ADVISORY LOAN INSURANCE COMMITTEE

July 13, 2023

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

Agenda Item 6 – Meeting Minutes for May 11, 2023

HCAI Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

ADVISORY LOAN INSURANCE COMMITTEE MINUTES

May 11, 2023

1. **CALL TO ORDER**
   Mr. Jay Harris, ALIC Vice Chair, called to order the teleconferenced meeting of the Advisory Loan Insurance Committee (Committee) of the Cal-Mortgage Loan Insurance Division (Cal-Mortgage) of the Department of Health Care Access and information (HCAI) at 10:30 a.m.

COMMITTEE MEMBERS PRESENT
Jay Harris, Vice Chair, via teleconference
Soyla-Reyna Griffin, Member, via teleconference
John Woodward, Member, via teleconference
Derik Ghookasian, Member, via teleconference
Jonathon Andrus, Member, via teleconference
Richard Tannahill, Member, via teleconference

COMMITTEE MEMBERS ABSENT
David Kears, Chair

ADDITIONAL ATTENDEES
Scott Christman, HCAI, Chief Deputy Director
Jeremy (J.P.) Marion, HCAI, Cal-Mortgage, Deputy Director
Geoff Trautman, HCAI, Staff Attorney
Dean O'Brien, HCAI, Cal-Mortgage, Supervisor
Consuelo Hernandez, HCAI, Cal-Mortgage, Account Manager
Dennis Lo, HCAI, Cal-Mortgage, Account Manager
Lauren Hadley, HCAI, Cal-Mortgage, Account Manager
Arne Bracchi, HCAI, Cal-Mortgage, Account Manager
Tom Wenas, HCAI, Cal-Mortgage, Account Manager
Frank Perry, HCAI, Health Program Specialist
Wendy Benedetto, HCAI, Cal-Mortgage, Associate Governmental Program Analyst
Joanna Luce, HCAI, Cal-Mortgage, Executive Secretary
Michael Scannell, HCAI, Cal-Mortgage, Office Technician
Scott Coffin, Alameda Alliance for Health, Chief Executive Officer
Shannon Brown, Aldersly, Inc., Executive Director
Peter Schakow, Aldersly, Inc., Board Chair
Scott Kauffman, Greenbrier Development, First Vice President
Jules Feher, Harris and Associates, Senior Project Manager

Daren Bell, Ziegler Investment Bank, Director
Sarkis Garabedian, Ziegler Investment Bank, Managing Director

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

Before Mr. Harris called the meeting to order, Mr. J.P. Marion, HCAI, Cal-Mortgage Deputy Director, asked that for the purposes of documenting the minutes for this teleconference meeting, that any participants when speaking on the call, to first state their name, noting members of the public are exempt from this request. Mr. Marion also asked that for today's action items, the item be done through a roll-call vote. Mr. Marion said the Committee chair is not in attendance of today's meeting and asked Mr. Harris to preside over the meeting.

Mr. Harris proceeded to perform a roll call of the Committee members present at today's meeting and then asked for public comments regarding the action items on today's agenda. Mr. Marion informed Mr. Harris that there is a committee member who may not be able to stay for the full meeting agenda and asked to move Agenda Item 5, the loan insurance application to be the next item in the order of the agenda ahead of Agenda Item 3, approval of the meeting minutes. Prior to moving to Agenda Item 5, Mr. Harris asked if there were any objections to the proposed change in the order of the agenda. Hearing none, the meeting immediately moved to Agenda Item 5, presentation of the loan application.

3. APPROVAL OF THE MINUTES OF THE MARCH 9, 2023 MEETING

A motion to approve the minutes as written was made by John Woodward. Soyla Reyna-Griffin seconded the motion. The motion passed, 6-0.

4. ALIC CHAIR AND HCAI EXECUTIVE STAFF REMARKS

- **ALIC Chair**
  Mr. Harris did not make any opening remarks concerning today's meeting.

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

- **HCAI Chief Deputy Director**
  Mr. Scott Christman, HCAI, Chief Deputy Director made brief remarks with updates of the activities of HCAI that included two of the Governor's initiatives. The first initiative is the Office of Health Care Affordability, and second initiative is the CalRx program. The CalRx program concerns prescription drug costs and the manufacturing of biosimilar insulin products. Mr. Christman noted these two initiatives are considered priority initiatives for healthcare affordability.
  Mr. Christman also discussed the Governor's May revised budget; and Cal-Mortgage's new program, the Distressed Hospital Loan Program.

At the conclusion of Mr. Christman's remarks there was a brief discussion between Mr. Christman and the Committee in regard to AB 242 and healthcare workforce.

- **Cal-Mortgage Deputy Director**
  Mr. Marion began his remarks commenting to the Committee since the last meeting there have been discussions with a few new perspective applicants. A number of these discussions pertain to clinics.

  Mr. Marion provided the Committee an in-depth overview of AB 112 as mentioned by Mr. Christman in his earlier remarks. This bill establishes the Distressed Hospital Loan Program. Mr. Marion said Cal-Mortgage will be partnering the California Health Facilities Financing Authority to administer this new program. Mr. Marion detailed how the program will be setup and implemented with the estimated timeline of the distribution of funds to distressed hospitals in need that have applied for a loan.

  Mr. Marion next updated the Committee on the Small and Rural Hospital Relief program that provides grants to small rural and critical access hospitals specifically for assistance in seismic compliance projects saying is now up and running to accept applications for grants on an ongoing basis. The first grant awards are expected to be made in about a month. The funding for this program is based upon a tax on electronic cigarettes.

  Mr. Marion then highlighted the promotion of Consuelo Hernandez to the supervisor position. She is replacing Mabel Chan who retired in December. Mr. Marion noted Ms. Hernandez has worked at Cal-Mortgage for 18 years and she has a history of working on a wide variety of complex transactions and problem project workouts. Mr. Marion said that he knows Ms. Hernandez will do a great job and he is super happy to have her in this role.

  Next, Mr. Marion told the Committee about a new team member brought on to replace George Fellows who retired in December, Mr. Frank Perry. Mr. Perry previously worked at the Department of Health Care Services in the Medi-Cal fee for service provider enrollment area. At Cal-Mortgage he will be a Health Program Specialist and focused on Cal-Mortgage's data and report management.

  Mr. Marion then introduced Mr. Scott Coffin to the Committee. Mr. Coffin is sitting in on today's meeting. He is the current CEO of Alameda Alliance for Health but will be retiring soon. Mr. Marion said he and Mr. Coffin had a great discussion about joining the Committee. He would replace Mr. David Berg's vacancy. At the conclusion of today's meeting, Mr. Marion stated he will follow up with Mr. Coffin to discuss his interest in joining the Committee with the hopes of onboarding Mr. Coffin at the next Committee meeting.

Mr. Marion updated the Committee on the Governor's Executive Order that authorizes virtual meetings and expires at the end of June. Since the last meeting there is now a proposed Senate Bill, SB 544, and it is moving through the hearing process. We are tracking this bill closely. The proposed bill would amend the Bagley-Keene Act to continue the option of holding meetings via teleconference. If the bill does not pass, Committee meetings would need to reconvene as in-person meetings as early as July. However, there are some circumstances that offer an option to hold a teleconference meeting, but they come with strict rules and are complicated to hold teleconference meeting. As the July Committee meeting date gets closer Mr. Marion said he would reach out to the Committee members to discuss options for the next Committee meeting.

5. LOAN INSURANCE APPLICATION REVIEW: ALDERSLY, INC. (APPLICANT)
Tom Wenas, Account Manager

The Applicant owns and operates a single site multi-level continuing care retirement community on a 3.5-acre campus located in San Rafael, California. The purpose of the proposed insured loan of $62 million is to finance the construction of 35 new independent living units, refinance existing debt, and pay all fees, premiums, and costs of issuance for the transaction.

Mr. Marion introduced Tom Wenas, Account Manager for this Applicant to the Committee. Mr. Wenas provided the Committee with a summary background of the Applicant and the project with his recommendation to approve the request for loan insurance before introducing the following representatives present on behalf of the Applicant:

Shannon Brown, Aldersly, Inc., Executive Director
Peter Schakow, Aldersly, Inc., Board Chair
Scott Kauffman, Greenbrier Development, First Vice President
Jules Feher, Harris and Associates, Senior Project Manager
Sarkis Garabedian, Ziegler Investment Bank, Managing Director
Daren Bell, Ziegler Investment Bank, Director

Ms. Shannon Brown, Aldersly, Inc., Executive Director made a brief opening statement to the Committee regarding her background, the history of Aldersly, Inc., and their proposed project. At the conclusion of Ms. Brown's remarks, she introduced Mr. Peter Schakow, Aldersly, Inc., Board Chair to make additional opening remarks about their proposed project. Mr. Schakow made additional remarks about the history of Aldersly, Inc., the services they provide, and their proposed project.

Mr. Harris then opened the discussion of this project with the Applicant and the Committee to discuss the following subjects related to the Applicant's loan application: workforce staffing, hiring, and retention; SB 525 and the minimum wage impact; COVID-19; skilled nursing; independent and assisted living; hospice, long term, extended, and memory care; occupancy levels; entrance fees; debt refinance; governance and leadership; history and length of service to the community; area competition; and the construction costs with contingencies.

At the conclusion of this discussion, 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 project. Mr. Harris then called for a motion to vote on the loan application project. John Woodward made the motion to approve the application for loan insurance. Derik Ghookasian seconded the motion. The Committee voted to approve the application. The motion passed unanimously, 6-0.

At the conclusion of the Applicant's presentation and the Committee's vote on the application, Mr. Marion told the Applicant they are free to drop off of the meeting call.

6. DEPUTY DIRECTOR'S REPORT

Mr. Marion displayed the Deputy Director's reports for the meeting attendees to follow along as the reports were presented in the meeting. Mr. Marion then asked Dean O'Brien, HCAI, Cal-Mortgage Supervisor, to review the Project Monitoring report with the Committee.

- **Project Monitoring – Dean O'Brien**

  Mr. O'Brien provided the Committee with updates on Cal-Mortgage's Project Monitoring Report. Mr. O'Brien said that have not been any significant changes since his March report. There have been projects with a natural defeasance. Mr. O'Brien noted the California Nevada Methodist Homes Bonds were fully defeased in February. Currently there are 57 projects in the portfolio. In terms of financial reporting, we are seeing delays in reporting, especially with audited financial reports and we are processing audit extension requests. Mr. O'Brien told the Committee the account managers are scheduling site visits with their projects. Stating it has been good to get out to visit our projects in person again.

  Mr. O'Brien then asked the Committee if they had any questions concerning his report. Hearing no questions from the Committee, Mr. Harris asked Ms. Consuelo Hernandez, HCAI, Cal-Mortgage Supervisor to present the Pending Projects Report.

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- **Pending Projects – Consuelo Hernandez**
  Ms. Hernandez reported the June ALIC meeting will likely be canceled. The next project likely to come before the Committee will be The Odd Fellows Home of California (Odd Fellows). They are aiming for the July Committee meeting. Ms. Hernandez gave a brief description of the Odd Fellows project and a project for Alexander Valley Healthcare. She noted Alexander Valley is aiming for the August but may go to the September Committee meeting.

  At the conclusion of Ms. Hernandez's report there was a brief discussion with the Committee to discuss the Odd Fellows project. No further questions were asked of Ms. Hernandez.

- **Problem Project Report – J.P. Marion**
  Mr. Marion discussed the borrowers that are experiencing financial difficulties and the action plan devised to address each borrower as well as additional borrowers that we are tracking on our Watch List, and potentially may be added to a future Problem Project Report. Mr. Marion then provided the Committee with additional updates on the following borrowers:

  San Benito Health Care District (San Benito): Mr. Marion gave the Committee a brief update about this borrower, their financial problems, and prospects for filing Chapter 9 bankruptcy. Mr. Marion said San Benito has resolved their payment issues with Anthem Blue Cross; have negotiated some repayment agreements with Medi-Care; and looking where they can cut costs. They are still searching for an interested partner or suitor, but the search is taking a long time given that many hospitals in California are struggling currently. As of right now, San Benito is doing okay. We continue to have regular working call meetings with them to stay up to date on their situation.

  California Nevada Methodist Homes (CNMH): Mr. Marion gave the Committee an update of CNMH's current status of their sale to Pacifica Senior Living (Pacifica) and the bankruptcy plan. Saying the bankruptcy process is winding down. The judge denied SEIU's late motion. However, he is allowing them to file a claim for some administrative expenses. This could impact Cal-Mortgage around $300,000 over what was expected for the final numbers in the bankruptcy plan. Cal-Mortgage will be attempting to negotiate those expenses. The judge has approved a draft bankruptcy plan with dates on the calendar where approval voting will occur in mid-June. Since the sale to Pacifica, the Take Back Note is in place and CNMH has been making all of their payments every month.

  Verdugo Mental Health is a resolved defaulted project and is making their payments.

Jewish Home of San Francisco (Jewish Home): Mr. Marion said this project is on our Watch List. He gave an update of this borrower and their efforts to recruit a new Chief Executive Officer (CEO) after the former CEO Daniel Ruth retired and their financial status. Mr. Marion said we continue to keep our eye on this borrower.

Asian Community Center (ACC): Mr. Marion said this borrower has a similar situation to Jewish Home of San Francisco. Mr. Marion provided a brief background of ACC's financial issues and stated we are currently monitoring their situation.

Hill Country Community Clinic: Mr. Marion said this borrower experienced accounting and bookkeeping challenges with their staff and have fallen behind in their financial reporting submissions. They are working with us, and we have them on our Watch List.

Mr. Marion commented as Mr. O'Brien reported, just in general, we have been seeing a kind of overall weaking in the financials that we have seen. It is to be expected with all of the rising labor costs and inflation. These costs are rising faster than reimbursement rates that support these services.

Mr. Marion then took questions from the Committee and there was a brief discussion about Jewish Home.

7. FUTURE AGENDA ITEMS/ANNOUNCEMENTS FROM COMMITTEE MEMBERS

Mr. Harris commented that he would like to see updates on the Distressed Hospital Loan Program.

Mr. Woodward made a comment in support for the future of teleconference meetings.

8. GENERAL PUBLIC COMMENT

No public comments were made.

9. ADJOURN

Mr. Harris made a motion to adjourn the meeting and the meeting was adjourned at 11:45 a.m.

The Minutes of the above meeting were approved during the meeting of the Committee held on July 13, 2023.

Jay Harris, Vice Chair	Joanna Luce, Executive Secretary

Agenda Item 7 – Project Information for Odd Fellows Home of California

HCAI Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
hcai.ca.gov

June 30, 2023

Members of the Advisory Loan Insurance Committee

RE: Odd Fellows Home of California (Corporation)
Loan No. 1091
Request for Loan Insurance

Dear Committee Members:

Enclosed is the Project Summary and Feasibility Analysis for the Corporation's request for Cal-Mortgage Loan Insurance.

I look forward to discussing this project with you on July 13, 2023. Meanwhile, if you have any questions, please feel free to contact me at (916) 319-8819, or by electronic mail at Lauren.Hadley@hcai.ca.gov.

Best Regards,

Lauren Hadley
Account Manager

Enclosure

Cal-Mortgage Application

July 13, 2023 ALIC

ODD FELLOWS
HOME OF CALIFORNIA

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

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Project Summary & Feasibility Analysis

Exhibit A IL Unit Renovation Pictures

Exhibit B Proposed Bond Model

Exhibit C Detailed Financial Spread

Exhibit D Audited Financial Statements FYE 2020 – 2022

Exhibit E Internally Prepared Financial Statements FYE 2023

Exhibit F Financial Feasibility Report

PROJECT SUMMARY & FEASIBILITY ANALYSIS

For the July 13, 2023 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.: 1091 (Refinance of Loan No. 0982)

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. Saratoga Retirement Community (SRC) is comprised of 143 Independent Living (IL) units, 88 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 236 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 four loans for the Corporation and consented to a parity debt financing.

The purpose of the proposed insured loan of $72 million (2023 Bonds) is to: (i) refinance the outstanding $64.635 million of the 2012 Bonds currently insured by HCAI, (ii) fund $10 million of capital improvements at SRV and MNV, (iii) fund a debt service reserve, (iv) fund the HCAI insurance premium, and (v) fund the costs of issuance (Project). The 2023 Bonds will have a 30-year term and mature on April 1, 2053.

The refinance of the 2012 Bonds would produce a net present value savings of 3.73 percent or approximately $2.4 million and funding the $10 million of capital improvements will allow the Corporation to increase its cash reserves. The maximum annual debt service is projected at $6.5 million with an average annual debt service of $3.62 million, which is lower than its current debt service of approximately $7.4 million. For the Fiscal Year End (FYE) March 31, 2023, the Corporation had approximately $46.9 million in unrestricted cash and investments, which is equivalent to 264 Days Cash on Hand (DCOH). The cash flow generated by current operations is expected to sufficiently support the debt service of the proposed 2023 Bonds.

Insured Total:
The 2023 Bonds shall not exceed a par amount of $72 million to be insured by HCAI, which is 92 percent of the total financing. The equity contribution consists of pre-paid Project expenses, a cash contribution, and release of 2012 Bonds funds equal to 8.38 percent, which is sufficient to cover the required 5 percent equity contribution for the new money portion of the financing. The refinance portion met the 10 percent equity contribution requirement in 2012.

Credit Rating and Insurance Premium:
The Corporation received an independent credit rating of BBB from Fitch Ratings, which lowers the HCAI insurance premium for the new money portion to 1.85 percent and for the refinance portion percent to 1.05 of the total principal and interest. In addition, a certification and inspection fee of 0.4 percent of the principal is required for the new money portion of the financing. The total premium and fee is estimated at $1,347,293.

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:
Cal-Mortgage'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 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 membership 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 continuing care retirement communities (CCRC). Saratoga Retirement Community (SRC) is comprised of 143 Independent Living (IL) units, 88 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 236

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 various contracts to appeal to prospective residents and their budget. SRC offers only CCRC contracts, whereas MNV offers both CCRC contracts and rental contracts. CCRC contracts include a one-time upfront entrance fee and a monthly fee; the price varies based on the IL unit selected. For CCRC contracts, the entrance fee is refundable upon termination of contract as follows: (1) amortized entrance fees are prorated over a 36-month period, after the 90-day cancellation period, and are refunded less the number of months occupied and (2) refundable entrance fees are fully refundable up to the contract percentage of the original entrance fee upon resale of the unit (prospective residents are currently offered 80 percent contracts at SRC and 85 percent contracts at MNV). Rental contracts only include a monthly fee. MNV currently has 51 rental contracts.

All residents are provided one to three meals a day (depending on level of care), weekly 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. Resident's with CCRC contracts receive a 25 percent 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, 2023				
Unit/Bed Type	**Square Feet**	**Entrance Fee Amortized**	**Entrance Fee 80% Refundable**	**Monthly Fee CCRC**
Independent Living:				
One Bedroom	800	\$402,370 - \$521,650	\$625,915 - \$899,355	\$4,502 - \$6,565
Two Bedroom	1,260	\$574,790 - \$891,815	\$987,650 - \$1,490,085	\$7,237 - \$9,949
Cottages	1,560	\$896,425 - \$1,093,825	\$1,520,020 - \$1,890,985	\$8,870 - \$10,976
Double Occupancy Fee				\$1,998
Unit/Bed Type	**Square Feet**	**Monthly/Daily Fee Direct Admit**		
Assisted Living:				
Studio	340 - 380	\$6,625 - \$7,051		
One Bedroom	565 - 900	\$9,278 - \$11,563		
Double Occupancy Fee		\$2,099		
Level of Care Fees		\$552 - \$4,246		
Memory Care:				
Semi-Private	830	\$10,863		
Private	830	\$12,149 - \$13,000		
Skilled Nursing Facility:				
Semi-Private		\$536 - \$588		
Private		\$715		

MNV Fee Schedule Effective April 1, 2023					
Unit/Bed Type	Square Feet	Entrance Fee Amortized	Entrance Fee 85% Refundable	Monthly Fee CCRC	Monthly Fee Rental
Independent Living:					
Studio		$110,000	$187,000	$2,960 - $3,341	$3,405
One Bedroom/ One Bedroom + Den	1,090	$138,206 - $513,700	$234,950 - $681,200	$3,342 - $3,920	$3,265 - $4,477
Two Bedroom/ Two Bedroom + Den	2,187	$138,206 - $967,600	$234,950 - $1,673,200	$3,918 - $7,708	$4,509 - $8,636
Double Occupancy Fee				$843 - $1,026	$1,108
Unit/Bed Type	**Square Feet**	**Monthly/Daily Fee Direct Admit**			
Assisted Living:					
One Bedroom	510	$8,526 - $10,248			
Two Bedroom	560	$10,492			
Double Occupancy Fee		$1,601			
Level of Care Fees		$516 - $3,013			
Memory Care:					
Studio	830	$10,712			
Skilled Nursing Facility:					
Semi-Private		$512			
Private		$631 - $660			

The IL, AL, and MC fees consist entirely of private pay. The Corporation accepts Medicare and Medi-Cal for SNF services, which accounted for 44 percent of total health center revenue fees in FYE 2022 (approximately $8.5 million).

The following tables identify the Corporation's occupancy levels over the last five years for each campus as of March 31 for each fiscal year. The FYE 2023 occupancy levels show improvements in occupancy as COVID-19 cases have declined.

