers. On January 2, 2024, the District received a LOI from Insight Foundation of America (Insight) proposing a purchase of the District's assets estimated between \$59M and \$65M. At a June 5, 2024, District Board meeting, the District's Board voted to continue negotiations with Insight. The proposal with Insight was modified from an outright purchase to a five-year lease-to-own option. The Insight proposal was included on the November 5, 2024, San Benito County ballot as Measure X and was passed with 51 percent. The District was negotiating definitive agreements with Insight and anticipated presenting the agreements to the Board during the third quarter of 2025, however, the transaction was canceled on August 13, 2025. The District identified the leading cause as the unprecedented uncertainties stemming from the federal government's recent legislation, the HR-1 One Big Beautiful Bill Act.

The District received a \$10 million loan award from the Distressed Hospital Loan Program (DHP). The DHP loan closed on July 1, 2024, and the District received their first disbursement of \$2.7 million on July 5, 2024.

The following table shows historical results for a number of key financial statistics:

Statement Date (6/30 FYE)	9/30/2025	6/30/2025	6/30/2024	6/30/2023	6/30/2022
Months Covered	3	12	12	12	12
Audit Method	Internal	Internal	Unqualified	Unqualified	Unqualified
Cash & Investments	\$41,358,445	\$46,674,801	\$34,905,203	\$13,413,099	\$14,442,002
Net Worth	\$74,319,873	\$70,341,169	\$39,159,279	\$23,542,007	\$23,197,870
Net Revenue	\$43,886,162	\$185,436,763	\$157,743,290	\$161,907,260	\$149,021,950
EBITDA	\$4,353,477	\$35,474,212	\$20,987,546	\$4,625,783	\$6,928,468
Net Income	\$3,243,806	\$31,126,910	\$15,617,272	\$344,137	\$2,670,099
Debt Service Coverage Ratio	7.76	16.57	2.59	5.34	3.09
Current Ratio	3.33	3.31	1.83	1.56	1.50
Days Cash on Hand	94	112	89	32	37

For the 3-month period ended September 30, 2025, the District had a net income of \$3.2M compared to a budgeted net income of \$4.2M. This resulted in a debt service coverage ratio of positive 7.76. The District had \$41.35M in cash, equal to 94 days cash on hand.

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Assessment:

Profitability: 9/30/2025 (3 mo.): \$3,243,806
Liquidity: Days Cash on Hand: 94
Debt Service Reserve Fund: 100% funded: \$936,400
Debt Service Payments: Current
HFCLIF: 3/1/2026 (P&I): low probability
CEO: Mary Casillas
CFO: Mark Robinson

Account Manager: Lauren Hadley

Supervisor: Consuelo Hernandez

Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program
Problem Project Monthly Report – January 2026

III. Financial Performance Problems

Project: Hill Country Community Clinic

Number: 1034

Description:

Hill Country Community Clinic (Corporation) is a California nonprofit public benefit corporation under Section 501(c)(3) of the Internal Revenue Code. The Corporation owns and operates a healthcare facility in Round Mountain, Shasta County, to provide primary care and health education services to the Northeast portion of the County. In addition, the Corporation also operates a clinic and homeless shelter for transitional youth in Redding, Shasta County, namely Center of Hope (COH), to provide primary care, mental health, and chiropractic service. In December 2004, the Corporation earned a Section 330 Federally Qualified Health Center (FQHC) designation.

In October 2007, the Department insured a bond series in the amount of \$5,250,000 for the Corporation (2007 Bonds). The 2007 Bonds were used to finance an expansion project that added a 12,500-square-foot space onto the Corporation's existing Round Mountain facility for housing, six new medical exam rooms, three dental operatories, a mental health suite, a teen activity center, a new helicopter landing pad, and storage facilities.

The 2007 Bonds were refinanced in November 2016 in an amount of \$4,420,000 (2016 Bonds). The outstanding balance of the 2016 Bonds is \$3,070,000.

On November 6, 2019, the Department consented to an additional \$10 million indebtedness acquired by the Corporation from Nonprofit Finance Fund and Dignity Health Partners to structure a New Market Tax Credit (NMTC) transaction that would finance the construction of COH, which was opened in July 2021. Beginning on December 15, 2021, quarterly principal and interest payments of \$194,325 are payable on the 15th day of March, June, September, and December. All unpaid principal and interest due will be paid in December 2026.

Background:

The Corporation's operating income started dropping during the COVID-19 pandemic beginning in 2020. In 2022 and 2023, the Corporation's financial performance got worse and recorded net loss of \$1.5 million and \$3.7 million respectively. The Corporation's cash depleted quickly from \$1.7 million in 2021 to less than \$500k in 2022, due to operating losses and construction of the COH. Based on the financial performance ended December 31, 2022, the auditor, FORVIS LLC, opined in the audit report for Fiscal Year 2020 that due to decreased working capital, coupled with the additional debt service payments required to be made in relation to the COH project, and the impact of the COVID-19 pandemic raises substantial doubt about the Corporation's ability to continue as a going concern.