SRC Average Occupancy	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	Five-Year Average
IL - 143 Units	92%	89%	89%	95%	98%	93%
AL - 88 Units	89%	81%	84%	77%	73%	81%
MC - 15 Units	80%	87%	100%	93%	100%	92%
SNF - 94 Beds	83%	68%	55%	74%	67%	69%

MNV Average Occupancy	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	Five-Year Average
IL - 236 Units	92%	79%	78%	74%	84%	81%
AL - 41 Units	83%	85%	61%	73%	66%	74%
MC - 20 Units	75%	85%	80%	55%	90%	77%
SNF - 60 Beds	84%	71%	48%	55%	74%	66%

<u>Executive Management</u>:

Since 1999, Pacific Retirement Services, Inc. (PRS) has provided the management of operations, an executive director at each campus, billing and accounting services, and marketing services. PRS reports to the Corporation's Board of Directors. At the Corporation's board meetings, PRS provides the board members with operational updates, financial reporting, recommendations, policy issues, and other significant information. The Board of Directors review the recommendations made by PRS and makes decisions accordingly.

PRS is a nonprofit corporation that was formed in 1991 and develops, builds, and operates nonprofit CCRCs throughout California, Oregon, and Texas. Its history began in 1955 with the development of Rogue Valley Manor, a CCRC in Medford, Oregon. PRS develops, operates, manages, and markets a number of retirement communities and service organizations throughout the United States. It has more than 3,000 employees and provides housing and services to more than 5,000 seniors through its many affiliated organizations.

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.

Wayne Panchesson has served as the Executive Director at MNV since 2001. Prior to joining MNV, Mr. Panchesson has worked at many health care organizations including Sutter Health, Mercy Healthcare, Walker Methodist, Prestige Care, Inc., and PRS. Mr. Panchesson holds a Master of Public Health Administration from California State University Chico and a Bachelor of Science from University of California at Berkely. Mr. Panchesson has been a licensed Nursing Home Administrator since 1996 and a RCFE Licensed Administrator since 2009.

Mary Schoeggl, Chief Financial Officer, has served PRS since 1989, first at Rogue Valley Manor, PRS's flagship retirement community. Mrs. Schoeggl later held the positions of Controller/VP of Finance and was responsible for the accounting and financial activity for the PRS Affiliates and PRS Managed Communities. Mrs. Schoeggl then held the position of Vice President of Development where she lead the development team in multiple expansion projects, repositioning, and development of PRS communities, totaling more than $850 million in construction. In her 30 years at PRS, Mrs. Schoeggl has been closely involved in the financial turn-around of several retirement communities as they became affiliates of PRS. Since assuming her current role as Chief Financial Officer, Mrs. Schoeggl is responsible for accounting and finance and has completed multiple financing negotiations and restructurings for various PRS Affiliates and PRS Managed Communities totaling more than $1 billion. Mrs. Schoeggl has a B.S. in Business Accounting from Southern Oregon State College (now known as Southern Oregon University).

<u>Succession Plan</u>:
The Corporation does not have a formal succession plan due to the management services agreement with PRS. PRS is responsible for filling an Executive Director position if a vacancy arises.

<u>Board of Directors</u>:
The Corporation's Board of Directors is comprised of 13 directors: six directors elected by the Grand Lodge of California, five directors elected by the Rebekah Assembly of California, and the Grand Secretary and Grand Treasurer of the Grand Lodge of

California. Directors serve three-year terms with approximately one-third of the Directors elected annually. The current Board consists of the following members:

Board of Directors	Profession	Term Ends
Melanie Prosk Caines	Retired Licensed Customhouse Broker (Homeland Security)	2026
Ignacio Delgado	Retired Mortgage Banker	2025
David Fleck	Attorney	2024
James Jepson	Retired Correctional Lieutenant, Department of Corrections	2023
Diana Mann	General Manager Clear Lakes Oak County Water District	2025
Marti Neumann	Retired Clerk, Union Pacific Railroad	2024
Terry Olson	Retired Health Care Director of Material Management	2025
Sherry Pruitt	Retired Budget Analyst, US Air Force	2023
Betty Rasor	Retired Registered Nurse	2025
Jim Reyner	Retired 1993 Trident Missile Launcher Proposal Manager, Current Proprietor Aviation Services	2024
Ed Sprawka	Retired National Sales Director	2024
Mary Ann Tschermoscha	Records Manager for International Law	2023
Henry Walker	Reitred Professor Emeritus	2025

Outstanding Litigation:
The Corporation is not involved in any ongoing 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 one type B citation and MNV received two type A citations; 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 2020 through 2023. During this period, there were zero enforcement actions.

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 four-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 four-stars, staffing received five-stars, and quality measures received five-stars.

star rating was calculated based on the following measures: health inspections received four-stars, staffing received five-stars, and quality measures received five-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 (Loan No. 0982) to refinance the 1993 Bonds, the 1999 Bonds, and the 2003 Bonds, and to fund $4.85 in capital improvements at MNV (2012 Bonds). The 2012 Bonds have a current outstanding balance of $64.635 million with a final maturity on April 1, 2042. The 2012 Bonds are to be refinanced with the proposed 2023 Bonds.

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 (Project 1026). 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 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 proposed 2023 Bonds will serve the following purposes: (i) refinance the outstanding $64.635 million of the 2012 Bonds currently insured by HCAI, (ii) fund $10 million of capital improvements at SRV and MNV, (iii) fund a debt service reserve, (iv) fund the HCAI insurance premium, and (v) fund the costs of issuance.

Refinance: The 2023 Bond proceeds will be used to refinance the outstanding $64.63 million of the 2012 Bonds. The 2012 Bonds are currently callable without a redemption premium. The amortization of the refinance will be weighted over the first 19 years of the 2023 Bonds, thus effectively providing a matched maturity to the 2012

Bonds. The refinance would produce a net present value savings of 3.73 percent or approximately $2.4 million.

Capital Improvements: The 2023 Bond proceeds will be used to fund $10 million of capital improvements at SRC and MNV. The amortization of the capital improvements will be weighted over the last 11 years of the 2023 Bonds. Financing the capital improvements will allow the Corporation to retain and build its cash reserves. The budget for the capital improvements is outlined in the following table.

Capital Improvements	Amount
Saratoga Retirement Community:	
IL Unit Renovations	$3,345,000
AL Unit Renovations	$1,250,000
IT Updates	$570,641
Other Improvements/Contingency	$436,000
	$5,601,641
The Meadows of Napa Valley:	
IL Unit Renovations	$1,000,000
AL Unit Renovations	$1,150,000
IT Updates	$668,172
Replacement Generator	$1,200,000
Other Improvements/Contingency	$442,500
	$4,460,672
Total Budget	**$10,062,313**

The capital improvements at SRC include IL unit renovations, AL unit renovations, IT updates, and other improvements. Renovations include renovating units as turnover occurs and replacing all windows in AL units. New equipment will be purchased for its kitchen and the food service area will be renovated. IT updates include adding Wi-Fi to the Manor.

The capital improvements at MNV include IL unit renovations, AL unit renovations, IT updates, and other improvements. Renovations include renovating the IL and AL common areas. IL units will be converted from 10 one-bedroom IL units into four two and three-bedroom IL units. This is a continuation of a conversion process MNV began during FYE 2023, when it converted 18 one-bedroom IL units into 10 two-bedroom IL units. All the IL unit conversions completed in FYE 2023 were sold as the larger two-bedroom units are more marketable than the smaller one-bedroom units. A replacement generator will be purchased for its IL facility. IT updates include adding a new video surveillance system and electronic access control system.

Recent IL unit renovation pictures are provided under Exhibit A.

Future Projects:
Over the next several years, the Corporation plans to complete the conversion of semi-private to private rooms at MNV's SNF and at SRC's SNF. The Corporation is in the early planning stage of expanding SRC with the potential addition of new IL units, auditorium, fitness center, and additional parking.

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

Event	Date
ALIC	7/13/2023
Bond Pricing	7/25/2023
Bond Closing	8/3/2023
Capital Improvements	4/1/2023-3/31/2024

Financing Team:
The following table identifies the key members of the financing team.

Role	Organization
Bond Counsel	Orrick, Herrington & Sutcliffe, LLP
Bond Trustee	U.S. Bank Trust Company, National Association
Borrower Counsel	Burke, Williams & Sorensen, LLP
Feasibility Consultant	Hendrickson Consulting
Issuer	California Statewide Communities Development Authority
Title Company	Chicago Title Insurance Company
Underwriter	D.A. Davidson & Co.
Underwriter Counsel	Frost Brown Todd LLP

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Sources and Uses of Funds:
The following table identifies the estimated Sources and Uses of Funds related to the proposed 2023 Bonds.

Sources of Funds	Refunding 2012 Bonds	New Money	Total	Percentage
Bond Proceeds:				
Par Amount	$54,645,000	$9,900,000	$64,545,000	80.46%
Premium	$5,904,349	$639,465	$6,543,814	8.16%
	$60,549,349	$10,539,465	$71,088,814	88.61%
Equity Contribution:				
Prepaid + Cash Deposit		$500,000	$500,000	0.62%
Release of 2012 Trustee Funds	$8,635,382		$8,635,382	10.76%
	$8,635,382	$500,000	$9,135,382	11.39%
Total Source of Funds	**$69,184,731**	**$11,039,465**	**$80,224,195**	**100.00%**

Uses of Funds	Refunding 2012 Bonds	New Money	Total	Percentage
Project Fund		$10,000,000	$10,000,000	12.47%
Refunding Escrow Deposit	$65,697,667		$65,697,667	81.89%
Debt Service Reserve Fund	$1,495,281	$385,156	$1,880,438	2.34%
Cost of Issuance	$1,092,900	$198,000	$1,290,900	1.61%
Cal-Mortgage Premium (1.05% + 1.85%)	$894,803	$412,890	$1,307,693	1.63%
Cal-Mortgage Inspection Fee (0.4%)		$39,600	$39,600	0.05%
Rounding	$4,079	$3,819	$7,898	0.01%
Total Uses of Funds	**$69,184,731**	**$11,039,465**	**$80,224,195**	**100.00%**

Financing:
The proposed 2023 Bonds will be issued in an amount not to exceed $72,000,000 and are projected to be issued with a par amount of $64,545,000 and a premium of $6,543,814 with the following terms:

1. The 2023 Bonds will have a 30-year term and mature on April 1, 2053. The refunding portion will be amortized over the first 19 years and the new money portion will be amortized over the last 11 years.
2. The 2023 Bonds are to be issued at fixed rates. The average coupon rate is projected at 5 percent with an all-in true interest cost of 4.15 percent.
3. The maximum annual debt service is projected at $6,476,125 with an average annual debt service of $3,624,868.
4. The debt service reserve fund is projected at $1,880,438, which is 25 percent of the maximum annual debt service.

5. Interest payments are due semiannually every October and April, beginning 2023 through maturity.
6. Principal payments are due semiannually every October and April, beginning 2024 through maturity.
7. The 2023 Bonds are anticipated to be priced with a seven year no call period, thereafter the redemption price for the following two years shall be 102 percent for the first year and 101 for the second year, after which there shall be no prepayment penalty.

The proposed bond model, dated June 22, 2023, is available to review under Exhibit B.

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 appraisal reports for SRC and MNV, dated January 22, 2016, which determined the combined as-is market value on January 13, 2016 at $250.4 million and the combined at stabilization market value on November 11, 2018 at $294.7 million. SLVS used the income approach to value the campuses. 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 subject cash flow and lack of comparable sales of similar facilities. On June 2, 2023, Pacific Appraisers certified the remaining weighted average economic useful life of SRC at 40 years and of MNV at 45 years.

The campus valuations and the estimated LTV are outlined in the following table. The estimated LTV incorporates the refundable entrance fee liability as of March 31, 2023, which in a catastrophic scenario would reduce HCAI's position on the properties. A catastrophic scenario would only occur if the Corporation entered bankruptcy proceedings and ownership was transferred. The campus valuations are sufficient to cover both the proposed 2023 Bonds and the refundable entrance fee liability in the low probability a catastrophic scenario occurs.

2016 Appraisals	As-Is @ 1/13/16	At Stabilization @ 11/1/18
SRC Valuation	$187,050,000	$199,650,000
MNV Valuation	$63,325,000	$95,025,000
Total Valuation	**$250,375,000**	**$294,675,000**
Proposed 2023 Bonds	$72,000,000	$72,000,000
Refundable Entrance Fee Liability @ 3/31/2023	$132,695,288	$132,695,288
Total Liability	**$204,695,288**	**$204,695,288**
LTV Without Entrance Fee Liability	**29%**	**24%**
LTV With Entrance Fee Liability	**82%**	**69%**

<u>Financial Performance</u>:
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 2020 to 2022, and the internally prepared financial statements for the FYE 2023. 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	**3/31/2020**	**3/31/2021**	**3/31/2022**	**3/31/2023**
Months Covere	**12**	**12**	**12**	**12**
Audit Method	**Unqualified**	**Unqualified**	**Unqualified**	**Internal**
Unrestricted Cas Investments	$66,905,683	$64,401,577	$59,691,041	$46,957,005
Net Assets	($8,344,740)	($6,307,302)	($14,906,033)	($18,922,338)
Operating Reve	$57,287,698	$58,539,513	$62,581,166	$75,059,481
Net Income	($10,628,022)	$2,037,438	($8,598,731)	($3,988,146)
EBIDA	$4,025,835	$17,045,788	$6,771,158	$11,329,421
Debt Service Cerage Ratio (DSCR)	1.46	1.38	2.64	1.82
Current Ratio (	3.13	2.38	2.61	2.76
Days Cash On HDCOH)	429	393	358	264
Note: DSCR incudes the net cash flow from entrance f.				

Between FYE 2020 and 2023, unrestricted cash and investments decreased from $66.9 million to $46.9 million, a decrease of $19.9 million. The decline in the Corporation's unrestricted cash and investments was caused by the following factors: (1) on July 29, 2021, the 2016 Parity Bonds were paid in full prior to maturity in the amount of $7.7 million; (2) $8 million in cash reserves were used for the final payment to the general contractor on the MNV Expansion Project; (3) negative market returns on its investment portfolio; and (4) cash reserves were used to renovate some IL Units at MNV. In FYE 2023, the unrestricted cash and investments equaled 264 DCOH.

Between FYE 2020 and 2023, net assets decreased from negative $8.3 million to negative $18.9 million, a decrease of $10.6 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 2020 and 2023, operating revenue increased. Between FYE 2020 and 2023, net income was positive in FYE 2021 and negative in FYE 2020, 2022, and 2023. The Corporation experienced net losses as a result of unrealized losses from investments and higher expenses than revenue. Even with the losses, 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 was approved for an Employee Retention Credit (ERC) through the CARES Act. The Corporation received ERC payments of approximately $9.7 million in June 2023. Receipt of the ERC will improve the Corporation's DCOH during FYE 2024.

<u>COVID-19 Impact</u>:
COVID-19 impacted the Corporation at both SRC and MNV. SRC and MNV experienced positive cases by residents and staff, however, they were able to limit cases by restricting access at each campus to essential workers and temporarily holding admissions to its SNF, AL, and MC services if positive cases occurred. Service closures caused declines to occupancy and census mainly at the SNF, AL, and MC. Occupancy in IL remained fairly stable, however, marketing to prospective residents was challenging during this period. Financial challenges included lost revenue due to halting admissions at its SNF, AL, and MC throughout the past several years. In addition, operating expenses increased significantly. Staffing shortages led to the use of outside staffing Agencies and Registry. Increases to wages and incentive bonuses were also required to retain staff.

The Corporation obtained a $1.99 million Payroll Protection Program loan on April 28. 2021, which was forgiven on April 7, 2022. During FYE 2021, the Corporation received a $1.6 million grant from the U.S. Department of Health and Human Services to cover COVID-19 expenses.

<u>Portfolio Comparison</u>:
The Corporation's financial covenant ratios were compared to other CCRC multi-level facilities within the HCAI portfolio. Facilities with the most recent audited net revenue between $14 million and $40 million were used in the comparison. The following table shows the Corporation's DSCR and DCOH fall within the average and median tier when compared to similar organizations.

CCRC Multi-Level Facility Comparisons in HCAI Portfolio				
Organization	**City**	**DSCR**	**CR**	**DCOH**
Odd Fellowsome of California	*Napa/Saratoga*	*2.64*	*2.61*	*358*
Aldersley	San Rafael	2.36	6.20	564
Atherton Baptst Homes	Alhambra	2.56	4.15	299
Carmel Valleyanor	Carmel	3.23	3.26	560
Channing Hoe	Palo Alto	0.70	3.57	372
Paradise Vall	Fairfield	2.10	4.04	497
Pilgrim Place	Claremont	1.50	2.22	156
Solvang Lutherome	Solvang	5.88	9.17	356
Town and Ctry Manor	Santa Ana	(0.19)	5.87	238
	Average	**2.31**	**4.57**	**378**
	Median	**2.36**	**4.04**	**358**

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. 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 some residents, versus paying a large up-front entrance fee. It offers services in Spanish, Tagalog, Amharic, Hindi, and Mandarin for those who need bilingual services.

The Corporation accepts Medicare and Medi-Cal for its SNF services. Over the last five years, on average, Medicare and Medi-Cal reimbursements contributed approximately 50 percent of the SNF revenue.

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Feasibility Analysis

Feasibility Summary:
The Financial Feasibility Report (Feasibility Report), dated May 23, 2023, was prepared by Bill Hendrickson of Hendrickson Consulting (Hendrickson) for the proposed 2023 Bonds and is provided under Exhibit F. The Feasibility Report assumes the following:

1. A $72.9 million bond issuance will be used to refinance the $64.6 million outstanding balance of the 2012 Bonds and to finance $10 million in general capital improvements.
2. The forecasts are based on a 30-year amortization schedule provided by D.A. Davidson & Co. with a maximum annual debt service (MADS) of $5.07 million throughout the projection period and a maximum coupon rate of 5 percent.
3. The forecasts are based on the historical financial information, historical occupancy and rate information, and discussions with management.

The Feasibility Report concludes the following for the FYE 2024 through 2028 projection period:

1. The DSCR will be greater than 2.0x MADS throughout the projection period.
2. The DCOH will be greater than 280 days throughout the projection period.

Revenue Assumptions:
The total revenue is projected to increase from $77.1 million in FYE 2024 to $88.2 million in FYE 2028; an average annual increase of 3.7 percent. Monthly fees account for approximately 50 percent 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 forecast to increase by 4 percent each year beginning in FYE 2025 and thereafter. The entrance fee assumption is more conservative than the past three-year historical increases. Move-ins are forecast at 12 units in FYE 2024 and thereafter at SRC and increasing from 16 to 19 units per year beginning in FYE 2024 and thereafter at MNV. The move-in assumption is more conservative than the past three-year historical turnover.

Monthly Fees, Rates, and Occupancy: The monthly fees for IL, AL, and MC are forecast to increase by 4 percent each year beginning FYE 2025 and thereafter. The monthly fee assumptions are more conservative than the past three-year historical increases. The SNF average daily rate is forecast to increase by 4 percent each year beginning FYE 2025 and thereafter. The SNF average daily rate assumption is consistent with historical increases.

The IL average annual occupancy is forecast at 96.5 percent in FYE 2024 and thereafter at SRC and at 85.5 percent in FYE 2024 and at 87 percent in FYE 2025 and thereafter at

MNV. The IL occupancy assumptions are on par with the FYE 2023 occupancy levels and are consistent with pre-COVID occupancy levels.

The AL/MC average annual occupancy is forecast at 77.7 percent in FYE 2024 and thereafter at SRC and at 72.1 percent in FYE 2024 and increasing by one unit each year thereafter to result in 80.3 percent by FYE 2028 at MNV. The AL/MC occupancy assumptions are on par with the FYE 2023 occupancy levels and are more conservative than pre-COVID occupancy levels.

The SNF average annual occupancy is forecast at 71.3 percent in FYE 2024 and thereafter at SRC and at 66.7 percent in FYE 2024 and increasing by one unit each year thereafter to result in 73.3 percent by FYE 2028 at MNV. The SNF occupancy assumptions are more conservative than the FYE 2023 occupancy levels and are more conservative than pre-COVID occupancy levels.

Investment Earnings: Investment earnings are forecast to earn 4 percent in interest, dividends, and realized gains on the cash and investment reserves beginning in FYE 2024 and thereafter. The forecast of investment earnings is consistent with historical amounts.

Contributions and Net Assets Released From Restrictions: Contributions and net assets released from restrictions are forecast at $4 million in FYE 2024 and at $1 million each year beginning FYE 2025 and thereafter. In FYE 2024, the $4 million forecast is attributable to a $3 million Employee Retention Credit payment and the remaining $1 million is split between endowment fund transfers and released restricted assets. Thereafter, the $1 million forecast is split between endowment fund transfers and released restricted assets. The contributions and net assets released from restrictions assumption is consistent with historical amounts.

<u>Expense Assumptions</u>:
The total expenses are forecast to increase from $80.9 million in FYE 2024 to $92.6 million in FYE 2028; an average annual increase of 3.6 percent. Total expenses consist of operational expenses at SRC and MNV, management services, depreciation, and interest expenses.

The operational expenses (excludes depreciation and interest expenses) are forecast to increase by 7 percent in FYE 2024 and to increase by 4 percent each year beginning in FYE 2025 and thereafter. The forecast of 4 percent increases in FYE 2025 and thereafter are less than the historical increases. COVID-19 and inflation increased the operational expenses between FYE 2020 and 2023.

<u>Financial Covenant Ratio</u>:
The following summarizes the financial covenant ratio projection included in the Feasibility Report. The DSCR will be greater than 2.0x MADS and the DCOH will be at greater than 280 days throughout the projection period.

Base Case - Financial Covenant Ratio Projection					
Fiscal Year Ending March 31	**2024**	**2025**	**2026**	**2027**	**2028**
Debt Service Coverage Ratio - MADS	2.75	2.41	2.61	2.81	2.95
Days Cash on Hand	301	297	287	282	281

Sensitivity Analysis:
The Feasibility Report included three sensitivity scenarios to stress test the projected financial performance between FYE 2024 and 2028.

Scenario 1 – Lower Facility Occupancy (Breakeven)
Under this scenario, the overall occupancy at both SRC and MNV for all levels of care is reduced by 9 percent, which results in overall occupancy declining from 84 percent to 75 percent. There are no changes to operating expenses throughout the projection period.

Scenario 1 - Lower Occupancy (Breakeven)					
Fiscal Year Ending March 31	**2024**	**2025**	**2026**	**2027**	**2028**
Debt Service Coverage Ratio - MADS	2.75	2.04	1.84	1.59	1.26
Days Cash on Hand	301	289	261	229	192

Scenario 2 – Higher Operational Expenses (Breakeven)
Under this scenario, the operational expenses increase by 2.8 percent per year over the base case assumption, from 4 percent to 6.8 percent. There are no changes to the revenue assumptions which remain at the base case forecast levels.

Scenario 2 - Higher Operational Expenses (Breakeven)					
Fiscal Year Ending March 31	**2024**	**2025**	**2026**	**2027**	**2028**
Debt Service Coverage Ratio - MADS	2.75	2.06	1.88	1.63	1.26
Days Cash on Hand	301	283	251	215	177

Scenario 3 – Higher Interest Rates
Under this scenario, the annual debt service payments would increase by approximately $700,000 per year from $5.07 million to $5.77 million, due to a 100-basis point increase from the base case 5 percent coupon rates.

Scenario 3 - Higher Interest Rates					
Fiscal Year Ending March 31	**2024**	**2025**	**2026**	**2027**	**2028**
Debt Service Coverage Ratio - MADS	2.42	2.11	2.29	2.46	2.57
Days Cash on Hand	296	288	275	267	263

Staff Analysis:
As identified in the Feasibility Report, the base case DSCR and DCOH are forecast to exceed the 1.25x DSCR and the 150 DCOH covenant requirements. The Feasibility Report assumptions are more conservative than historical increases or amounts, unless otherwise noted, and seem reasonable.

Scenario 1 demonstrates breakeven DSCR of 1.26x and a decline of DCOH to 192 days in FYE 2028 due to lower occupancy. There is a probability that this scenario could occur as the occupancy levels dropped to these levels in FYE 2021 during COVID-19.

The FYE 2023 occupancy levels have improved and the demand has increased as COVID-19 has lessened.

Scenario 2 demonstrates breakeven DSCR of 1.26x in FYE 2028 and a decline of DCOH to 177 day due to higher operational expenses. There is a probability that this scenario could occur as this scenario is closer to historical increases than the base case assumptions.

Scenario 3 demonstrates that the DSCR would decline to 2.57x and the DCOH would decline to 263 days in FYE 2028 due to higher interest rates. There is a probability that this scenario could occur as the market has been volatile the past year.

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Recommendation

Strengths:

1. Reputation: The Corporation is well respected by the residents of Santa Clara and Napa County. The Corporation has been operating a retirement community in Saratoga (SRC) for over 100 years and in Napa (MNV) for approximately 25 years. The affiliation with IOOF and its long-standing reputation are highly regarded throughout the community and support the proposed loan.
2. Debt Service: The refunding of the 2012 Bonds will provide sufficient cash flow savings to cover the new debt service associated with the funding of the facility capital improvements. The maximum annual debt service is projected at $6.5 million with an average annual debt service of $3.62 million, which is lower than its current debt service of approximately $7.4 million. The Corporation has made all debt service payments on the 2012 Bonds and met all financial covenants.
3. Services: The Corporation offers a full continuum of care to the elderly by providing IL, AL, MC, and SNF services. MNV offers IL rental contracts, thus allowing affordable financial options for prospective residents.
4. HCAI History: The Corporation has had an insured loan in the HCAI portfolio since 1993. The Cal-Mortgage Loan Insurance Program has enabled the Corporation to complete various campus renovations over the last 30 years. The Corporation has a solid history of making its debt service payments and its financial performance history supports the proposed new loan.

Weaknesses:

1. Real Estate Market: CCRCs with entrance fee contracts are generally reliant on stability in the real estate market due to the need for prospective residents to sell their home to afford the entrance fee.
   Mitigation: The real estate market in Saratoga and Napa steadily increased over the last decade until recent declines began in 2022. The market is showing signs of increased home values during Spring of 2023. Per Zillow, Napa home values have increased from $513,000 to $886,000 between February 2015 and May 2023, and Saratoga home values have increased from $2,095,000 to $3,555,000 during the same period. Overall, sales and occupancy are heavily reliant on stability in the real estate market. Evidence shows an upward trend in real estate values since the housing market downfall in late 2008; although history indicates the real estate market is cyclical and another downturn is likely to occur at some point in the future.

Recommendation:

I recommend that HCAI issue a commitment for six months to insure a loan to the Corporation, not to exceed $72 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, 397-40-006)
2. 1800, 1900, 2000 Atrium Parkway, Napa
   (APN No. 043-070-022)

B. HCAI shall 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 May 23, 2023, the Application for Loan Insurance, the Project Description and Scope as agreed to by HCAI.

D. The bonds shall have a term not to exceed the lesser of 30 years from the date of the loan or 75 percent of the estimate economic useful life of the Corporation's real property. Principal shall be amortized beginning on or before April 1, 2024. 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 percent for the first year and 101 percent for the second year, after which there shall be no prepayment penalty, unless otherwise agreed to by HCAI.

E. Within 90 days from the date of HCAI's commitment letter, the Corporation shall obtain approval from a lender or issuer.

F. 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.

G. 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) 2024 and thereafter, as determined by the annual audited financial statements.
   - A debt service coverage ratio of at least 1.25 to 1, beginning FYE 2024 and thereafter, as determined by the annual audited financial statements.
   - A non-restricted cash balance of at least 150 days cash, beginning FYE 2024 and thereafter, as determined by the annual audited financial statements.

H. The Debt Service Reserve Fund shall be established at loan closing in the amount equal to the lesser of (i) 25 percent of the maximum annual debt service of the bonds, (ii) 125 percent of the average annual debt service of the bonds, or (iii) 10 percent of the outstanding principal amount of the bonds, or other amount to be determined by HCAI.

I. 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)

   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. A satisfactory copy of a Deposit Account Control Agreement ready for signatures.

7. A satisfactory copy of a Securities Account Control Agreement ready for signatures.

8. HCAI shall receive a corporate resolution authorizing the transaction and the execution of the Regulatory Agreement, Contract of Insurance, and Deed of Trust.

9. Documents indicating that any other conditions required by the Advisory Loan Insurance Committee and the Director of HCAI have been satisfied.

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

K. 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
Lauren Hadley, Account Manager

Date: 6/28/2023

I approve the above recommendation.

Dean O'Brien
Dean O'Brien, Supervisor

Date: 6/28/2023

I approve the above recommendation.

Jeremy P. Marion, Deputy Director

Date: 6/28/2023

Exhibit A

IL Unit Renovation Pictures

IL Unit Renovation - SRC

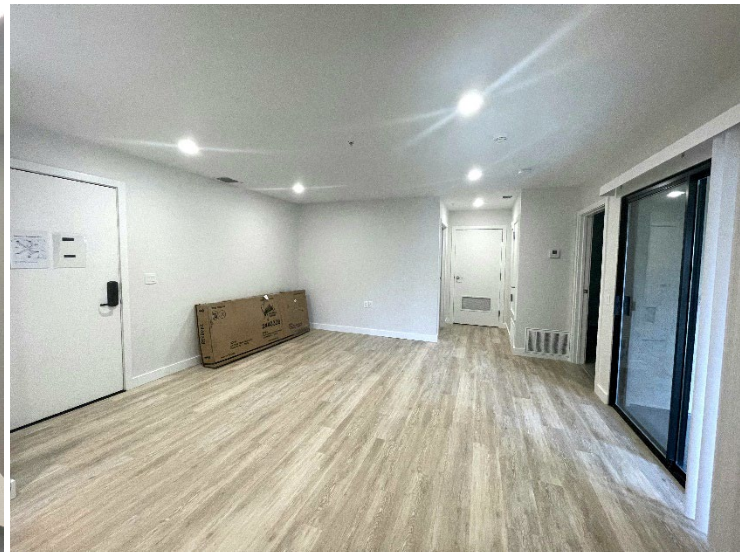
Kitchen

Bathroom

Bedroom

IL Unit Renovation - MNV

Kitchen



Living Room

Bedroom

Bathroom

Exhibit B

Proposed Bond Model

SOURCES AND USES OF FUNDS

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Sources:	Cal Mortgage Insured Refinance Series 2023A	Cal Mortgage New Money Series 2023B	Total
Bond Proceeds:			
Par Amount	54,645,000.00	9,900,000.00	64,545,000.00
Premium	5,904,349.05	639,464.90	6,543,813.95
	60,549,349.05	10,539,464.90	71,088,813.95
Other Sources of Funds:			
Prior DSRF	6,166,047.92		6,166,047.92
Debt Service Principal Funds - 4 Months	1,406,666.80		1,406,666.80
Debt Service Interest Funds - 4 Months	1,062,666.80		1,062,666.80
Equity		500,000.00	500,000.00
	8,635,381.52	500,000.00	9,135,381.52
	69,184,730.57	11,039,464.90	80,224,195.47

Uses:	Cal Mortgage Insured Refinance Series 2023A	Cal Mortgage New Money Series 2023B	Total
Project Fund Deposits:			
Project Fund		10,000,000.00	10,000,000.00
Refunding Escrow Deposits:			
Cash Deposit	65,697,666.67		65,697,666.67
Other Fund Deposits:			
Refunding DSRF	1,495,281.25		1,495,281.25
New Money DSRF		385,156.25	385,156.25
	1,495,281.25	385,156.25	1,880,437.50
Cost of Issuance:			
Cost of Issuance	1,092,900.00	198,000.00	1,290,900.00
Other Delivery Date Expenses:			
Insurance Premium	894,803.44	412,889.94	1,307,693.38
Inspection Fee		39,600.00	39,600.00
	894,803.44	452,489.94	1,347,293.38
Other Uses of Funds:			
Additional Proceeds	4,079.21	3,818.71	7,897.92
	69,184,730.57	11,039,464.90	80,224,195.47

BOND DEBT SERVICE

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Dated Date	08/01/2023
Delivery Date	08/01/2023

Period Ending	Principal	Coupon	Interest	Debt Service
04/01/2024	1,170,000	5.000%	2,151,500	3,321,500
04/01/2025	1,835,000	5.000%	3,145,875	4,980,875
04/01/2026	1,925,000	5.000%	3,053,000	4,978,000
04/01/2027	2,025,000	5.000%	2,955,500	4,980,500
04/01/2028	2,125,000	5.000%	2,853,000	4,978,000
04/01/2029	2,235,000	5.000%	2,745,375	4,980,375
04/01/2030	2,350,000	5.000%	2,632,125	4,982,125
04/01/2031	2,465,000	5.000%	2,513,250	4,978,250
04/01/2032	2,590,000	5.000%	2,388,375	4,978,375
04/01/2033	2,725,000	5.000%	2,257,125	4,982,125
04/01/2034	2,860,000	5.000%	2,119,250	4,979,250
04/01/2035	3,005,000	5.000%	1,974,500	4,979,500
04/01/2036	3,160,000	5.000%	1,822,250	4,982,250
04/01/2037	3,320,000	5.000%	1,662,250	4,982,250
04/01/2038	3,485,000	5.000%	1,494,250	4,979,250
04/01/2039	3,710,000	5.000%	1,270,750	4,980,750
04/01/2040	3,850,000	5.000%	1,129,875	4,979,875
04/01/2041	4,045,000	5.000%	935,000	4,980,000
04/01/2042	5,765,000	5.000%	711,125	6,476,125
04/01/2043	665,000	5.000%	486,750	1,151,750
04/01/2044	700,000	5.000%	453,000	1,153,000
04/01/2045	735,000	5.000%	417,625	1,152,625
04/01/2046	775,000	5.000%	380,250	1,155,250
04/01/2047	815,000	5.000%	341,000	1,156,000
04/01/2048	855,000	5.000%	299,750	1,154,750
04/01/2049	895,000	5.000%	256,625	1,151,625
04/01/2050	945,000	5.000%	211,125	1,156,125
04/01/2051	990,000	5.000%	163,375	1,153,375
04/01/2052	1,040,000	5.000%	113,250	1,153,250
04/01/2053	1,485,000	5.000%	55,625	1,540,625
	64,545,000		42,992,750	107,537,750

SUMMARY OF REFUNDING RESULTS

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Dated Date	08/01/2023
Delivery Date	08/01/2023
Arbitrage yield	3.600689%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	54,645,000.00
True Interest Cost	3.760228%
Net Interest Cost	4.034428%
All-In TIC	3.976224%
Average Coupon	5.000000%
Average Life	11.190
Weighted Average Maturity	13.283
Par amount of refunded bonds	64,635,000.00
Average coupon of refunded bonds	4.872291%
Average life of refunded bonds	7.671
Remaining weighted average maturity of refunded bonds	7.543
PV of prior debt to 08/01/2023 @ 3.600689%	70,923,639.47
Net PV Savings	2,412,244.51
Percentage savings of refunded bonds	3.732103%

SAVINGS

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 08/01/2023 @ 3.6006886%
10/01/2023	1,594,000.00	455,375.00	1,138,625.00		1,131,872.82
04/01/2024	5,814,000.00	2,536,125.00	3,277,875.00	4,416,500.00	3,200,811.21
10/01/2024	1,488,500.00	2,251,875.00	-763,375.00		-732,244.90
04/01/2025	5,918,500.00	2,234,000.00	3,684,500.00	2,921,125.00	3,471,744.36
10/01/2025	1,377,750.00	2,251,000.00	-873,250.00		-808,273.84
04/01/2026	6,027,750.00	2,232,000.00	3,795,750.00	2,922,500.00	3,451,185.35
10/01/2026	1,261,500.00	2,252,875.00	-991,375.00		-885,440.53
04/01/2027	6,141,500.00	2,232,625.00	3,908,875.00	2,917,500.00	3,429,446.03
10/01/2027	1,139,500.00	2,252,250.00	-1,112,750.00		-959,004.28
04/01/2028	6,264,500.00	2,230,750.00	4,033,750.00	2,921,000.00	3,414,936.83
10/01/2028	1,011,375.00	2,254,125.00	-1,242,750.00		-1,033,494.62
04/01/2029	6,396,375.00	2,231,250.00	4,165,125.00	2,922,375.00	3,402,540.02
10/01/2029	876,750.00	2,258,250.00	-1,381,500.00		-1,108,605.03
04/01/2030	6,531,750.00	2,228,875.00	4,302,875.00	2,921,375.00	3,391,840.64
10/01/2030	735,375.00	2,254,500.00	-1,519,125.00		-1,176,307.79
04/01/2031	6,670,375.00	2,228,750.00	4,441,625.00	2,922,500.00	3,378,470.29
10/01/2031	587,000.00	2,257,875.00	-1,670,875.00		-1,248,455.11
04/01/2032	6,822,000.00	2,225,500.00	4,596,500.00	2,925,625.00	3,373,704.08
10/01/2032	431,125.00	2,263,125.00	-1,832,000.00		-1,320,857.43
04/01/2033	1,886,125.00	2,224,000.00	-337,875.00	-2,169,875.00	-239,297.02
10/01/2033	396,565.63	2,260,000.00	-1,863,434.37		-1,296,421.08
04/01/2034	1,921,565.63	2,224,250.00	-302,684.37	-2,166,118.74	-206,858.19
10/01/2034	360,343.75	2,258,500.00	-1,898,156.25		-1,274,281.70
04/01/2035	1,960,343.75	2,226,000.00	-265,656.25	-2,163,812.50	-175,187.97
10/01/2035	322,356.25	2,263,375.00	-1,941,018.75		-1,257,374.72
04/01/2036	1,997,356.25	2,223,875.00	-226,518.75	-2,167,537.50	-144,141.79
10/01/2036	282,559.38	2,264,375.00	-1,981,815.62		-1,238,795.87
04/01/2037	2,037,559.38	2,222,875.00	-185,315.62	-2,167,131.24	-113,788.74
10/01/2037	240,784.38	2,261,375.00	-2,020,590.62		-1,218,754.80
04/01/2038	2,080,784.38	2,222,875.00	-142,090.62	-2,162,681.24	-84,188.77
10/01/2038	196,993.75	4,144,250.00	-3,947,256.25		-2,297,390.57
04/01/2039	2,121,993.75	341,500.00	1,780,493.75	-2,166,762.50	1,017,960.02
10/01/2039	151,209.38	2,266,500.00	-2,115,290.62		-1,187,985.29
04/01/2040	2,166,209.38	2,218,375.00	-52,165.62	-2,167,456.24	-28,779.03
10/01/2040	103,218.75	2,265,250.00	-2,162,031.25		-1,171,667.80
04/01/2041	2,218,218.75	2,219,750.00	-1,531.25	-2,163,562.50	-815.15
10/01/2041	52,837.50	3,029,125.00	-2,976,287.50		-1,556,391.73
04/01/2042	2,267,837.50	2,952,000.00	-684,162.50	-3,660,450.00	-351,442.32
	89,854,487.54	85,219,375.00	4,635,112.54	4,635,112.54	9,548,265.57

Savings Summary

PV of savings from cash flow	9,548,265.57
Less: Prior funds on hand	-8,635,381.52
Plus: Refunding funds on hand	1,499,360.46
Net PV Savings	2,412,244.51

BOND PRICING

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price
Serial Bonds:								
	04/01/2024	1,170,000	5.000%	3.260%	101.133			
	10/01/2024	915,000	5.000%	3.260%	101.971			
	04/01/2025	920,000	5.000%	3.150%	102.976			
	10/01/2025	960,000	5.000%	3.150%	103.841			
	04/01/2026	965,000	5.000%	3.070%	104.901			
	10/01/2026	1,010,000	5.000%	3.070%	105.777			
	04/01/2027	1,015,000	5.000%	3.010%	106.855			
	10/01/2027	1,060,000	5.000%	3.010%	107.734			
	04/01/2028	1,065,000	5.000%	2.990%	108.690			
	10/01/2028	1,115,000	5.000%	2.990%	109.552			
	04/01/2029	1,120,000	5.000%	2.990%	110.402			
	10/01/2029	1,175,000	5.000%	2.990%	111.238			
	04/01/2030	1,175,000	5.000%	2.940%	112.384			
	10/01/2030	1,230,000	5.000%	2.940%	113.220			
	04/01/2031	1,235,000	5.000%	2.950%	113.970			
	10/01/2031	1,295,000	5.000%	2.950%	114.777			
	04/01/2032	1,295,000	5.000%	2.960%	115.489			
	10/01/2032	1,365,000	5.000%	2.960%	116.269			
	04/01/2033	1,360,000	5.000%	3.050%	116.215			
	10/01/2033	1,430,000	5.000%	3.050%	116.931			
	04/01/2034	1,430,000	5.000%	3.130%	116.172 C	3.198%	10/01/2033	100.000
	10/01/2034	1,500,000	5.000%	3.130%	116.172 C	3.260%	10/01/2033	100.000
	04/01/2035	1,505,000	5.000%	3.300%	114.577 C	3.469%	10/01/2033	100.000
	10/01/2035	1,580,000	5.000%	3.300%	114.577 C	3.517%	10/01/2033	100.000
	04/01/2036	1,580,000	5.000%	3.440%	113.283 C	3.678%	10/01/2033	100.000
	10/01/2036	1,660,000	5.000%	3.440%	113.283 C	3.715%	10/01/2033	100.000
	04/01/2037	1,660,000	5.000%	3.580%	112.007 C	3.861%	10/01/2033	100.000
	10/01/2037	1,740,000	5.000%	3.580%	112.007 C	3.889%	10/01/2033	100.000
	04/01/2038	1,745,000	5.000%	3.680%	111.106 C	3.992%	10/01/2033	100.000
	10/01/2038	3,710,000	5.000%	3.680%	111.106 C	4.015%	10/01/2033	100.000
		40,985,000						
Term Bonds Maturing 4/1/42:								
	10/01/2039	1,925,000	5.000%	3.960%	108.629 C	4.256%	10/01/2033	100.000
	04/01/2040	1,925,000	5.000%	3.960%	108.629 C	4.271%	10/01/2033	100.000
	10/01/2040	2,020,000	5.000%	3.960%	108.629 C	4.284%	10/01/2033	100.000
	04/01/2041	2,025,000	5.000%	3.960%	108.629 C	4.297%	10/01/2033	100.000
	10/01/2041	2,885,000	5.000%	3.960%	108.629 C	4.310%	10/01/2033	100.000
	04/01/2042	2,880,000	5.000%	3.960%	108.629 C	4.321%	10/01/2033	100.000
		13,660,000						
Term Bonds Maturing 4/1/43:								
	10/01/2042	330,000	5.000%	3.960%	108.629 C	4.343%	10/01/2033	100.000
	04/01/2043	335,000	5.000%	3.960%	108.629 C	4.343%	10/01/2033	100.000
		665,000						
Term Bonds Maturing 4/1/53:								
	10/01/2043	350,000	5.000%	4.230%	106.303 C	4.520%	10/01/2033	100.000
	04/01/2044	350,000	5.000%	4.230%	106.303 C	4.527%	10/01/2033	100.000
	10/01/2044	365,000	5.000%	4.230%	106.303 C	4.533%	10/01/2033	100.000
	04/01/2045	370,000	5.000%	4.230%	106.303 C	4.539%	10/01/2033	100.000
	10/01/2045	390,000	5.000%	4.230%	106.303 C	4.545%	10/01/2033	100.000
	04/01/2046	385,000	5.000%	4.230%	106.303 C	4.551%	10/01/2033	100.000
	10/01/2046	410,000	5.000%	4.230%	106.303 C	4.556%	10/01/2033	100.000
	04/01/2047	405,000	5.000%	4.230%	106.303 C	4.561%	10/01/2033	100.000
	10/01/2047	430,000	5.000%	4.230%	106.303 C	4.566%	10/01/2033	100.000
	04/01/2048	425,000	5.000%	4.230%	106.303 C	4.571%	10/01/2033	100.000
	10/01/2048	445,000	5.000%	4.230%	106.303 C	4.575%	10/01/2033	100.000
	04/01/2049	450,000	5.000%	4.230%	106.303 C	4.580%	10/01/2033	100.000
	10/01/2049	475,000	5.000%	4.230%	106.303 C	4.584%	10/01/2033	100.000
	04/01/2050	470,000	5.000%	4.230%	106.303 C	4.587%	10/01/2033	100.000
	10/01/2050	495,000	5.000%	4.230%	106.303 C	4.591%	10/01/2033	100.000
	04/01/2051	495,000	5.000%	4.230%	106.303 C	4.595%	10/01/2033	100.000
	10/01/2051	520,000	5.000%	4.230%	106.303 C	4.598%	10/01/2033	100.000
	04/01/2052	520,000	5.000%	4.230%	106.303 C	4.602%	10/01/2033	100.000
	10/01/2052	745,000	5.000%	4.230%	106.303 C	4.605%	10/01/2033	100.000
	04/01/2053	740,000	5.000%	4.230%	106.303 C	4.608%	10/01/2033	100.000
		9,235,000						
		64,545,000						