Cal-Mortgage staff made a site visit at the Corporation on August 18, 2023, and took a tour of the COH, which opened in July 2021 as the Corporation's flagship clinic site located in Redding. During the meeting with the CEO and CFO at the COH, the CFO expressed that the Corporation is facing serious liquidity problems due to changes of reimbursement requirements from the County, broken revenue cycle; physician and medical staff turnover; and dropping utilization. The CEO also admitted the COH was overbuilt for current demand for services and has caused a huge financial burden, which coincided with the COVID-19 pandemic that brought adverse impact to the Corporation's operation.

The Corporation and Shasta Community Health Center (SCHC) entered into an Asset Purchase Agreement on April 22, 2024, by which the Corporation transferred the ownership of COH and the respective NMTC loan to SCHC. In return, the Corporation received \$5.6 million cash from the transaction. After partial payment of overdue unsecured debts and settling the outstanding professional

fee such as the legal fee for the transaction, business consultant fee, and service fee for fiscal audit, the Corporation maintained \$3 million cash for operations in May 2024.

Current Situation: (As of January 22, 2026)

Risk Rating: C

The November 2025 financial statement showed cash was maintained at \$3.3 million. Monthly bond payments are made punctually.

The Corporation has provided a draft of audit report for FY 2023, which showed that the Corporation did not meet any of the three financial covenants. Due to a significant improvement of the Corporation's financial performance after FY 2024, FORVIS did not have any opinion regarding the Corporation's ability to continue as a going concern in the draft 2023 audit report. The Department issued a financial covenant waiver on December 11, 2025.

The Corporation provided highlights of financial activities as of November 30, 2025, which showed a net income of \$251K for the first eleven months of this year. The Corporation recorded \$331K revenue from Noridian as part of the settlement for reimbursing their services provided at COH. The Corporation is still working on fully utilizing their resources, especially the locum physicians, which incurs considerable professional fee expenses (over \$1.45 million YTD, ~10% of the personnel expenses). EBITDA is still maintained at over \$1 million YTD.

The following table shows key financial statistics of the Corporation.

	Audit*			Internal**	
	12.31.2021	12.31.2022	12.31.2023	12.31.2024	11.30.25 (11-month)
Cash & Equivalents	1,593,473	429,604	108,958	3,330,922	3,358,117
Total Assets	48,033,924	45,233,695	44,125,573	47,697,000	47,540,038
Total Liabilities	40,380,292	41,847,983	45,069,106	48,160,000	48,231,493
Net Worth	7,653,632	3,385,712	(943,533)	(463,000)	(691,455)
Net Income	575,686	(4,267,920)	(4,286,989)	(683,926)	251,332
Debt Service Coverage Ratio	1.90	(2.68)	(4.60)	1.73	3.76
Days Cash on Hand	30.50	3.74	1.78	71.20	65.32
Current Ratio	1.12	0.82	0.23	0.71	0.68

*Draft Audit for FY2023
**According to the Corporation's CFO, Christi Hines, the internal prepared financial statements have not been reconciled and are subject to material adjustment after reconciliation.

Assessment:

Profitability: 11/30/2025 (10 mo.): \$251,332
 Liquidity: Days Cash on Hand: 65.32
 Debt Service Reserve Fund: 100% funded: \$142,600.94
 Debt Service Payments: Current
 CEO: Jo Campbell
 CFO: Christi Hines

Account Manager: Dennis Lo

Supervisor: Consuelo Hernandez

Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program
Problem Project Monthly Report – January 2026

V. Resolved Defaulted Projects

Project: Verdugo Mental Health

Number: 0973

Description:

The Las Candelas Nonprofit Group, in conjunction with the Glendale Hospital, established the Verdugo Mental Health Center (Clinic) in 1957. Services focused on abused and emotionally disturbed children, seriously mentally ill adults, and those recovering from substance abuse and other addictions. In December 1993, the Department insured a loan to purchase, renovate, and equip an outpatient/administrative facility. This loan was refinanced in April 2005 for the balance of \$810,000. In April 2006, the Department approved a \$5,505,000 loan to construct a 14,740 square foot outpatient clinic. The clinic is a two-story building with partial subterranean parking, joined with existing retrofitted, 4281 square foot clinic.

Background:

Verdugo filed Chapter 7 bankruptcy due to a special education local plan area liability of \$566,000, growing net losses resulting from cuts in reimbursements for patient services, and declining fundraising. On December 9, 2010, the Department issued a Declaration of Default and Notice to Cure for \$5,220,000.