BOND PRICING

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Dated Date	08/01/2023	
Delivery Date	08/01/2023	
First Coupon	10/01/2023	
Par Amount	64,545,000.00	
Premium	6,543,813.95	
Production	71,088,813.95	110.138375%
Underwriter's Discount		
Purchase Price	71,088,813.95	110.138375%
Accrued Interest		
Net Proceeds	71,088,813.95	

BOND SUMMARY STATISTICS

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Dated Date	08/01/2023
Delivery Date	08/01/2023
First Coupon	10/01/2023
Last Maturity	04/01/2053
Arbitrage Yield	3.600689%
True Interest Cost (TIC)	3.955447%
Net Interest Cost (NIC)	4.238963%
All-In TIC	4.149740%
Average Coupon	5.000000%
Average Life (years)	13.322
Weighted Average Maturity (years)	13.283
Duration of Issue (years)	9.665
Par Amount	64,545,000.00
Bond Proceeds	71,088,813.95
Total Interest	42,992,750.00
Net Interest	36,448,936.05
Bond Years from Dated Date	859,855,000.00
Bond Years from Delivery Date	859,855,000.00
Total Debt Service	107,537,750.00
Maximum Annual Debt Service	6,476,125.00
Average Annual Debt Service	3,624,867.98
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	110.138375

Bond Component	**Par Value**	**Price**	**Average Coupon**	**Average Life**	**Average Maturity Date**	**PV of 1 bp change**
Serial Bonds	40,985,000.00	111.530	5.000%	9.068	08/25/2032	29,260.00
Term Bonds Maturing 4/1/42	13,660,000.00	108.629	5.000%	17.557	02/19/2041	11,884.20
Term Bonds Maturing 4/1/43	665,000.00	108.629	5.000%	19.419	12/31/2042	578.55
Term Bonds Maturing 4/1/53	9,235,000.00	106.303	5.000%	25.496	01/28/2049	7,849.75
	64,545,000.00			13.322		49,572.50

	TIC	All-In TIC	Arbitrage Yield
Par Value	64,545,000.00	64,545,000.00	64,545,000.00
+ Accrued Interest			
+ Premium (Discount)	6,543,813.95	6,543,813.95	6,543,813.95
- Underwriter's Discount			
- Cost of Issuance Expense		-1,290,900.00	
- Other Amounts			
Target Value	71,088,813.95	69,797,913.95	71,088,813.95
Target Date	08/01/2023	08/01/2023	08/01/2023
Yield	3.955447%	4.149740%	3.600689%

SUMMARY OF BONDS REFUNDED

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Bond	Maturity Date	CUSIP	Interest Rate	Par Amount	Call Date	Call Price
Series 2012A Insd Snr Lvg Rev Bonds (callable 4/1/23, mat 4/1/42):						
SERIAL	04/01/2024	00037G AY7	5.000%	4,220,000	08/01/2023	100.000
TERM32	04/01/2025		5.000%	4,430,000	08/01/2023	100.000
	04/01/2026		5.000%	4,650,000	08/01/2023	100.000
	04/01/2027		5.000%	4,880,000	08/01/2023	100.000
	04/01/2028		5.000%	5,125,000	08/01/2023	100.000
	04/01/2029		5.000%	5,385,000	08/01/2023	100.000
	04/01/2030		5.000%	5,655,000	08/01/2023	100.000
	04/01/2031		5.000%	5,935,000	08/01/2023	100.000
	04/01/2032	00037G AZ4	5.000%	6,235,000	08/01/2023	100.000
TERM542	04/01/2033		5.000%	1,040,000	08/01/2023	100.000
	04/01/2034		5.000%	1,090,000	08/01/2023	100.000
	04/01/2035		5.000%	1,140,000	08/01/2023	100.000
	04/01/2036		5.000%	1,200,000	08/01/2023	100.000
	04/01/2037		5.000%	1,275,000	08/01/2023	100.000
	04/01/2038		5.000%	1,335,000	08/01/2023	100.000
	04/01/2039		5.000%	1,390,000	08/01/2023	100.000
	04/01/2040		5.000%	1,470,000	08/01/2023	100.000
	04/01/2041		5.000%	1,545,000	08/01/2023	100.000
	04/01/2042	00037G BA8	5.000%	1,635,000	08/01/2023	100.000
TERM442	04/01/2033		4.125%	415,000	08/01/2023	100.000
	04/01/2034		4.125%	435,000	08/01/2023	100.000
	04/01/2035		4.125%	460,000	08/01/2023	100.000
	04/01/2036		4.125%	475,000	08/01/2023	100.000
	04/01/2037		4.125%	480,000	08/01/2023	100.000
	04/01/2038		4.125%	505,000	08/01/2023	100.000
	04/01/2039		4.125%	535,000	08/01/2023	100.000
	04/01/2040		4.125%	545,000	08/01/2023	100.000
	04/01/2041		4.125%	570,000	08/01/2023	100.000
	04/01/2042	00037G BB6	4.125%	580,000	08/01/2023	100.000
				64,635,000		

ESCROW REQUIREMENTS

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Dated Date	08/01/2023
Delivery Date	08/01/2023

Period Ending	Interest	Principal Redeemed	Total
08/01/2023	1,062,666.67	64,635,000	65,697,666.67
	1,062,666.67	64,635,000	65,697,666.67

PRIOR BOND DEBT SERVICE

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Period Ending	Principal	Coupon	Interest	Debt Service
04/01/2024	4,220,000	5.000%	3,188,000.00	7,408,000.00
04/01/2025	4,430,000	5.000%	2,977,000.00	7,407,000.00
04/01/2026	4,650,000	5.000%	2,755,500.00	7,405,500.00
04/01/2027	4,880,000	5.000%	2,523,000.00	7,403,000.00
04/01/2028	5,125,000	5.000%	2,279,000.00	7,404,000.00
04/01/2029	5,385,000	5.000%	2,022,750.00	7,407,750.00
04/01/2030	5,655,000	5.000%	1,753,500.00	7,408,500.00
04/01/2031	5,935,000	5.000%	1,470,750.00	7,405,750.00
04/01/2032	6,235,000	5.000%	1,174,000.00	7,409,000.00
04/01/2033	1,455,000	** %	862,250.00	2,317,250.00
04/01/2034	1,525,000	** %	793,131.26	2,318,131.26
04/01/2035	1,600,000	** %	720,687.50	2,320,687.50
04/01/2036	1,675,000	** %	644,712.50	2,319,712.50
04/01/2037	1,755,000	** %	565,118.76	2,320,118.76
04/01/2038	1,840,000	** %	481,568.76	2,321,568.76
04/01/2039	1,925,000	** %	393,987.50	2,318,987.50
04/01/2040	2,015,000	** %	302,418.76	2,317,418.76
04/01/2041	2,115,000	** %	206,437.50	2,321,437.50
04/01/2042	2,215,000	** %	105,675.00	2,320,675.00
	64,635,000		25,219,487.54	89,854,487.54

ESCROW STATISTICS

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Escrow	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Cal Mortgage Insured Refinance Series 2023A, Global Proceeds Escrow:								
	65,697,666.67					65,697,666.67		
	65,697,666.67		0.00			65,697,666.67	0.00	0.00

Delivery date	08/01/2023
Arbitrage yield	3.600689%

NET DEBT SERVICE

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Date	Principal	Interest	Total Debt Service	General Fund	Refunding DSRF	New Money DSRF	Project Fund	Net Debt Service	Annual Net D/S
10/01/2023		537,875	537,875		8,973.40	2,311.38		526,590.22	
01/01/2024				-64,267.68			64,267.68		
04/01/2024	1,170,000	1,613,625	2,783,625	64,267.68	26,920.21	6,934.14		2,685,502.97	3,212,093.19
07/01/2024				-29,829.54			29,829.54		
10/01/2024	915,000	1,584,375	2,499,375	29,829.54	26,920.21	6,934.14		2,435,691.11	
04/01/2025	920,000	1,561,500	2,481,500		26,920.21	6,934.14		2,447,645.65	4,883,336.76
10/01/2025	960,000	1,538,500	2,498,500		26,920.21	6,934.14		2,464,645.65	
04/01/2026	965,000	1,514,500	2,479,500		26,920.21	6,934.14		2,445,645.65	4,910,291.30
10/01/2026	1,010,000	1,490,375	2,500,375		26,920.21	6,934.14		2,466,520.65	
04/01/2027	1,015,000	1,465,125	2,480,125		26,920.21	6,934.14		2,446,270.65	4,912,791.30
10/01/2027	1,060,000	1,439,750	2,499,750		26,920.21	6,934.14		2,465,895.65	
04/01/2028	1,065,000	1,413,250	2,478,250		26,920.21	6,934.14		2,444,395.65	4,910,291.30
10/01/2028	1,115,000	1,386,625	2,501,625		26,920.21	6,934.14		2,467,770.65	
04/01/2029	1,120,000	1,358,750	2,478,750		26,920.21	6,934.14		2,444,895.65	4,912,666.30
10/01/2029	1,175,000	1,330,750	2,505,750		26,920.21	6,934.14		2,471,895.65	
04/01/2030	1,175,000	1,301,375	2,476,375		26,920.21	6,934.14		2,442,520.65	4,914,416.30
10/01/2030	1,230,000	1,272,000	2,502,000		26,920.21	6,934.14		2,468,145.65	
04/01/2031	1,235,000	1,241,250	2,476,250		26,920.21	6,934.14		2,442,395.65	4,910,541.30
10/01/2031	1,295,000	1,210,375	2,505,375		26,920.21	6,934.14		2,471,520.65	
04/01/2032	1,295,000	1,178,000	2,473,000		26,920.21	6,934.14		2,439,145.65	4,910,666.30
10/01/2032	1,365,000	1,145,625	2,510,625		26,920.21	6,934.14		2,476,770.65	
04/01/2033	1,360,000	1,111,500	2,471,500		26,920.21	6,934.14		2,437,645.65	4,914,416.30
10/01/2033	1,430,000	1,077,500	2,507,500		26,920.21	6,934.14		2,473,645.65	
04/01/2034	1,430,000	1,041,750	2,471,750		26,920.21	6,934.14		2,437,895.65	4,911,541.30
10/01/2034	1,500,000	1,006,000	2,506,000		26,920.21	6,934.14		2,472,145.65	
04/01/2035	1,505,000	968,500	2,473,500		26,920.21	6,934.14		2,439,645.65	4,911,791.30
10/01/2035	1,580,000	930,875	2,510,875		26,920.21	6,934.14		2,477,020.65	
04/01/2036	1,580,000	891,375	2,471,375		26,920.21	6,934.14		2,437,520.65	4,914,541.30
10/01/2036	1,660,000	851,875	2,511,875		26,920.21	6,934.14		2,478,020.65	
04/01/2037	1,660,000	810,375	2,470,375		26,920.21	6,934.14		2,436,520.65	4,914,541.30
10/01/2037	1,740,000	768,875	2,508,875		26,920.21	6,934.14		2,475,020.65	
04/01/2038	1,745,000	725,375	2,470,375		26,920.21	6,934.14		2,436,520.65	4,911,541.30
10/01/2038	3,710,000	681,750	4,391,750		26,920.21	6,934.14		4,357,895.65	
04/01/2039		589,000	589,000		26,920.21	6,934.14		555,145.65	4,913,041.30
10/01/2039	1,925,000	589,000	2,514,000		26,920.21	6,934.14		2,480,145.65	
04/01/2040	1,925,000	540,875	2,465,875		26,920.21	6,934.14		2,432,020.65	4,912,166.30
10/01/2040	2,020,000	492,750	2,512,750		26,920.21	6,934.14		2,478,895.65	
04/01/2041	2,025,000	442,250	2,467,250		26,920.21	6,934.14		2,433,395.65	4,912,291.30
10/01/2041	2,885,000	391,625	3,276,625		26,920.21	6,934.14		3,242,770.65	
04/01/2042	2,880,000	319,500	3,199,500		1,522,201.46	6,934.14		1,670,364.40	4,913,135.05
10/01/2042	330,000	247,500	577,500			6,934.14		570,565.86	
04/01/2043	335,000	239,250	574,250			6,934.14		567,315.86	1,137,881.72
10/01/2043	350,000	230,875	580,875			6,934.14		573,940.86	
04/01/2044	350,000	222,125	572,125			6,934.14		565,190.86	1,139,131.72
10/01/2044	365,000	213,375	578,375			6,934.14		571,440.86	
04/01/2045	370,000	204,250	574,250			6,934.14		567,315.86	1,138,756.72
10/01/2045	390,000	195,000	585,000			6,934.14		578,065.86	
04/01/2046	385,000	185,250	570,250			6,934.14		563,315.86	1,141,381.72
10/01/2046	410,000	175,625	585,625			6,934.14		578,690.86	
04/01/2047	405,000	165,375	570,375			6,934.14		563,440.86	1,142,131.72
10/01/2047	430,000	155,250	585,250			6,934.14		578,315.86	

NET DEBT SERVICE

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Date	Principal	Interest	Total Debt Service	General Fund	Refunding DSRF	New Money DSRF	Project Fund	Net Debt Service	Annual Net D/S
04/01/2048	425,000	144,500	569,500			6,934.14		562,565.86	1,140,881.72
10/01/2048	445,000	133,875	578,875			6,934.14		571,940.86	
04/01/2049	450,000	122,750	572,750			6,934.14		565,815.86	1,137,756.72
10/01/2049	475,000	111,500	586,500			6,934.14		579,565.86	
04/01/2050	470,000	99,625	569,625			6,934.14		562,690.86	1,142,256.72
10/01/2050	495,000	87,875	582,875			6,934.14		575,940.86	
04/01/2051	495,000	75,500	570,500			6,934.14		563,565.86	1,139,506.72
10/01/2051	520,000	63,125	583,125			6,934.14		576,190.86	
04/01/2052	520,000	50,125	570,125			6,934.14		563,190.86	1,139,381.72
10/01/2052	745,000	37,125	782,125			6,934.14		775,190.86	
04/01/2053	740,000	18,500	758,500			392,090.39		366,409.61	1,141,600.47
	64,545,000	42,992,750	107,537,750	0.00	2,500,302.42	796,581.89	94,097.22	104,146,768.47	104,146,768.47

BOND DEBT SERVICE BREAKDOWN

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Period Ending	Cal Mortgage Insured Refinance Series 2023A	Cal Mortgage New Money Series 2023B	Total
04/01/2024	2,991,500	330,000	3,321,500
04/01/2025	4,485,875	495,000	4,980,875
04/01/2026	4,483,000	495,000	4,978,000
04/01/2027	4,485,500	495,000	4,980,500
04/01/2028	4,483,000	495,000	4,978,000
04/01/2029	4,485,375	495,000	4,980,375
04/01/2030	4,487,125	495,000	4,982,125
04/01/2031	4,483,250	495,000	4,978,250
04/01/2032	4,483,375	495,000	4,978,375
04/01/2033	4,487,125	495,000	4,982,125
04/01/2034	4,484,250	495,000	4,979,250
04/01/2035	4,484,500	495,000	4,979,500
04/01/2036	4,487,250	495,000	4,982,250
04/01/2037	4,487,250	495,000	4,982,250
04/01/2038	4,484,250	495,000	4,979,250
04/01/2039	4,485,750	495,000	4,980,750
04/01/2040	4,484,875	495,000	4,979,875
04/01/2041	4,485,000	495,000	4,980,000
04/01/2042	5,981,125	495,000	6,476,125
04/01/2043		1,151,750	1,151,750
04/01/2044		1,153,000	1,153,000
04/01/2045		1,152,625	1,152,625
04/01/2046		1,155,250	1,155,250
04/01/2047		1,156,000	1,156,000
04/01/2048		1,154,750	1,154,750
04/01/2049		1,151,625	1,151,625
04/01/2050		1,156,125	1,156,125
04/01/2051		1,153,375	1,153,375
04/01/2052		1,153,250	1,153,250
04/01/2053		1,540,625	1,540,625
	85,219,375	22,318,375	107,537,750

PROJECT FUND

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Date	Deposit	Interest @ 2.5%	Principal	Debt Service	Scheduled Draws	Balance
08/01/2023	10,000,000					10,000,000.00
09/01/2023			3,181,818.18		3,181,818.18	6,818,181.82
10/01/2023			681,818.18		681,818.18	6,136,363.64
11/01/2023			681,818.18		681,818.18	5,454,545.46
12/01/2023			681,818.18		681,818.18	4,772,727.28
01/01/2024		64,267.68	681,818.18	-64,267.68	681,818.18	4,090,909.10
02/01/2024			681,818.18		681,818.18	3,409,090.92
03/01/2024			681,818.18		681,818.18	2,727,272.74
04/01/2024			681,818.18		681,818.18	2,045,454.56
05/01/2024			681,818.18		681,818.18	1,363,636.38
06/01/2024			681,818.18		681,818.18	681,818.20
07/01/2024		29,829.54	681,818.20	-29,829.54	681,818.20	
	10,000,000	94,097.22	10,000,000.00	-94,097.22	10,000,000.00	

NET DEBT SERVICE

California Statewide Community Development Authority
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2023

Period Ending	Principal	Interest	Total Debt Service	Refunding DSRF	New Money DSRF	Project Fund	Net Debt Service
04/01/2024	1,170,000	2,151,500	3,321,500	35,893.61	9,245.52	64,267.68	3,212,093.19
04/01/2025	1,835,000	3,145,875	4,980,875	53,840.42	13,868.28	29,829.54	4,883,336.76
04/01/2026	1,925,000	3,053,000	4,978,000	53,840.42	13,868.28		4,910,291.30
04/01/2027	2,025,000	2,955,500	4,980,500	53,840.42	13,868.28		4,912,791.30
04/01/2028	2,125,000	2,853,000	4,978,000	53,840.42	13,868.28		4,910,291.30
04/01/2029	2,235,000	2,745,375	4,980,375	53,840.42	13,868.28		4,912,666.30
04/01/2030	2,350,000	2,632,125	4,982,125	53,840.42	13,868.28		4,914,416.30
04/01/2031	2,465,000	2,513,250	4,978,250	53,840.42	13,868.28		4,910,541.30
04/01/2032	2,590,000	2,388,375	4,978,375	53,840.42	13,868.28		4,910,666.30
04/01/2033	2,725,000	2,257,125	4,982,125	53,840.42	13,868.28		4,914,416.30
04/01/2034	2,860,000	2,119,250	4,979,250	53,840.42	13,868.28		4,911,541.30
04/01/2035	3,005,000	1,974,500	4,979,500	53,840.42	13,868.28		4,911,791.30
04/01/2036	3,160,000	1,822,250	4,982,250	53,840.42	13,868.28		4,914,541.30
04/01/2037	3,320,000	1,662,250	4,982,250	53,840.42	13,868.28		4,914,541.30
04/01/2038	3,485,000	1,494,250	4,979,250	53,840.42	13,868.28		4,911,541.30
04/01/2039	3,710,000	1,270,750	4,980,750	53,840.42	13,868.28		4,913,041.30
04/01/2040	3,850,000	1,129,875	4,979,875	53,840.42	13,868.28		4,912,166.30
04/01/2041	4,045,000	935,000	4,980,000	53,840.42	13,868.28		4,912,291.30
04/01/2042	5,765,000	711,125	6,476,125	1,549,121.67	13,868.28		4,913,135.05
04/01/2043	665,000	486,750	1,151,750		13,868.28		1,137,881.72
04/01/2044	700,000	453,000	1,153,000		13,868.28		1,139,131.72
04/01/2045	735,000	417,625	1,152,625		13,868.28		1,138,756.72
04/01/2046	775,000	380,250	1,155,250		13,868.28		1,141,381.72
04/01/2047	815,000	341,000	1,156,000		13,868.28		1,142,131.72
04/01/2048	855,000	299,750	1,154,750		13,868.28		1,140,881.72
04/01/2049	895,000	256,625	1,151,625		13,868.28		1,137,756.72
04/01/2050	945,000	211,125	1,156,125		13,868.28		1,142,256.72
04/01/2051	990,000	163,375	1,153,375		13,868.28		1,139,506.72
04/01/2052	1,040,000	113,250	1,153,250		13,868.28		1,139,381.72
04/01/2053	1,485,000	55,625	1,540,625		399,024.53		1,141,600.47
	64,545,000	42,992,750	107,537,750	2,500,302.42	796,581.89	94,097.22	104,146,768.47

BOND DEBT SERVICE

Cal-Mortgage Insured Refinancing
Cal Mortgage Insured Refinance Series 2023A

Dated Date	08/01/2023
Delivery Date	08/01/2023

Period Ending	Principal	Coupon	Interest	Debt Service
04/01/2024	1,170,000	5.000%	1,821,500	2,991,500
04/01/2025	1,835,000	5.000%	2,650,875	4,485,875
04/01/2026	1,925,000	5.000%	2,558,000	4,483,000
04/01/2027	2,025,000	5.000%	2,460,500	4,485,500
04/01/2028	2,125,000	5.000%	2,358,000	4,483,000
04/01/2029	2,235,000	5.000%	2,250,375	4,485,375
04/01/2030	2,350,000	5.000%	2,137,125	4,487,125
04/01/2031	2,465,000	5.000%	2,018,250	4,483,250
04/01/2032	2,590,000	5.000%	1,893,375	4,483,375
04/01/2033	2,725,000	5.000%	1,762,125	4,487,125
04/01/2034	2,860,000	5.000%	1,624,250	4,484,250
04/01/2035	3,005,000	5.000%	1,479,500	4,484,500
04/01/2036	3,160,000	5.000%	1,327,250	4,487,250
04/01/2037	3,320,000	5.000%	1,167,250	4,487,250
04/01/2038	3,485,000	5.000%	999,250	4,484,250
04/01/2039	3,710,000	5.000%	775,750	4,485,750
04/01/2040	3,850,000	5.000%	634,875	4,484,875
04/01/2041	4,045,000	5.000%	440,000	4,485,000
04/01/2042	5,765,000	5.000%	216,125	5,981,125
	54,645,000		30,574,375	85,219,375

BOND DEBT SERVICE

Cal-Mortgage Insured Refinancing
Cal Mortgage New Money Series 2023B

Dated Date	08/01/2023
Delivery Date	08/01/2023

Period Ending	Principal	Coupon	Interest	Debt Service
04/01/2024			330,000	330,000
04/01/2025			495,000	495,000
04/01/2026			495,000	495,000
04/01/2027			495,000	495,000
04/01/2028			495,000	495,000
04/01/2029			495,000	495,000
04/01/2030			495,000	495,000
04/01/2031			495,000	495,000
04/01/2032			495,000	495,000
04/01/2033			495,000	495,000
04/01/2034			495,000	495,000
04/01/2035			495,000	495,000
04/01/2036			495,000	495,000
04/01/2037			495,000	495,000
04/01/2038			495,000	495,000
04/01/2039			495,000	495,000
04/01/2040			495,000	495,000
04/01/2041			495,000	495,000
04/01/2042			495,000	495,000
04/01/2043	665,000	5.000%	486,750	1,151,750
04/01/2044	700,000	5.000%	453,000	1,153,000
04/01/2045	735,000	5.000%	417,625	1,152,625
04/01/2046	775,000	5.000%	380,250	1,155,250
04/01/2047	815,000	5.000%	341,000	1,156,000
04/01/2048	855,000	5.000%	299,750	1,154,750
04/01/2049	895,000	5.000%	256,625	1,151,625
04/01/2050	945,000	5.000%	211,125	1,156,125
04/01/2051	990,000	5.000%	163,375	1,153,375
04/01/2052	1,040,000	5.000%	113,250	1,153,250
04/01/2053	1,485,000	5.000%	55,625	1,540,625
	9,900,000		12,418,375	22,318,375

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) June 19, 2023 1:38 PM	3/31/2020 Historical 12M Unqualified	3/31/2021 Historical 12M Unqualified	3/31/2022 Historical 12M Unqualified	3/31/2023 Historical 12M Company Prepared
CalMortgage CCRC (GEN)				
Debt Service Coverage	1.46	1.38	2.64	1.82
Days Cash on Hand	429.39	393.09	358.05	264.26
Current Ratio	3.13	2.38	2.61	2.76
Quick Ratio	3.13	2.38	2.61	2.76
Working Capital	52,569,637.00	42,744,935.00	43,332,919.00	40,494,464.00
Actual Payables in Days	97.03	87.54	94.35	70.07
Actual Receivables in Days	17.35	15.31	19.69	45.98
Pre-Tax (Operating) Profit Margin	(3.82)	(11.68)	(9.80)	(6.90)
Net Profit Margin	(18.55)	3.48	(13.74)	(5.31)
EBITDA	4,025,835.00	17,045,788.00	6,771,158.00	11,329,421.00
Debt/Tangible Net Worth	(33.11)	(43.21)	(18.53)	(14.29)

Short Description:

Odd Fellows Home of California (0982) Odd Fellows Home of California CCRC Template (GEN) Statement in Actual (U.S. Dollar) June 19, 2023 1:38 PM	3/31/2020 Historical 12M Unqualified		3/31/2021 Historical 12M Unqualified		3/31/2022 Historical 12M Unqualified		3/31/2023 Historical 12M Company Prepared	
Assets Common Size	USD	%	USD	%	USD	%	USD	%
Cash	66,905,683	25.0	64,401,577	24.2	59,691,041	22.8	46,957,005	18.7
Cash and Cash Equivalents	66,905,683	25.0	64,401,577	24.2	59,691,041	22.8	46,957,005	18.7
Trustee Held	6,228,868	2.3	5,632,202	2.1	5,641,177	2.2	5,714,577	2.3
Assets Limited To Use	6,228,868	2.3	5,632,202	2.1	5,641,177	2.2	5,714,577	2.3
Accounts Receivable	2,663,400	1.0	2,426,189	0.9	3,285,886	1.3	9,357,415	3.7
Accts. Rec. from Affiliates	60,000	0.0	30,000	0.0	90,000	0.0	97,941	0.0
Net Accounts Receivable	2,723,400	1.0	2,456,189	0.9	3,375,886	1.3	9,455,356	3.8
Prepaid Expenses and Deferreds	1,361,374	0.5	1,274,474	0.5	1,550,422	0.6	1,353,203	0.5
Total Current Assets	**77,219,325**	**28.8**	**73,764,442**	**27.7**	**70,258,526**	**26.9**	**63,480,141**	**25.3**
Trustee Held	7,069,017	2.6	6,831,133	2.6	6,355,520	2.4	6,427,634	2.6
Assets Held in Remainer Trusts	0	0.0	0	0.0	0	0.0	2,846	0.0
Asset Limited to Use	7,069,017	0.0	6,831,133	0.0	6,355,520	0.0	6,430,480	0.0
Land and Improvements	6,887,183	2.6	6,887,183	2.6	6,887,183	2.6	0	0.0
Buildings and Improvements	250,199,635	93.4	258,361,573	97.0	269,151,197	103.0	181,490,475	72.2
Machinery & Equipment	22,032,533	8.2	22,745,689	8.5	23,714,558	9.1	0	0.0
Construction in Progress	4,882,062	1.8	8,877,969	3.3	8,072,732	3.1	0	0.0
Gross Fixed Assets	284,001,413	106.0	296,872,414	111.5	307,825,670	117.8	181,490,475	72.2
Accumulated Depreciation (-)	##########	(37.4)	##########	(41.8)	##########	(47.1)	0	0.0
Accumulated Depreciation (-)	##########	(37.4)	##########	(41.8)	##########	(47.1)	0	0.0
Net Fixed Assets	183,702,278	68.5	185,639,758	69.7	184,752,822	70.7	181,490,475	72.2
TOTAL ASSETS	**267,990,620**	**100.0**	**266,235,333**	**100.0**	**261,366,868**	**100.0**	**251,401,096**	**100.0**
Liabilities Common Size	USD	%	USD	%	USD	%	USD	%
Refundable Advance (PPP Loan)	0	0.0	0	0.0	1,999,999	0.8	0	0.0
Current Portion Long Term Debt Bank/Bonds	4,956,239	1.8	11,032,354	4.1	3,825,000	1.5	4,020,000	1.6

Odd Fellows Home of California (0982)
Odd Fellows Home of California
CCRC Template (GEN)
Statement in Actual (U.S. Dollar)
June 19, 2023 1:38 PM

	3/31/2020 Historical 12M Unqualified		3/31/2021 Historical 12M Unqualified		3/31/2022 Historical 12M Unqualified		3/31/2023 Historical 12M Company Prepared	
Total Short Term Debt	4,956,239	1.8	11,032,354	4.1	5,824,999	2.2	4,020,000	1.6
Trade Accounts Payable	12,435,414	4.6	12,715,819	4.8	14,223,274	5.4	7,205,055	2.9
A/P to Management Company (PRS)	1,462,976	0.5	715,032	0.3	614,581	0.2	4,697,538	1.9
Total Accounts Payable	13,898,390	5.2	13,430,851	5.0	14,837,855	5.7	11,902,593	4.7
Interest Payable	2,010,512	0.8	1,893,397	0.7	1,790,125	0.7	1,694,500	0.7
Other Accruals	0	0.0	0	0.0	0	0.0	10,738	0.0
Total Accruals	2,010,512	0.8	1,893,397	0.7	1,790,125	0.7	1,705,238	0.7
Refundable Deposits	573,419	0.2	1,513,335	0.6	622,938	0.2	558,041	0.2
Refundable Entrance Fees - CP	3,211,128	1.2	3,149,570	1.2	3,849,690	1.5	4,799,805	1.9
Total Current Liabilities	**24,649,688**	**9.2**	**31,019,507**	**11.7**	**26,925,607**	**10.3**	**22,985,677**	**9.1**
Long Term Debt Bank/Bond	99,529,485	37.1	78,537,171	29.5	71,267,449	27.3	66,938,750	26.6
Deferred Revenue from Entrance Fees	41,510,745	15.5	48,529,801	18.2	52,174,978	20.0	52,503,524	20.9
Refundable Deposits/Entrance Fees(CCRC)	110,645,442	41.3	114,456,156	43.0	125,904,867	48.2	127,895,483	50.9
Total Liabilities	**276,335,360**	**103.1**	**272,542,635**	**102.4**	**276,272,901**	**105.7**	**270,323,434**	**107.5**
Net Worth Common Size	USD	%	USD	%	USD	%	USD	%
Unrestricted	(8,344,740)	(3.1)	(6,307,302)	(2.4)	(14,906,033)	(5.7)	(18,922,338)	(7.5)
Net Assets	(8,344,740)	(3.1)	(6,307,302)	(2.4)	(14,906,033)	(5.7)	(18,922,338)	(7.5)
TOTAL LIABILITIES & NET WORTH	**267,990,620**	**100.0**	**266,235,333**	**100.0**	**261,366,868**	**100.0**	**251,401,096**	**100.0**

Odd Fellows Home of California (0982)
Odd Fellows Home of California
CCRC Template (GEN)
Statement in Actual (U.S. Dollar)
June 19, 2023 1:38 PM

	3/31/2020 Historical 12M Unqualified		3/31/2021 Historical 12M Unqualified		3/31/2022 Historical 12M Unqualified		3/31/2023 Historical 12M Company Prepared	
Revenue Common Size	USD	%	USD	%	USD	%	USD	%
Resident Revnue	50,982,151	89.0	49,252,964	84.1	54,034,646	86.3	57,928,075	77.2
Resident Revenue	50,982,151	0.0	49,252,964	0.0	54,034,646	0.0	57,928,075	0.0
Amortization of Entrance Fees Earned	4,808,018	8.4	5,828,024	10.0	6,692,698	10.7	6,931,591	9.2
Unrestricted Donations/Contributions	366,215	0.6	375,387	0.6	384,224	0.6	8,813,025	11.7
Assets Released from Restrictions	499,870	0.9	1,046,295	1.8	435,749	0.7	502,059	0.7
Other Revenue	631,444	1.1	2,036,843	3.5	1,033,849	1.7	884,731	1.2
Other Revenue	1,131,314	0.0	3,083,138	0.0	1,469,598	0.0	1,386,790	0.0
Total Operating Revenue	57,287,698	100.0	58,539,513	100.0	62,581,166	100.0	75,059,481	100.0
Operating Expenses Common Size	USD	%	USD	%	USD	%	USD	%
Salaries	7,013,300	12.2	7,565,342	12.9	8,224,474	13.1	9,372,686	12.5
Personnel Expense	7,013,300	0.0	7,565,342	0.0	8,224,474	0.0	9,372,686	0.0
Management Services (PRS)	3,306,351	5.8	3,353,391	5.7	3,946,767	6.3	3,447,135	4.6
Fund Disbursement	499,870	0.9	1,060,295	1.8	435,749	0.7	502,059	0.7
Dietary Services	10,156,964	17.7	11,024,832	18.8	11,044,469	17.6	12,019,977	16.0
Facility Services & Utilities	10,786,832	18.8	12,239,500	20.9	12,070,517	19.3	13,351,371	17.8
Health & Social Services	14,992,656	26.2	14,886,338	25.4	17,399,444	27.8	17,219,853	22.9
Recreation	484,643	0.8	485,325	0.8	518,603	0.8	469,181	0.6
Assisted Living	5,041,742	8.8	5,383,066	9.2	3,761,667	6.0	5,622,215	7.5
Depreciation	10,063,031	17.6	11,207,282	19.1	11,922,103	19.1	12,464,862	16.6
Operating Expenses	62,345,389	108.8	67,205,371	114.8	69,323,793	110.8	74,469,339	99.2
Operating Profit	(5,057,691)	(8.8)	(8,665,858)	(14.8)	(6,742,627)	(10.8)	590,142	0.8
Other R. & E. (Net Income) Common Size	USD	%	USD	%	USD	%	USD	%
Investment Income	7,547,801	13.2	6,307,126	10.8	4,346,784	6.9	(2,523,911)	(3.4)
Gain/(Loss) on Sale of Assets	0	0.0	0	0.0	0	0.0	(100,876)	(0.1)
Restricted Contributions	414,274	0.7	365,970	0.6	446,330	0.7	0	0.0
Restricted Grants and Donations	414,274	0.0	365,970	0.0	446,330	0.0	0	0.0
Net Assets Released from Restrictions	(499,870)	(0.9)	(1,046,295)	(1.8)	(435,749)	(0.7)	0	0.0
Total Other Income	7,462,205	13.0	5,626,801	9.6	4,357,365	7.0	(2,624,787)	(3.5)
Interest Expense	4,590,826	8.0	3,801,068	6.5	3,447,786	5.5	2,852,705	3.8

Odd Fellows Home of California (0982)
Odd Fellows Home of California
CCRC Template (GEN)
Statement in Actual (U.S. Dollar)
June 19, 2023 1:38 PM

	3/31/2020 Historical 12M Unqualified		3/31/2021 Historical 12M Unqualified		3/31/2022 Historical 12M Unqualified		3/31/2023 Historical 12M Company Prepared	
In Kind / Non Cash Expense (Excluded from NIADS)	0	0.0	0	0.0	302,604	0.5	294,999	0.4
Total Other Expenses	4,590,826	8.0	3,801,068	6.5	3,750,390	6.0	3,147,704	4.2
Profit Before Tax	(2,186,312)	(3.8)	(6,840,125)	(11.7)	(6,135,652)	(9.8)	(5,182,349)	(6.9)
Unrealized Gain/(Loss) (excluded from NIADS)	(8,441,710)	(14.7)	8,877,563	15.2	(2,463,079)	(3.9)	1,194,203	1.6
NET INCOME	**(10,628,022)**	**(18.6)**	**2,037,438**	**3.5**	**(8,598,731)**	**(13.7)**	**(3,988,146)**	**(5.3)**

Odd Fellows Home of California (0982)
Odd Fellows Home of California
CCRC Template (GEN)
Statement in Actual (U.S. Dollar)
June 19, 2023 1:38 PM

	3/31/2020 Historical 12M Unqualified		3/31/2021 Historical 12M Unqualified		3/31/2022 Historical 12M Unqualified		3/31/2023 Historical 12M Company Prepared	
Changes in Retained Earnings Common Size	USD	%	USD	%	USD	%	USD	%
Beginning Net Worth	2,283,282	(27.4)	(8,344,740)	132.3	(6,307,302)	42.3	(14,906,033)	78.8
Changes in Retained Earnings:								
Net Income (Loss)	(10,628,022)	127.4	2,037,438	(32.3)	(8,598,731)	57.7	(3,988,146)	21.1
Other Incr(Decr) to RE	0	0.0	0	0.0	0	0.0	(28,159)	0.1
Total Change in RE	**(10,628,022)**	**127.4**	**2,037,438**	**(32.3)**	**(8,598,731)**	**57.7**	**(4,016,305)**	**21.2**
Changes in Net Worth Common Size	USD	%	USD	%	USD	%	USD	%
Changes in Other NW								
Change in Net Worth	**(10,628,022)**	**127.4**	**2,037,438**	**(32.3)**	**(8,598,731)**	**57.7**	**(4,016,305)**	**21.2**
Ending Total Net Worth	**(8,344,740)**	**100.0**	**(6,307,302)**	**100.0**	**(14,906,033)**	**100.0**	**(18,922,338)**	**100.0**
Other Lines Common Size	USD	%	USD	%	USD	%	USD	%
Principal Payments on ST and LTD	3,305,000	0.0	3,475,000	0.0	3,645,000	0.0	3,825,000	0.0
Number of Months	12	0.0	12	0.0	12	0.0	12	0.0
Cash Flows from Entrance Fees	4,305,166	0.0	8,053,442	0.0	16,304,620	0.0	8,630,259	0.0

Short Description:

Exhibit D

Audited Financial Statements

FYE 2020 – 2022

Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2022 and 2021

MOSSADAMS

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MOSSADAMS

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 (the "Corporation"), which comprise the statements of financial position as of March 31, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 the Corporation 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 the Corporation's ability to continue as a going concern for 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Corporation'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 the Corporation'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 as a whole. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the supplementary schedules of statement of activities by location are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2022, on our consideration of Odd Fellows Home of California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Odd Fellows Home of California's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Odd Fellows Home of California's internal control over financial reporting and compliance.

Moss Adams LLP

San Francisco, California
August 1, 2022

Financial Statements

Odd Fellows Home of California
Statements of Financial Position
March 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,936,643	$ 6,322,634
Investments	52,754,398	58,078,943
Accounts receivable, net	3,285,886	2,426,189
Supplies and other prepaid expenses	1,550,422	1,274,474
Due from Grand Lodge Endowment Fund	90,000	30,000
Restricted deposits	25,977	25,974
Current portion of assets restricted under bond indenture agreement	5,615,200	5,606,228
Total current assets	70,258,526	73,764,442
Property and equipment, net	184,752,822	185,639,758
Other assets		
Assets held in trust	2,841	2,836
Assets restricted under bond indenture agreement, net of current portion	6,352,679	6,828,297
Total other assets	6,355,520	6,831,133
Total assets	$ 261,366,868	$ 266,235,333
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 14,223,274	$ 12,715,819
Accrued interest payable	1,790,125	1,893,397
Refundable advance	1,999,999	-
Refundable deposits	622,938	1,513,335
Current portion of repayable entrance fees	3,849,690	3,149,570
Current portion of long-term debt	3,825,000	11,032,354
Due to/from PRS MI, net	614,581	715,032
Total current liabilities	26,925,607	31,019,507
Long-term debt, net of current portion	71,267,449	78,537,171
Repayable entrance fees, net of current portion	125,904,867	114,456,156
Deferred revenue from entrance fees	52,174,978	48,529,801
Total liabilities	276,272,901	272,542,635
Net assets (deficit)		
Without donor restrictions	(15,086,209)	(6,476,897)
With donor restrictions	180,176	169,595
Total net deficit	(14,906,033)	(6,307,302)
Total liabilities and net deficit	$ 261,366,868	$ 266,235,333

See accompanying notes.