All bonds were redeemed by the trustee on April 18, 2011, using funds drawn from the HFCLIF and the balance of the trustee accounts, which was \$5,732,382.18. A \$5,000,000 bankruptcy court order approved, HCAC financed sale to DiDi Hirsch Psychiatric (DiDi Hirsch) closed on May 13, 2011.

Current Situation: (as of January 2, 2026)

Risk Rating: None

The January 2026 amortized payment of \$21,080.20 was made on January 2, 2026. The current outstanding balance is \$3,575,993.34. The 2025 audited financial statements were received on December 15, 2025.

Assessment:

Profitability: (DiDi Hirsch)	\$808,484 (6/30/25 Audit)
Liquidity: (DiDi Hirsch)	\$24,192,219 cash & investment (6/30/25 Audit)
DSCR: (DiDi Hirsch)	2.51 (6/30/25 Audit)
Loan Balance:	\$3,575,993.34
Payments:	Current (1/1/2026)
Final Maturity:	6/1/2044
Interest Rate:	3%
Payment Terms:	\$21,080.20 monthly until maturity on 6/1/2044

CEO: Jonathan Goldfinger, MD

CFO: Howard Goldman

Account Manager: Dennis Lo

Supervisor: Consuelo Hernandez

Department of Health Care Access and Information
Cal-Mortgage Loan Insurance Program
Problem Project Monthly Report – January 2026

V. Financial Performance Problems

Project: California Nevada Methodist Homes

Numbers: 1018, 1053, 1088

Description:

California Nevada Methodist Homes (Corporation) was founded over 60 years ago. It operates two continuing care retirement communities (CCRCs)—Forest Hill Manor (FHM) in Pacific Grove and Lake Park Retirement Residence (LPRR) in Oakland.

Background:

On October 1, 2015, the Department of Health Care Access and Information (Department) insured Revenue Bonds Series 2015 (Bonds) for the Corporation in the amount of \$32,920,000. The Bonds were used to refinance the Department insured 2006 bonds and fund \$6.3 million in capital improvements.

The Corporation has had several financial setbacks dating back to 2007, which contributed to its net losses since Fiscal Year End (FYE) 2009. Approximately \$27.5 million of the \$42.3 million 2006 bonds were used for the expansion of FHM. Construction was scheduled to be completed in late 2007, but construction was delayed by 16 months. The construction delays caused the opening of FHM to be set back until March 2009, right at the beginning of the recession. By March 2009, Independent Living (IL) cottage deposits had declined, and the Corporation has not been able to increase occupancy at FHM. The purpose of the 2015 Bonds was to provide interest rate savings, along with an additional \$6.3 million for renovations and upgrades to the Corporation's facilities. The renovations were believed to be necessary to improve occupancy and increase the marketability of vacant IL units. The units have not sold at the pace that was projected in the feasibility study done by Bill Hendrickson at the time of the bond closing.

On March 16, 2021, the Corporation filed a voluntary petition commencing Chapter 11 for relief under the Bankruptcy Code continuing in possession of its property and operation of its businesses as debtor-in-possession (DIP). The Corporation missed the monthly debt service payments from February 2020 through December 2022. On December 6, 2022, the sale of the Corporation to Pacifica Companies, LLC (Pacifica) was finalized. The Department elected to accelerate the bonds per section 7.2 of the Indenture and the bonds were paid in full and redeemed on March 3, 2023. The Plan of Liquidation was approved during the court hearing on June 30, 2023, and became effective on July 5, 2023. The Department received a wire of \$2,358,613.01 on July 6, 2023. The wire was the amount due to the Department as part of the liquidation plan.

On September 8, 2023, the Corporation entered a final decree to close their Chapter 11 case with the Bankruptcy Court. The final decree was approved by the Court on October 4, 2023.

Current Situation: (as of January 23, 2026)

Risk Rating: N/A

There are some disputes over administrative expense claims that still need to be resolved; it is anticipated that the recovery will be \$1.12 million. Any money left after all expenses have been paid will be returned to the Department. According to the Corporation's legal counsel, one of the unresolved disputes pertains to an administrative claim filed by PG&E against CNMH. This matter needs to be resolved before the Corporation can complete its dissolution and make the final payment to the Department of its remaining funds.

Under the amended Purchase Sale Agreement, the Department and Pacifica have negotiated a workout plan that involved a carryback secured note (Note) with Pacifica dba Lake Merritt Senior Living LLC as the obligor. The Note is secured by a Deed of Trust recorded against LPRR. The Note is for

\$15 million and amortized over 240 months, but payable in full on or before month 120. Interest is 3%, and a \$3 million loan forgiveness will be issued upon payoff. Pacifica has made the required monthly payment of \$83,189.64 punctually with no issues. The current outstanding balance is \$13,231,143.34.

Assessment:

Pacifica CEO: Deepak Israni
Pacifica Counsel: Thomas P. Sayer

Account Manager: Tom Wenas

Supervisor: Consuelo Hernandez