	2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Service fees	$ 34,575,086	$ 32,692,015
Health center revenues, net	19,459,560	16,560,949
Entrance fees earned	6,692,698	5,828,024
Contributions	384,224	375,387
Investment income, net	4,346,784	6,307,126
Unrealized change in value of investments	1,437,029	3,804,443
Other revenue	1,033,849	2,036,843
Total revenues	67,929,230	67,604,787
Net assets released - restricted purpose met	435,749	1,046,295
Total revenues, gains, and support	68,364,979	68,651,082
Expenses:		
Dietary services	11,044,469	11,024,832
Facility services and utilities	12,070,517	12,239,500
Health and social services	17,399,444	14,886,338
Recreation	518,603	485,325
Assisted living	3,761,667	5,383,066
Administrative and marketing	8,224,474	7,565,342
Interest	3,447,786	3,801,068
Depreciation	11,922,103	11,207,282
Fund disbursement	435,749	1,060,295
Management services	3,946,767	3,353,391
Total expenses	72,771,579	71,006,439
Operating loss	(4,406,600)	(2,355,357)
Nonoperating income (loss):		
Unrealized change in value of investments	(3,900,108)	5,072,743
Loss on extinguishment of debt	(302,604)	-
Total nonoperating income (loss)	(4,202,712)	5,072,743
Change in net assets without donor restrictions	(8,609,312)	2,717,386
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	446,330	365,970
Investment income, net	-	377
Net assets released - restricted purpose met	(435,749)	(1,046,295)
Change in net assets with donor restrictions	10,581	(679,948)
CHANGE IN NET ASSETS	(8,598,731)	2,037,438
Net deficit, beginning of year	(6,307,302)	(8,344,740)
Net deficit, end of year	$ (14,906,033)	$ (6,307,302)

See accompanying notes.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 53,322,145	$ 49,023,070
Advanced fees received	10,340,875	12,875,180
Refundable advance	1,999,999	-
Other operating cash receipts	1,033,847	2,036,842
Cash paid to employees and suppliers	(59,243,685)	(55,555,198)
Interest and bond fees paid	(3,863,288)	(4,199,843)
Contributions received	830,554	741,357
Interest income	1,551	542
Net cash provided by operating activities	4,421,998	4,921,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(9,109,334)	(13,103,201)
Proceeds from sale of property and equipment	120,863	25,982
Proceeds from sale of investments	7,303,549	15,467,055
Change in assets restricted under bond indenture agreement	912,872	(1,165,526)
Change in notes receivable	(60,000)	30,000
Net cash (used in) provided by investing activities	(832,050)	1,254,310
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayable portion of entrance fees received	16,423,415	11,334,270
Refunds of repayable entrance fees	(4,424,780)	(7,146,108)
Principal payments on long-term debt	(14,467,449)	(14,634,538)
Net cash used in financing activities	(2,468,814)	(10,446,376)
Net increase (decrease) in cash, cash equivalents, and restricted cash	1,121,134	(4,270,116)
Cash, cash equivalents, and restricted cash - beginning	12,386,447	16,656,563
Cash, cash equivalents, and restricted cash - ending	$ 13,507,581	$ 12,386,447
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 6,936,643	$ 6,322,634
Cash, cash equivalents and restricted cash - restricted deposits	25,977	25,974
Cash and cash equivalents in assets restricted - bond indenture	6,544,961	6,037,839
	$ 13,507,581	$ 12,386,447

See accompanying notes.

	2022	2021
Reconciliation of change in net assets to net cash flows provided by operating activities		
Change in net assets	$ (8,598,731)	$ 2,037,438
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	11,922,103	11,207,282
Net amortization of bond premium, financing and issuance costs	(312,231)	(281,661)
Refundable advance	1,999,999	-
Nonrefundable portion of entrance fees received from new residents	10,340,875	13,787,430
Entrance fee refunds on nonrefundable contracts	-	(912,250)
Entrance fees earned	(6,692,698)	(5,828,024)
Unrealized change in value of investments	2,463,079	(8,877,186)
Investment income	(4,345,233)	(6,306,961)
Loss on early extinguishment of debt	302,604	-
Net change in:		
Accounts receivable, net	(712,501)	(229,895)
Supplies and other prepaid expenses	(311,902)	38,064
Accounts payable and accrued expenses	(539,243)	212,861
Other liabilities	(5)	(5)
Accrued interest payable	(103,272)	(117,115)
Due to PRS MI, net	(100,451)	(747,944)
Refundable deposits	(890,397)	939,916
Net cash provided by operating activities	$ 4,421,996	$ 4,921,950
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 3,724,902	$ 4,109,990
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	$ 10,757,275	$ 8,710,579

See accompanying notes.

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 243 independent living apartments, 41 assisted living apartments, a 69-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.

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.

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, 2022 and 2021.

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 2022	Invested Balance 2021
Principal fund	Trustee	$ 3,825,058	$ 3,645,054
Interest fund	Trustee	1,790,142	1,881,269
Reserve fund	Trustee	-	79,906
Debt service reserve	Trustee	6,352,679	6,828,296
Total assets restricted under bond indenture agreement		$ 11,967,879	$ 12,434,525

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 $2,000. 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, 2022 and 2021.

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 has been 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). The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company' statement of financial position.

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, 2022 and 2021, the Corporation had nonrepayable deferred entrance fees of $52,174,978 and $48,529,801, 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, 2022 and 2021, were $129,754,557 and $117,605,726, respectively, of which $3,849,690 and $3,149,570, 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 $4,424,780 and $7,146,108 for the years ended March 31, 2022 and 2021, 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 2022 and 2021, 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, 2022 and 2021.

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, 2022, and ends on January 1, 2023.

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 either 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, 2022 and 2021, the Corporation has determined that it met the terms and conditions of these funds and accordingly has recognized $1,621,586 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.

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 2022 or 2021.

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, 2022 and 2021, was not significant.

The following table shows health center revenue by payor:

	Year ended March 31, 2022	Year ended March 31, 2021
Health center by payor		
Private pay	$ 6,021,288	$ 6,311,010
Medicare	7,840,455	5,794,881
Insurance	4,313,193	3,750,331
Medi-Cal	645,532	616,607
Other	639,092	88,120
	$ 19,459,560	$ 16,560,949

Approximately 44% and 39% of health center revenue for the years ended March 31, 2022 and 2021, 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, 2022 and 2021, the Corporation had $52,174,978 and $48,529,801 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, 2022 and 2021. 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 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, 2022 and 2021, from residents and third-party payors is listed in Note 4.

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 $562,011 and $483,459 for the years ended March 31, 2022 and 2021, respectively.

New accounting pronouncements – In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which requires an entity to report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. The ASU applies to all public entities and is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years, with early adoption permitted. The adoption did not have a material impact on the Corporation's financial statements. Refer to the Corporation's revenue recognition policy for discussion of the accounting policy for residency agreements, which include a lease component.

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, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-04 on the 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. ASU 2020-07 is effective for the Corporation for fiscal year beginning after March 31, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the 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:

	2022	2021
Dividends and interest, net	$ 1,143,490	$ 1,167,932
Realized gains on investments	3,203,294	5,139,194
	$ 4,346,784	$ 6,307,126

Investment income is reported net of investment expenses of $320,032 and $328,847 for the years ended March 31, 2022 and 2021, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at March 31:

	2022		2021	
Medicare	$ 1,014,166	30%	$ 976,961	39%
Medi-Cal	993,991	30%	683,686	28%
Insurance	253,429	8%	275,057	11%
Resident monthly fees	549,886	16%	421,088	17%
Entrance fees	4,900	0%	7,900	0%
Other	526,937	16%	111,910	5%
Subtotal accounts receivable	3,343,309		2,476,602	
Less allowance for doubtful accounts	(57,423)		(50,413)	
Total accounts receivable, net	$ 3,285,886		$ 2,426,189	

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31:

	2022	2021
Land	$ 6,887,183	$ 6,887,183
Buildings and land improvements	269,151,197	258,361,573
Furniture and equipment	23,714,558	22,745,689
Total property and equipment	299,752,938	287,994,445
Less accumulated depreciation	(123,072,848)	(111,232,656)
Construction in progress	8,072,732	8,877,969
Property and equipment, net	$ 184,752,822	$ 185,639,758

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 $86,994 and $138,001 for the years ended March 31, 2022 and 2021, respectively.

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

		2022		2021
Costs related to bond issuances	$	1,417,893	$	2,828,451
Less accumulated amortization		(813,115)		(1,834,076)
Unamortized debt issuance costs	$	604,778	$	994,375

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 $187,487 and $196,875 for the years ended March 31, 2022 and 2021, respectively. The unamortized balance is as follows:

		2022		2021
Deferred finance costs	$	3,638,187	$	3,638,187
Less accumulated amortization		(2,095,098)		(1,907,611)
Unamortized deferred financing costs	$	1,543,089	$	1,730,576

NOTE 8 – LONG-TERM DEBT

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

		2022		2021
Insured Senior Living Revenue Bonds, Series 2012A	$	72,480,000	$	76,125,000
Insured Senior Living Revenue Bonds, Series 2016		-		10,822,450
		72,480,000		86,947,450
Add: unamortized premium		4,760,316		5,347,026
Less: current portion		(3,825,000)		(11,032,354)
Less: unamortized debt issuance and deferred financing costs		(2,147,867)		(2,724,951)
Total long-term debt	$	71,267,449	$	78,537,171

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.

Series 2016 Senior Living Revenue Bonds – On July 27, 2016, ABAG Financing Authority issued $71,429,000 draw down Revenue Bonds directly placed with Compass Mortgage Corporation. The bonds include Series 2016A bonds and Series 2016B bonds and bonds bear interest at 65% of LIBOR plus a spread of 1.35% and 1.15%, respectively. The bonds were issued to finance among other things, an addition of independent living units and other capital improvements. The bonds were paid off in July 2021.

Series 2012A and Series 2016 – 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, 2022 and 2021.

Bond interest expense on the Series 2012A Bonds and Series 2016 Bonds was $3,621,630 and $3,992,875 for the years ended March 31, 2022 and 2021, respectively.

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

Fiscal Year Ending March 31,	Total
2023	$ 3,825,000
2024	4,020,000
2025	4,220,000
2026	4,430,000
2027	4,650,000
Thereafter	51,335,000
Total	72,480,000
Add: unamortized premium	4,760,316
Less: unamortized debt issuance and deferred financing costs	(2,147,867)
	$ 75,092,449

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:

	2022	2021
Management and accounting services for Saratoga Retirement Community	$ 2,556,879	$ 2,087,554
Management and accounting services for The Meadows of Napa Valley	1,389,888	1,265,837
	$ 3,946,767	$ 3,353,391

The amount owed for management services and other expenses to this related party was $614,581 and $715,032 as of March 31, 2022 and 2021, 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, 2022 and 2021, a total of $228,648 and $224,974 was paid to the Grand Lodge, $77,153 from The Meadows of Napa Valley and $151,495 from Saratoga Retirement Community for the year ended March 31, 2022, and $73,479 from The Meadows of Napa Valley and $151,495 from Saratoga Retirement Community for the year ended March 31, 2021.

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, 2022 and 2021, amounted to $365,000 and $360,000, respectively, of which $90,000 was receivable by the Corporation at March 31, 2022 and $30,000 was receivable by the Corporation at March 31, 2021.

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 $550,796 and $500,371 for the years ended March 31, 2022 and 2021, respectively.

NOTE 12 – DEFERRED REVENUE FROM ENTRANCE FEES

	2022	2021
Balance, beginning of year	$ 48,529,801	$ 41,510,745
New fees received	10,340,875	13,787,430
Entrance fees repaid	-	(912,250)
Amortization of fees	(6,692,698)	(5,828,024)
Other changes in account payable and notes receivable	(3,000)	(28,100)
Balance, end of year	$ 52,174,978	$ 48,529,801

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
IOOF Members Fund (financial assistance in paying rents, medical supplies, etc. for Odd Fellows and Rebekahs)	$ -	$ 30,650
Other Funds	95,871	54,640
Frank Manders Memorial Fund	71,718	71,718
Endowment Fund	12,587	12,587
	$ 180,176	$ 169,595

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

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, 2022 and 2021, 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:

	2022			
	Level 1	Level 2	Level 3	Total
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	$ 60,002,161	$ -	$ -	60,002,161
Investments measured at NAV:				
Hedge funds				4,722,957
Total assets				$ 64,725,118

	2021			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 7,335,164	$ -	$ -	$ 7,335,164
Fixed income				
Long term bond	4,570,595	-	-	4,570,595
Intermediate term bond	3,236,672	-	-	3,236,672
Short term bond	4,765,605	-	-	4,765,605
Fixed income blend	2,912,459	-	-	2,912,459
Treasury/government securities	6,396,685	-	-	6,396,685
Equity securities				
Large cap value	9,037,257	-	-	9,037,257
Large cap growth	12,320,160	-	-	12,320,160
Small/mid cap growth	4,096,691	-	-	4,096,691
Small/mid cap value	5,783,153	-	-	5,783,153
International	4,496,985	-	-	4,496,985
Equities blend	349,797	-	-	349,797
Mutual funds	4,822	-	-	4,822
Investments measured at fair value	$ 65,306,045	$ -	$ -	65,306,045
Investments measured at NAV:				
Hedge funds				5,210,259
Total assets				$ 70,516,304

During 2022 and 2021, there were no transfers into and out of Level 3 of the fair value hierarchy. At March 31, 2022 and 2021, 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	2022 Fair Value	2021 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds (a)	$ 4,722,957	$ 5,210,259	$ -	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.

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

	2022	2021
Cash and cash equivalents including amounts held for investment purposes	$ 8,733,261	$ 7,335,164
Equity, fixed income, mutual funds, and hedge fund investments	55,991,857	63,181,140
Total	64,725,118	70,516,304
Less assets restricted under bond indenture agreement	(11,967,879)	(12,434,525)
Less assets held in trust	(2,841)	(2,836)
Total short-term investments	$ 52,754,398	$ 58,078,943

NOTE 15 – COMMITMENTS AND CONTINGENCIES

On June 13, 2016, the Corporation entered into a construction contract with Wright Contracting, Inc., for the sum of $60,889,052 for the Napa campus expansion project, with subsequent change orders bringing the total to $69,011,430. As of March 31, 2022, the balance to finish the contract was $8,000,000, which is included in accounts payable and accrued expenses on the statement of financial position.

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, 2022 and 2021, were sufficient to meet this requirement.

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:

	2022	2021
Cash and cash equivalents	$ 6,936,643	$ 6,322,634
Accounts receivable and due from Grand Lodge Endowment Fund	3,375,886	2,456,189
Investments	52,754,398	58,078,943
	$ 63,066,927	$ 66,857,766

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, 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	1,915,513	2,181,882	4,097,395
	$ 62,215,941	$ 10,555,638	$ 72,771,579

	Year Ended March 31, 2021		
	Program	Management	Total
Salaries and benefits	$ 28,279,264	$ 2,558,371	$ 30,837,635
Supplies	7,480,729	622,589	8,103,318
Services	5,026,786	4,528,025	9,554,811
Depreciation	11,207,282	-	11,207,282
Interest and financing	3,801,068	-	3,801,068
Utilities	3,202,351	-	3,202,351
Other	1,697,548	2,602,426	4,299,974
	$ 60,695,028	$ 10,311,411	$ 71,006,439

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 – 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. Although the Corporation does not expect the impact on its operations and financial results to be significant, 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.

On April 7, 2022, the PPP loan was forgiven by the SBA.

The Corporation has evaluated subsequent events through August 1, 2022, 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, 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 income:				
Unrealized change in value of investments	-	-	(3,900,108)	(3,900,108)
Loss on extinguishment of debt	-	-	(302,604)	(302,604)
Total nonoperating income (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)

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2021

	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	$ 18,687,571	$ 14,004,444	$ -	$ 32,692,015
Health center revenues, net	10,593,675	5,967,274	-	16,560,949
Entrance fees earned	3,646,252	2,181,772	-	5,828,024
Contributions	245,166	130,221	-	375,387
Investment income, net	-	-	6,307,126	6,307,126
Unrealized change in value of investments	-	-	3,804,443	3,804,443
Other revenue	1,093,438	943,405	-	2,036,843
Total revenues	34,266,102	23,227,116	10,111,569	67,604,787
Net assets released - restricted purpose met	888,235	158,060	-	1,046,295
Total revenues, gains, and support	35,154,337	23,385,176	10,111,569	68,651,082
Expenses:				
Dietary services	6,099,690	4,925,142	-	11,024,832
Facility services and utilities	5,729,689	6,509,811	-	12,239,500
Health and social services	8,874,538	6,011,800	-	14,886,338
Recreation	227,305	258,020	-	485,325
Assisted living	3,003,808	2,379,258	-	5,383,066
Administrative and marketing	3,835,829	3,729,513	-	7,565,342
Interest	-	-	3,801,068	3,801,068
Depreciation	4,180,383	7,026,899	-	11,207,282
Fund disbursement	902,235	158,060	-	1,060,295
Management services	2,087,554	1,265,837	-	3,353,391
Total expenses	34,941,031	32,264,340	3,801,068	71,006,439
Operating income (loss)	213,306	(8,879,164)	6,310,501	(2,355,357)
Nonoperating income:				
Unrealized change in value of investments	-	-	5,072,743	5,072,743
Total nonoperating income	-	-	5,072,743	5,072,743
Change in net assets without donor restrictions	213,306	(8,879,164)	11,383,244	2,717,386
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	212,131	153,839	-	365,970
Investment income, net	-	-	377	377
Net assets released - restricted purpose met	(888,235)	(158,060)	-	(1,046,295)
Change in net assets with donor restrictions	(676,104)	(4,221)	377	(679,948)
CHANGES IN NET ASSETS (DEFICIT)	$ (462,798)	$ (8,883,385)	$ 11,383,621	$ 2,037,438

Odd Fellows Home of California
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2022

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Programs			
COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	N/A	$ 1,453,547
Total U.S. Department of Health and Human Services			1,453,547
Total Expenditures of Federal Awards			$ 1,453,547

See accompanying notes to schedule of expenditures of federal awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Odd Fellows Home of California, under programs of the federal government for the year ended March 31, 2022. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Odd Fellows Home of California, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Odd Fellows Home of California. The Odd Fellows Home of California received Provider Relief Funds from the Department of Health and Human Services during the year ended March 31, 2021; however, in accordance with the *2020 OMB Compliance Supplement Addendum*, issued in December 2020, and the *2021 OMB Compliance Supplement*, issued in July 2021, Period 1 Provider Relief Fund payments received between April 10, 2020 and June 30, 2020 and Period 2 Provider Relief Fund payments received between July 1, 2020 and December 31, 2020 are reflected in the attached Schedule for the year ended March 31, 2022.

The Odd Fellows Home of California expended $1,453,547 in federal awards which is included in the Odd Fellows Home of California's schedule of expenditures of federal awards during the year ended March 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – SUBRECIPIENTS

The Corporation did not provide federal awards to subrecipients during the year ended March 31, 2022.

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Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Odd Fellows Home of California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Odd Fellows Home of California (the “Corporation”), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

San Francisco, California
August 1, 2022

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

The Board of Directors
Odd Fellows Home of California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Odd Fellows Home of California's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Odd Fellows Home of California's major federal programs for the year ended March 31, 2022. Odd Fellows Home of California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Odd Fellows Home of California complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Odd Fellows Home of California's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Odd Fellows Home of California's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Odd Fellows Home of California's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Odd Fellows Home of California's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Odd Fellows Home of California's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Odd Fellows Home of California's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Odd Fellows Home of California's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams LLP

San Francisco, California
August 1, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		*Unmodified*
Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒ No

Identification of Major Federal Program and Type of Auditor's Report Issued on Compliance for Major Federal Program:

Federal Assistance Listing Number	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Program*
93.498	*COVID-19 Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution*	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	☐ Yes	☒ No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

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Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2021 and 2020

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Report of Independent Auditors

The Board of Directors
Odd Fellows Home of California

Report on the Financial Statements

We have audited the accompanying financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2021 and 2020, 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of statement of activities by location, presented as supplementary information, 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 financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

San Francisco, California
July 30, 2021

Financial Statements

Odd Fellows Home of California
Statements of Financial Position
March 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,322,634	$ 8,514,257
Investments	58,078,943	58,391,426
Accounts receivable, net	2,426,189	2,663,400
Supplies and other prepaid expenses	1,274,474	1,334,356
Due from Grand Lodge Endowment Fund	30,000	60,000
Restricted deposits	25,974	27,018
Current portion of assets restricted under bond indenture agreement	5,606,228	6,228,868
Total current assets	73,764,442	77,219,325
Property and equipment, net	185,639,758	183,702,278
Other assets		
Assets held in trust	2,836	2,831
Assets restricted under bond indenture agreement, net of current portion	6,828,297	7,066,186
Total other assets	6,831,133	7,069,017
Total assets	$ 266,235,333	$ 267,990,620
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 12,715,819	$ 12,435,414
Accrued interest payable	1,893,397	2,010,512
Refundable deposits	1,513,335	573,419
Current portion of repayable entrance fees	3,149,570	3,211,128
Current portion of long-term debt	11,032,354	4,956,239
Due to/from PRS MI, net	715,032	1,462,976
Total current liabilities	31,019,507	24,649,688
Long-term debt, net of current portion	78,537,171	99,529,485
Repayable entrance fees, net of current portion	114,456,156	110,645,442
Deferred revenue from entrance fees	48,529,801	41,510,745
Total liabilities	272,542,635	276,335,360
Net assets (deficit)		
Without donor restrictions	(6,476,897)	(9,194,283)
With donor restrictions	169,595	849,543
Total net deficit	(6,307,302)	(8,344,740)
Total liabilities and net deficit	$ 266,235,333	$ 267,990,620

See accompanying notes.

Odd Fellows Home of California
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Service fees	$ 32,692,015	$ 30,814,715
Health center revenues, net	16,560,949	20,167,436
Entrance fees earned	5,828,024	4,808,018
Contributions	375,387	366,215
Investment income, net	6,307,126	7,536,943
Unrealized change in value of investments	3,804,443	(4,378,257)
Other revenue	2,036,843	631,444
Total revenues	67,604,787	59,946,514
Net assets released - restricted purpose met	1,046,295	499,870
Total revenues, gains, and support	68,651,082	60,446,384
Expenses:		
Dietary services	11,024,832	10,156,964
Facility services and utilities	12,239,500	10,786,832
Health and social services	14,886,338	14,992,656
Recreation	485,325	484,643
Assisted living	5,383,066	5,041,742
Administrative and marketing	7,565,342	7,013,300
Interest	3,801,068	4,590,826
Depreciation	11,207,282	10,063,031
Fund disbursement	1,060,295	499,870
Management services	3,353,391	3,306,351
Total expenses	71,006,439	66,936,215
Operating loss	(2,355,357)	(6,489,831)
Nonoperating income (loss):		
Unrealized change in value of investments	5,072,743	(4,005,948)
Total nonoperating income (loss)	5,072,743	(4,005,948)
Change in net assets without donor restrictions	2,717,386	(10,495,779)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	365,970	414,274
Investment income, net	377	10,858
Unrealized change in value of investments	-	(57,505)
Net assets released - restricted purpose met	(1,046,295)	(499,870)
Change in net assets with donor restrictions	(679,948)	(132,243)
CHANGE IN NET ASSETS	2,037,438	(10,628,022)
Net (deficit) assets, beginning of year	(8,344,740)	2,283,282
Net deficit, end of year	$ (6,307,302)	$ (8,344,740)

See accompanying notes.

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 49,023,070	$ 45,880,887
Advanced fees received	12,875,180	15,631,068
Other operating cash receipts	2,036,842	631,445
Cash paid to employees and suppliers	(55,555,198)	(52,480,875)
Interest and bond fees paid	(4,199,843)	(4,903,962)
Contributions received	741,357	780,488
Interest income	542	1,543
Net cash provided by operating activities	4,921,950	5,540,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,103,201)	(21,731,489)
Proceeds from sale of property and equipment	25,982	93,660
Proceeds from sale of investments	15,467,055	18,891,248
Change in assets restricted under bond indenture agreement	(1,165,526)	1,723,611
Change in notes receivable	30,000	-
Net cash provided by (used in) investing activities	1,254,310	(1,022,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayable portion of entrance fees received	11,334,270	42,941,279
Refunds of repayable entrance fees	(7,146,108)	(10,126,934)
Principal payments on long-term debt	(14,634,538)	(47,299,925)
Proceeds from issuance of long-term debt	-	10,783,398
Net cash used in financing activities	(10,446,376)	(3,702,182)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(4,270,116)	815,442
Cash, cash equivalents, and restricted cash - beginning	16,656,563	15,841,121
Cash, cash equivalents, and restricted cash - ending	$ 12,386,447	$ 16,656,563
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 6,322,634	$ 8,514,257
Cash, cash equivalents and restricted cash - restricted deposits	25,974	27,018
Cash and cash equivalents in assets restricted - bond indenture	6,037,839	8,115,288
	$ 12,386,447	$ 16,656,563

See accompanying notes.

	2021	2020
Reconciliation of changes in net assets to net cash flows provided by operating activities		
Change in net assets	$ 2,037,438	$ (10,628,022)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	11,207,282	10,063,031
Net amortization of bond premium, financing and issuance costs	(281,661)	(121,851)
Nonrefundable portion of entrance fees received from new residents	13,787,430	16,224,467
Entrance fee refunds on nonrefundable contracts	(912,250)	(593,399)
Entrance fees earned	(5,828,024)	(4,808,018)
Unrealized change in value of investments	(8,877,186)	8,441,710
Investment income	(6,306,961)	(7,546,258)
Net change in:		
Accounts receivable, net	(229,895)	338,331
Supplies and other prepaid expenses	38,064	(38,654)
Accounts payable and accrued expenses	212,861	(405,792)
Other liabilities	(5)	468
Accrued interest payable	(117,115)	(164,745)
Due to PRS MI	(747,944)	1,056,319
Refundable deposits	939,916	(6,276,993)
Net cash provided by operating activities	$ 4,921,950	$ 5,540,594
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 4,109,990	$ 5,290,109
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	$ 8,710,579	$ 8,643,036

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 243 independent living apartments, 41 assisted living apartments, a 69-bed skilled nursing facility, and 20 memory care beds.

On October 1, 2015, The Meadows received a permit to accept 10% deposits for a 92-apartment independent living expansion. The deposits are held in escrow until released by the State of California Department of Social Services. Construction began on the expansion project in the summer of 2016 and was completed in August of 2019. The Meadows of Napa Valley will continue to offer apartments on a month to month rental basis as well as apartments under a continuing care contract.

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.

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.

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, 2021 and 2020.

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 2021	Invested Balance 2020
Principal fund	Trustee	$ 3,645,053	$ 4,146,010
Interest fund	Trustee	1,881,269	1,974,441
Reserve fund	Trustee	79,906	108,417
Debt service reserve	Trustee	6,828,297	7,066,186
Total assets restricted under bond indenture agreement		$ 12,434,525	$ 13,295,054

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 $2,000. 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, 2021 and 2020.

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, 2021 and 2020, the Corporation had nonrepayable deferred entrance fees of $48,529,801 and $41,510,745, 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, 2021 and 2020, were $117,605,726 and $113,856,570, respectively, of which $3,149,570 and $3,211,128, 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 $7,146,108 and $10,126,934 for the years ended March 31, 2021 and 2020, 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 2021 and 2020, 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, 2021 and 2020.

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, 2021, and ends on January 1, 2022. The Corporation has accrued $50,000 in accounts payable and accrued expenses as its best estimate of the cost of known claims incurred prior to March 31, 2021, that are within the retention amount.

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 either 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 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. On June 11, 2021, HHS released updated information for health care providers that received Provider Relief Fund payments, which may impact the recognition of the payments and the available uses for the funds. Management believes that these changes will not have a material impact to the financial statements as of and for the year ended March 31, 2021. For the year ended March 31, 2021, the Corporation has recognized approximately $1,621,586 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 840, *Leases* ("ASC 840").

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 2021 or 2020.

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, 2021 and 2020, was not significant.

The following table shows health center revenue by payor:

	Year ended March 31, 2021	Year ended March 31, 2020
Health center by payor		
Private pay	$ 6,311,010	$ 7,981,501
Medicare	5,794,881	7,733,490
Insurance	3,750,331	3,634,792
Medi-Cal	616,607	501,136
Other	88,120	316,517
	$ 16,560,949	$ 20,167,436

Approximately 39% and 41% of health center revenue for the years ended March 31, 2021 and 2020, 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, 2021 and 2020, the Corporation had $48,529,801 and $41,510,745 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, 2021 and 2020. 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 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, 2021 and 2020, from residents and third-party payors is listed in Note 4.

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 $483,459 and $466,598 for the years ended March 31, 2021 and 2020, respectively.

New accounting pronouncements – In the current year, the Corporation adopted FASB issued ASU No. 2018-13, *Fair Value Measurement* (“Topic 820”): *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (“ASU 2018-13”), which improves the effectiveness of disclosures in the notes to the financial statements by facilitating clear communication of the information required by generally accepted accounting principles. The adoption of ASU 2018-13 did not have a significant impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU 2016-02”), which will require an entity to report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. The ASU applies to all public entities and is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The adoption is effective for the Corporation beginning April 1, 2021. The adoption is not expected to have a material impact on the Corporation’s financial statements.

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 if elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transaction 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 20, 2020 and can be elected for both interim and annual periods through December 31, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-04 on the 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. ASU 2020-07 is effective for the Corporation for fiscal year beginning after March 31, 2022. Management is currently evaluating the impact of the provisions of ASU 2020-07 on the 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:

	2021	2020
Dividends and interest, net	$ 1,167,932	$ 1,804,871
Realized gains on investments	5,139,571	5,742,930
	$ 6,307,503	$ 7,547,801

Investment income is reported net of investment expenses of $328,847 and $397,195 for the years ended March 31, 2021 and 2020, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at March 31:

	2021		2020	
Medicare	$ 976,961	39%	$ 1,222,627	45%
Medi-Cal	683,686	28%	415,823	15%
Insurance	275,057	11%	325,709	12%
Resident monthly fees	421,088	17%	406,685	15%
Entrance fees	7,900	0%	290,400	11%
Other	111,910	5%	61,415	2%
Subtotal accounts receivable	2,476,602		2,722,659	
Less allowance for doubtful accounts	(50,413)		(59,259)	
Total accounts receivable, net	$ 2,426,189		$ 2,663,400	

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31:

	2021	2020
Land	$ 6,887,183	$ 6,887,183
Buildings and land improvements	258,361,573	250,199,635
Furniture and equipment	22,745,689	22,032,533
Total property and equipment	287,994,445	279,119,351
Less accumulated depreciation	(111,232,656)	(100,299,135)
Construction in progress	8,877,969	4,882,062
Property and equipment, net	$ 185,639,758	$ 183,702,278

During the years ended March 31, 2021 and 2020, the Corporation capitalized interest in the 92-unit Napa campus expansion project of $0 and $479,352, respectively.

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 $138,001 and $317,277 for the years ended March 31, 2021 and 2020, respectively. Additionally, amortization of $0 and $26,540, related to the Series 2016 bonds, was capitalized related to the Napa campus expansion project as of March 31, 2021 and 2020, respectively.

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

	2021	2020
Costs related to bond issuances	$ 2,828,451	$ 2,828,451
Less accumulated amortization	(1,696,074)	(1,834,076)
Unamortized debt issuance costs	$ 1,132,377	$ 994,375

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 $196,875 and $205,821 for the years ended March 31, 2021 and 2020, respectively. The unamortized balance is as follows:

	2021	2020
Deferred finance costs	$ 3,638,187	$ 3,638,187
Less accumulated amortization	(1,907,611)	(1,710,736)
Unamortized deferred financing costs	$ 1,730,576	$ 1,927,451

NOTE 8 – LONG-TERM DEBT

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

	2021	2020
Insured Senior Living Revenue Bonds, Series 2012A	$ 76,125,000	$ 79,600,000
Insured Senior Living Revenue Bonds, Series 2016	10,822,450	21,981,989
	86,947,450	101,581,989
Add: unamortized premium	5,347,026	5,963,563
Less: current portion	(11,032,354)	(4,956,239)
Less: unamortized debt issuance and deferred financing costs	(2,724,951)	(3,059,828)
Total long-term debt	$ 78,537,171	$ 99,529,485

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.

Series 2016 Senior Living Revenue Bonds – On July 27, 2016, ABAG Financing Authority issued $71,429,000 draw down Revenue Bonds directly placed with Compass Mortgage Corporation. The bonds include Series 2016A bonds and Series 2016B bonds and bonds bear interest at 65% of LIBOR plus a spread of 1.35% and 1.15%, respectively. The bonds were issued to finance among other things, an addition of independent living units and other capital improvements. The Series 2016A bonds are subject to maturity on August 1, 2031. The 2016B bonds include debt amortized based on entrance fee receipts from the additional independent living units with final maturity on August 1, 2021.

Series 2012A and Series 2016 – 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, 2021 and 2020.

Bond interest expense on the Series 2012A Bonds and Series 2016 Bonds was $3,992,875 and $4,645,334 for the years ended March 31, 2021 and 2020, respectively.

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

Fiscal Year Ending March 31,	Total
2022	$ 11,032,354
2023	4,672,310
2024	4,886,380
2025	5,109,027
2026	5,262,379
Thereafter	55,985,000
Total	86,947,450
Add: unamortized premium	5,347,026
Less: unamortized debt issuance and deferred financing costs	(2,724,951)
	$ 89,569,525

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:

	2021	2020
Management and accounting services for Saratoga Retirement Community	$ 2,087,554	$ 2,225,725
Management and accounting services for The Meadows of Napa Valley	1,265,837	1,080,626
	$ 3,353,391	$ 3,306,351

The amount owed for management services and other expenses to this related party was $715,032 and $1,462,976 as of March 31, 2021 and 2020, respectively.

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

On January 18, 2016, the Corporation entered into a development agreement with PRS MC, LLC. Under the terms of the agreement, PRS MC, LLC, will render development services related to the 92-apartment residential living expansion project at The Meadows of Napa Valley. As compensation for these development services, the Corporation agreed to pay $3,000,000 ("the Development Fee"), plus out of pocket expenses. The fee is paid in three installments: 34% upon commencement of construction, 33% in equal monthly installments during the estimated 17-month construction period, and the final 33% within 30 days of the completion of the project. On July 20, 2017, the Corporation entered into the First Amendment to the Development Services Agreement, assigning the Development Services Agreements from PRS MC LLC to PRS MI.

Development Fee commitments for The Meadows of Napa Valley are estimated to be $990,000, due upon completion of the expansion.

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, 2021 and 2020, a total of $224,974 and $214,905 was paid to the Grand Lodge, $73,479 from The Meadows of Napa Valley and $151,495 from Saratoga Retirement Community for the year ended March 31, 2021, and $70,314 from The Meadows of Napa Valley and $114,591 from Saratoga Retirement Community for the year ended March 31, 2020.

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, 2021 and 2020, amounted to $360,000, of which $30,000 was receivable by the Corporation at March 31, 2021 and $60,000 was receivable by the Corporation at March 31, 2020.

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 $500,371 and $474,125 for the years ended March 31, 2021 and 2020, respectively.

NOTE 12 – DEFERRED REVENUE FROM ENTRANCE FEES

	2021	2020
Balance, beginning of year	$ 41,510,745	$ 30,886,595
New fees received	13,787,430	16,224,467
Entrance fees repaid	(912,250)	(593,399)
Amortization of fees	(5,828,024)	(4,808,018)
Other changes in account payable and notes receivable	(28,100)	(198,900)
Balance, end of year	$ 48,529,801	$ 41,510,745

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Living Legacy General Fund	$ -	$ 501,511
IOOF Members Fund (financial assistance in paying rents, medical supplies, etc. for Odd Fellows and Rebekahs)	30,650	112,579
Living Legacy Resident Assistance Fund	-	77,093
Other Funds	54,640	57,626
Living Legacy Admin Fund	-	9,839
Living Legacy In Home Assistance Fund	-	4,300
Living Legacy Misc Temp Restricted Fund	-	2,290
Frank Manders Memorial Fund	71,718	71,718
Endowment Fund	12,587	12,587
	$ 169,595	$ 849,543

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

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, 2021 and 2020, 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:

	2021 Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 7,335,164	$ -	$ -	$ 7,335,164
Fixed income				
Long term bond	4,570,595	-	-	4,570,595
Intermediate term bond	3,236,672	-	-	3,236,672
Short term bond	4,765,605	-	-	4,765,605
Fixed income blend	2,912,459	-	-	2,912,459
Treasury/government securities	6,396,685	-	-	6,396,685
Equity securities				
Large cap value	9,037,257	-	-	9,037,257
Large cap growth	12,320,160	-	-	12,320,160
Small/mid cap growth	4,096,691	-	-	4,096,691
Small/mid cap value	5,783,153	-	-	5,783,153
International	4,496,985	-	-	4,496,985
Equities blend	349,797	-	-	349,797
Mutual funds	4,822	-	-	4,822
Investments measured at fair value	$ 65,306,045	$ -	$ -	65,306,045
Investments measure at NAV:				
Hedge funds				5,210,259
Total assets				$ 70,516,304

	2020 Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 11,640,172	$ -	$ -	$ 11,640,172
Fixed income				
Long term bond	7,906,845	-	-	7,906,845
Intermediate term bond	5,268,237	-	-	5,268,237
Short term bond	7,821,962	-	-	7,821,962
Fixed income blend	3,054,420	-	-	3,054,420
Treasury/government securities	5,182,597	-	-	5,182,597
Equity securities				
Large cap value	4,724,038	-	-	4,724,038
Large cap growth	10,466,298	-	-	10,466,298
Small/mid cap growth	3,602,239	-	-	3,602,239
Small/mid cap value	3,046,302	-	-	3,046,302
International	3,442,137	-	-	3,442,137
Equities blend	157,549	-	-	157,549
Mutual funds	50,103	-	-	50,103
Investments measured at fair value	$ 66,362,899	$ -	$ -	66,362,899
Investments measure at NAV:				
Hedge funds				5,326,412
Total assets				$ 71,689,311

During 2021 and 2020, there were no transfers into and out of Level 3 of the fair value hierarchy. At March 31, 2021 and 2020, 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	2021 Fair Value	2020 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds (a)	$ 5,210,259	$ 5,326,412	$ -	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.

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

	2021	2020
Cash and cash equivalents including amounts held for investment purposes	$ 7,335,164	$ 11,640,172
Equity, fixed income, mutual funds, and hedge fund investments	63,181,140	60,049,139
Total	70,516,304	71,689,311
Less assets restricted under bond indenture agreement	(12,434,525)	(13,295,054)
Less assets held in trust	(2,836)	(2,831)
Total short-term investments	$ 58,078,943	$ 58,391,426

NOTE 15 – COMMITMENTS AND CONTINGENCIES

On June 13, 2016, the Corporation entered into a construction contract with Wright Contracting, Inc., for the sum of $60,889,052 for the Napa campus expansion project, with subsequent change orders bringing the total to $69,011,430. As of March 31, 2021, the balance to finish the contract was $6,169,566.

On January 18, 2016, the Corporation entered into a development services agreement with PRS MC, LLC, with subsequent assignment to PRS MI (see Note 9) related to the Napa campus expansion project, whereby PRS MC, LLC, is to provide development, marketing, and financing services. Under the agreement, the Corporation agreed to pay PRS MC, LLC development fees of $3,000,000, with the first payment due upon commencement of construction. As of March 31, 2021, the balance on the contract was $990,000, which is included in accounts payable and accrued expenses on the statements of financial position.

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 – HEALTH AND SAFETY CODE SECTION 1790(A)(3) DISCLOSURE

The Series 2016 Senior Living Revenue Bonds were issued to fund the expansion and improvement of the Napa campus. The bonds are structured as a draw down credit facility, with draws placed as construction costs are incurred. Consistent with the Corporation's non-profit status, the funds have been expended to construct and improve the facilities used to provide housing and care to their residents. Amounts drawn on the Series 2016 bonds was $65,976,914 at March 31, 2021 and 2020.

NOTE 17 – 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, 2021 and 2020, were sufficient to meet this requirement.

NOTE 18 – 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:

	2021	2020
Cash and cash equivalents	$ 6,322,634	$ 8,514,257
Accounts receivable and due from Grand Lodge Endowment Fund	2,456,189	2,723,400
Investments	58,078,943	58,391,426
	$ 66,857,766	$ 69,629,083

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 19 – FUNCTIONAL EXPENSES

	Year Ended March 31, 2021		
	Program	Management	Total
Salaries and benefits	$ 28,279,264	$ 2,558,371	$ 30,837,635
Supplies	7,480,729	622,589	8,103,318
Services	5,026,786	4,528,025	9,554,811
Depreciation	11,207,282	-	11,207,282
Interest and financing	3,801,068	-	3,801,068
Utilities	3,202,351	-	3,202,351
Other	1,697,548	2,602,426	4,299,974
	$ 60,695,028	$ 10,311,411	$ 71,006,439

	Year Ended March 31, 2020		
	Program	Management	Total
Salaries and benefits	$ 27,154,772	$ 2,570,162	$ 29,724,934
Supplies	6,155,683	203,239	6,358,922
Services	5,078,865	4,643,535	9,722,400
Depreciation	10,063,031	-	10,063,031
Interest and financing	4,590,826	-	4,590,826
Utilities	2,959,672	-	2,959,672
Other	1,452,701	2,063,729	3,516,430
	$ 57,455,550	$ 9,480,665	$ 66,936,215

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 20 – 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. Although the Corporation does not expect the impact on its operations and financial results to be significant, the duration and intensity of the impact of the coronavirus and resulting disruption to the Corporation's operations is uncertain.

NOTE 21 – 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.

On April 28, 2021 the Corporation received loan proceeds in the amount of $1,990,000 under the Paycheck Protection Program, which was established as part of the CARES Act.

On July 29, 2021 the Corporation paid off the Insured Senior Living Revenue Bonds, Series 2016.

The Corporation has evaluated subsequent events through July 30, 2021, 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, 2021

	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	$ 18,687,571	$ 14,004,444	$ -	$ 32,692,015
Health center revenues, net	10,593,675	5,967,274	-	16,560,949
Entrance fees earned	3,646,252	2,181,772	-	5,828,024
Contributions	245,166	130,221	-	375,387
Investment income, net	-	-	6,307,126	6,307,126
Unrealized change in value of investments	-	-	3,804,443	3,804,443
Other revenue	1,093,438	943,405	-	2,036,843
Total revenues	34,266,102	23,227,116	10,111,569	67,604,787
Net assets released - restricted purpose met	888,235	158,060	-	1,046,295
Total revenues, gains, and support	35,154,337	23,385,176	10,111,569	68,651,082
Expenses:				
Dietary	6,099,690	4,925,142	-	11,024,832
Facility services and utilities	5,729,689	6,509,811	-	12,239,500
Health and social services	8,874,538	6,011,800	-	14,886,338
Recreation	227,305	258,020	-	485,325
Assisted living	3,003,808	2,379,258	-	5,383,066
Administrative and marketing	3,835,829	3,729,513	-	7,565,342
Interest	-	-	3,801,068	3,801,068
Depreciation	4,180,383	7,026,899	-	11,207,282
Fund disbursement	902,235	158,060	-	1,060,295
Management services	2,087,554	1,265,837	-	3,353,391
Total expenses	34,941,031	32,264,340	3,801,068	71,006,439
Operating income (loss)	213,306	(8,879,164)	6,310,501	(2,355,357)
Nonoperating income:				
Unrealized change in value of investments	-	-	5,072,743	5,072,743
Total nonoperating income	-	-	5,072,743	5,072,743
Change in net assets without donor restrictions	213,306	(8,879,164)	11,383,244	2,717,386
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	212,131	153,839	-	365,970
Investment income, net	-	-	377	377
Net assets released - restricted purpose met	(888,235)	(158,060)	-	(1,046,295)
Change in net assets with donor restrictions	(676,104)	(4,221)	377	(679,948)
CHANGES IN NET ASSETS (DEFICIT)	$ (462,798)	$ (8,883,385)	$ 11,383,621	$ 2,037,438

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2020

	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	$ 18,498,601	$ 12,316,114	$ -	$ 30,814,715
Health center revenues, net	12,087,690	8,079,746	-	20,167,436
Entrance fees earned	3,262,427	1,545,591	-	4,808,018
Contributions	201,654	164,561	-	366,215
Investment income, net	-	-	7,536,943	7,536,943
Unrealized change in value of investments	-	-	(4,378,257)	(4,378,257)
Other revenue	417,550	213,894	-	631,444
Total revenues	34,467,922	22,319,906	3,158,686	59,946,514
Net assets released - restricted purpose met	368,821	131,049	-	499,870
Total revenues, gains, and support	34,836,743	22,450,955	3,158,686	60,446,384
Expenses:				
Dietary	5,618,440	4,538,524	-	10,156,964
Facility services and utilities	5,219,790	5,567,042	-	10,786,832
Health and social services	8,581,120	6,411,536	-	14,992,656
Recreation	228,871	255,772	-	484,643
Assisted living	2,798,388	2,243,354	-	5,041,742
Administrative and marketing	3,347,971	3,665,329	-	7,013,300
Interest	-	-	4,590,826	4,590,826
Depreciation	4,255,132	5,807,899	-	10,063,031
Fund disbursement	368,821	131,049	-	499,870
Management services	2,225,725	1,080,626	-	3,306,351
Total expenses	32,644,258	29,701,131	4,590,826	66,936,215
Operating income (loss)	2,192,485	(7,250,176)	(1,432,140)	(6,489,831)
Nonoperating loss:				
Unrealized change in value of investments	-	-	(4,005,948)	(4,005,948)
Total nonoperating loss	-	-	(4,005,948)	(4,005,948)
Change in net assets without donor restrictions	2,192,485	(7,250,176)	(5,438,088)	(10,495,779)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	267,579	146,695	-	414,274
Investment income, net	-	-	10,858	10,858
Unrealized change in value of investments	-	-	(57,505)	(57,505)
Net assets released - restricted purpose met	(368,821)	(131,049)	-	(499,870)
Change in net assets with donor restrictions	(101,242)	15,646	(46,647)	(132,243)
CHANGES IN NET ASSETS (DEFICIT)	$ 2,091,243	$ (7,234,530)	$ (5,484,735)	$ (10,628,022)

Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2020 and 2019

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Report of Independent Auditors

The Board of Directors
Odd Fellows Home of California

Report on the Financial Statements

We have audited the accompanying financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on April 1, 2019, the Odd Fellows Home of California adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments*. The ASU has been applied through a modified-retrospective approach. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, as of and for the year ended March 31, 2020, the Odd Fellows Home of California adopted FASB ASU No. 2016-18, *Restricted Cash*. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matter

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of statements of activities by location, presented as supplementary information, 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 financial statements. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

San Francisco, California
August 4, 2020

Financial Statements

Odd Fellows Home of California
Statements of Financial Position
March 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,514,257	$ 4,114,270
Investments	58,391,426	78,314,298
Accounts receivable, net	2,663,400	3,816,351
Supplies and other prepaid expenses	1,334,356	1,325,285
Due from Grand Lodge Endowment Fund	60,000	30,000
Restricted deposits	27,018	5,836,962
Current portion of assets restricted under bond indenture agreement	6,228,868	5,484,234
Total current assets	77,219,325	98,921,400
Property and equipment, net	183,702,278	173,696,922
Other assets		
Assets held in trust	2,831	1,443
Assets restricted under bond indenture agreement, net of current portion	7,066,186	7,143,277
Total other assets	7,069,017	7,144,720
Total assets	$ 267,990,620	$ 279,763,042
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 12,435,414	$ 14,435,332
Accrued interest payable	2,010,512	2,175,257
Refundable deposits	573,419	6,850,412
Current portion of repayable entrance fees	3,211,128	2,611,575
Current portion of long-term debt	4,956,239	3,305,000
Due to/from PRS MI, net	1,462,976	406,657
Total current liabilities	24,649,688	29,784,233
Long-term debt, net of current portion	99,529,485	137,792,562
Repayable entrance fees, net of current portion	110,645,442	79,016,370
Deferred revenue from entrance fees	41,510,745	30,886,595
Total liabilities	276,335,360	277,479,760
Net assets		
Without donor restrictions	(9,194,283)	1,301,496
With donor restrictions	849,543	981,786
Total net assets	(8,344,740)	2,283,282
Total liabilities and net assets	$ 267,990,620	$ 279,763,042

See accompanying notes.

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Service fees	$ 30,814,715	$ 27,880,017
Health center revenues, net	20,167,436	20,191,488
Entrance fees earned	4,808,018	4,131,215
Contributions	366,215	365,858
Investment income, net	7,536,943	5,619,251
Unrealized change in value of investments	(4,378,257)	-
Other revenue	631,444	711,336
Total revenues	59,946,514	58,899,165
Net assets released - restricted purpose met	499,870	477,673
Total revenues, gains, and support	60,446,384	59,376,838
Expenses:		
Dietary services	10,156,964	9,135,857
Facility services and utilities	10,786,832	8,928,590
Health and social services	14,992,656	13,992,148
Recreation	484,643	474,268
Assisted living	5,041,742	4,480,803
Administrative and marketing	7,013,300	6,596,898
Interest	4,590,826	4,100,588
Depreciation	10,063,031	7,333,323
Fund disbursement	499,870	477,673
Management services	3,306,351	2,930,998
Total expenses	66,936,215	58,451,146
Operating (loss) income	(6,489,831)	925,692
Nonoperating income:		
Unrealized change in value of investments	(4,005,948)	(1,791,657)
Total nonoperating loss	(4,005,948)	(1,791,657)
Change in net assets without donor restrictions	(10,495,779)	(865,965)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	414,274	383,692
Investment income, net	10,858	47,682
Unrealized change in value of investments	(57,505)	(14,422)
Net assets released - restricted purpose met	(499,870)	(477,673)
Change in net assets with donor restrictions	(132,243)	(60,721)
CHANGE IN NET ASSETS	(10,628,022)	(926,686)
Net assets, beginning of year	2,283,282	3,209,968
Net assets, end of year	$ (8,344,740)	$ 2,283,282

Odd Fellows Home of California
Statements of Cash Flows
Years Ended March 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 45,880,887	$ 48,126,268
Advanced fees received	15,631,068	4,204,856
Other operating cash receipts	631,445	1,255,741
Cash paid to employees and suppliers	(52,480,875)	(46,046,658)
Interest and bond fees paid	(4,903,962)	(4,452,805)
Contributions received	780,488	749,550
Interest income	1,543	8
Net cash provided by operating activities	5,540,594	3,836,960
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(21,731,489)	(34,550,436)
Proceeds from sale of property and equipment	93,660	15,700
Proceeds from sale of investments	18,891,248	3,096,093
Purchases of investments	-	(850,000)
Change in assets restricted under bond indenture agreement	1,723,611	(158,522)
Net cash used in investing activities	(1,022,970)	(32,447,165)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayable portion of entrance fees received	42,941,279	8,088,018
Refunds of repayable entrance fees	(10,126,934)	(2,753,987)
Principal payments on long-term debt	(47,299,925)	(3,150,000)
Proceeds from issuance of long-term debt	10,783,398	24,710,348
Net cash (used in) provided by financing activities	(3,702,182)	26,894,379
Net increase (decrease) in cash and cash equivalents	815,442	(1,715,826)
Cash and cash equivalents - beginning	15,841,121	17,556,947
Cash and cash equivalents - ending	$ 16,656,563	$ 15,841,121
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and cash equivalents	$ 8,514,257	$ 4,114,270
Cash, cash equivalents and restricted cash - restricted deposits	27,018	5,836,962
Cash and cash equivalents in assets restricted - bond indenture	8,115,288	5,889,889
	$ 16,656,563	$ 15,841,121

See accompanying notes.

	2020	2019
Reconciliation of changes in net assets to net cash flows provided by operating activities		
Change in net assets	$ (10,628,022)	$ (926,686)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	10,063,031	7,333,323
Net amortization of bond premium, financing and issuance costs	(121,851)	(339,844)
Nonrefundable portion of entrance fees received from new residents	16,224,467	5,132,927
Entrance fee refunds on nonrefundable contracts	(593,399)	(928,071)
Entrance fees earned	(4,808,018)	(4,131,215)
Unrealized change in value of investments	8,441,710	1,806,079
Investment income	(7,546,258)	(5,666,933)
Net change in:		
Accounts receivable, net	338,331	485,684
Supplies and other prepaid expenses	(38,654)	(111,203)
Accounts payable and accrued expenses	(405,792)	875,615
Other liabilities	468	(1,518)
Accrued interest payable	(164,745)	(12,372)
Due to PRS MI	1,056,319	207,693
Refundable deposits	(6,276,993)	113,481
Net cash provided by operating activities	$ 5,540,594	$ 3,836,960
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 5,290,109	$ 5,292,763
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	$ 8,643,036	$ 10,239,018

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 243 independent living apartments, 41 assisted living apartments, a 69-bed skilled nursing facility, and 20 memory care beds.

On October 1, 2015, The Meadows received a permit to accept 10% deposits for a 92-apartment independent living expansion. The deposits are held in escrow until released by the State of California Department of Social Services. Construction began on the expansion project in the summer of 2016 and was completed in August of 2019. The Meadows of Napa Valley will continue to offer apartments on a month to month rental basis as well as apartments under a continuing care contract.

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*. The Corporation has implemented ASU No. 2016-14 and has adjusted the presentation in these financial statements accordingly, including changes to the presentation of net asset classification on the financial statements, inclusion of information about liquidity and availability resources (Note 18), and inclusion of information provided about functional expenses (Note 19). 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 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) income", as reflected in the accompanying statements of activities and changes in net assets is the performance indicator. Operating (loss) income includes all changes in net assets without donor restrictions other than noncash changes in unrealized gains and losses of investments for equity securities prior to the adoption of ASU 2016-01 in 2019, certain gains or losses for extinguishment of debt.

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, 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.

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, 2020 and 2019.

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 2020	Invested Balance 2019
Principal fund	Trustee	$ 4,146,010	$ 3,307,910
Interest fund	Trustee	1,974,441	2,051,815
Reserve fund	Trustee	108,417	124,509
Debt service reserve	Trustee	7,066,186	7,143,277
Total assets restricted under bond indenture agreement		$ 13,295,054	$ 12,627,511

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 $2,000. 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, 2020 and 2019.

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. March 31, 2020 and 2019, the Corporation had nonrepayable deferred entrance fees of $41,510,745 and $30,886,595, respectively.

Entrance fees repayable upon reoccupancy – The other contracts are 50%, 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, 2020 and 2019, were $113,856,570 and $81,627,945, respectively, of which $3,211,128 and $2,611,575, 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 $10,126,934 and $2,753,987 for the years ended March 31, 2020 and 2019, respectively.

Obligation to provide future services – The Corporation annually 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 2020 and 2019, 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, 2020 and 2019.

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, 2020, and ends on January 1, 2021. The Corporation has accrued $100,000 in accounts payable and accrued expenses as its best estimate of the cost of known claims incurred prior to March 31, 2020, that are within the retention amount. The Corporation has accrued a receivable from insurance proceeds as of March 31, 2020. In addition, the Corporation has accrued no liability at March 31, 2020 and 2019, as its best estimate of the costs of claims incurred but not yet reported. These liabilities would be included in accounts payable and accrued expense in the accompanying statements of financial position.

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 either 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 840, *Leases* ("ASC 840").

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. Non-skilled services are paid based on cost reimbursement methodologies or established fee schedules.

- Secondary Insurance: Payment agreements with certain commercial insurance carriers, health maintenance organizations 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 2020 or 2019.

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, 2020 and 2019, was not significant.

The following table shows health center revenue by payor:

	Year ended March 31, 2020	Year ended March 31, 2019
Health center by payor		
Private pay	$ 7,981,501	$ 7,335,851
Medicare	7,733,490	7,923,090
Insurance	3,634,792	3,930,531
Medi-Cal	501,136	755,646
Other	316,517	246,370
	$ 20,167,436	$ 20,191,488

Approximately 41% and 43% of health center revenue for the years ended March 31, 2020 and 2019, 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 non-repayable 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, 2020 and 2019, the Corporation had $41,510,745 and $30,886,595 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, 2020 and 2019. 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 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, 2020 and 2019, from residents and third-party payors is listed in Note 4.

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 $466,598 and $519,461 for the years ended March 31, 2020 and 2019, respectively.

Reclassifications – Certain 2019 amounts have been reclassified to conform to the 2020 presentation.

New accounting pronouncements – In January 2016, the Financial ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities, Financial Instruments – Overall (Subtopic 825-10)* ("ASU 2016-01"), which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The new standard was adopted by the Corporation on April 1, 2019. The standard requires the use of the cumulative effect transition method, except for equity securities without readily determinable fair values, for which the standard requires the application of the prospective transition method. As a result, unrealized losses of $4,378,257 for the year ended March 31, 2020, are presented within the total nonoperating loss; had the standard been comparative, unrealized losses of $1,791,657 would have been presented within the total nonoperating loss for the year ended March 31, 2019. Management determined no cumulative effect adjustment was necessary as of April 1, 2019. There was no net impact to change in total net assets.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)* (ASU "2016-18"), which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result of adopting ASU 2016-18, the Corporation revised the presentation of cash, cash equivalents, and restricted cash on the statements of cash flows for all periods presented. Upon adoption of ASU 2016-18, the Corporation recorded an increase in net cash used in investing activities of $1,075,668 for the year ended March 31, 2019, related to reclassifying the changes in the restricted cash balance to include the change in the cash portion of the balances year over year.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230)* ("ASU 2016-15"), which provides guidance on eight specific cash flow issues including: debt repayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. This update was effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The adoption did not have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which will require an entity to report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. The ASU applies to all public entities and is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The adoption is effective for the Corporation beginning April 1, 2020. The adoption is not expected to 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:

	2020	2019
Dividends and interest, net	$ 1,804,871	$ 1,939,483
Realized gains on investments	5,742,930	3,727,450
	$ 7,547,801	$ 5,666,933

Investment income is reported net of investment expenses of $397,195 and $421,494 for the years ended March 31, 2020 and 2019, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at March 31:

	2020		2019	
Medicare	$ 1,222,627	45%	$ 1,451,577	35%
Medi-Cal	415,823	15%	632,110	16%
Insurance	325,709	12%	323,940	8%
Resident monthly fees	406,685	15%	544,960	13%
Entrance fees	290,400	11%	1,046,500	26%
Other	61,415	2%	65,264	2%
Subtotal accounts receivable	2,722,659		4,064,351	
Less allowance for doubtful accounts	(59,259)		(248,000)	
Total accounts receivable, net	$ 2,663,400		$ 3,816,351	

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31:

	2020	2019
Land	$ 6,887,183	$ 6,566,895
Buildings and land improvements	250,199,635	175,292,584
Furniture and equipment	22,032,533	17,840,544
Total property and equipment	279,119,351	199,700,023
Less accumulated depreciation	(100,299,135)	(90,576,236)
Construction in progress	4,882,062	64,573,135
Property and equipment, net	$ 183,702,278	$ 173,696,922

Construction in progress at March 31, 2020 and 2019, included approximately $0 and $57,000,000, respectively, for the 92-unit Napa campus expansion project, of which approximately $66,000,000 and $55,200,000, respectively, was financed by funds drawn on the Series 2016 bonds (see Note 8). During the years ended March 31, 2020 and 2019, the Corporation capitalized interest in the project of $479,352 and $907,020, respectively.

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 $317,277 and $117,812 for the years ended March 31, 2020 and 2019, respectively. Additionally, amortization of $26,540 and $125,133, related to the Series 2016 bonds, was capitalized related to the Napa campus expansion project as of March 31, 2020 and 2019, respectively.

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

	2020	2019
Costs related to bond issuances	$ 2,828,451	$ 2,828,451
Less accumulated amortization	(1,696,074)	(1,352,257)
Unamortized debt issuance costs	$ 1,132,377	$ 1,476,194

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 $205,821 and $214,333 for the years ended March 31, 2020 and 2019, respectively. The unamortized balance is as follows:

	2020	2019
Deferred finance costs	$ 3,638,187	$ 3,638,187
Less accumulated amortization	(1,710,736)	(1,504,915)
Unamortized deferred financing costs	$ 1,927,451	$ 2,133,272

NOTE 8 – LONG-TERM DEBT

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

	2020	2019
Insured Senior Living Revenue Bonds, Series 2012A	$ 81,081,239	$ 82,905,000
Insured Senior Living Revenue Bonds, Series 2016	20,500,750	55,193,516
	101,581,989	138,098,516
Add: unamortized premium	5,963,563	6,608,512
Less: current portion	(4,956,239)	(3,305,000)
Less: unamortized debt issuance and deferred financing costs	(3,059,828)	(3,609,466)
Total long-term debt	$ 99,529,485	$ 137,792,562

Series 2012A Insured Senior Living Revenue Bonds – The insured senior living revenue bonds ("Series 2012A Bonds") are insured by Cal-Mortgage and were issued to refinance the 1993 Certificates, the 1999 Certificates, and the 2003 Series A Bonds. The terms of the bond require that the Corporation maintain deposits with a trustee. Such deposits are reflected as assets restricted under bond indenture agreements (see Note 2). Principal maturities for the serial bonds range from $1,150,000 to $4,220,000 are due beginning April 1, 2013 through 2024. Mandatory sinking fund prepayments start in 2025 at $4,430,000 and increase up to $6,235,000 in 2032. Mandatory sinking fund payments start in 2033 at $1,455,000 and increase up to $2,215,000 in 2042. Interest on the bonds is payable semi-annually on April 1 and October 1 at rates ranging from 3.1% to 5.0%. The term bonds mature in 2032 and 2042.

The Series 2012A Bonds and the interest thereon are payable from revenues, and are secured by a pledge and assignment of said revenues and of the amounts held in the funds and accounts established pursuant to the indenture between ABAG Finance Authority for Nonprofit Corporation ("the Authority") and U.S. Bank, N.A. The bonds are further secured by assignment of the right, title and interest of the Authority in the loan agreement between the Authority and the Corporation.

Under the loan agreement, the Series 2012A Bonds and related loan repayments are further secured by a deed of trust on all of the Corporations real property and security interest in fixtures and personal property. The bonds are also subject to a regulatory agreement more fully described below, under "Regulatory Agreements."

The Series 2012A Bonds contain provisions regarding the maintenance of certain covenants and financial ratios. Management believes the Corporation was in compliance with all provisions as of March 31, 2020 and 2019.

Series 2016 Senior Living Revenue Bonds – On July 27, 2016, the Authority issued $71,429,000 of Series 2016 senior living revenue bonds ("Series 2016 Bonds") directly placed with Compass Mortgage Corporation. The debt obligation is structured as a two-tier tax-exempt direct purchase and draw down credit facility. Credit Facility I is a variable rate Draw Down-Term Loan of up to $60,397,000 in the form of a tax-exempt loan, which bears interest at 65% of the one-month LIBOR plus an applicable spread of 1.15%. Credit Facility II is a variable rate Draw Down-Term Loan of up to $11,032,000 in the form of a tax-exempt loan, which bears interest at 65% of the one-month LIBOR plus an applicable spread of 1.35%. The Series 2016 Bonds were issued to finance, develop, construct, and equip a 92-unit independent living expansion project, certain improvements to the Corporation's existing facility, and to pay for certain costs of issuance of the bonds. As of March 31, 2020, the Corporation had drawn $65,976,914 in funds for construction.

Credit Facility I has a 5-year term and principal payments are made upon collection of first generation entrance fees. Credit Facility II has a 15-year term and principal payments began three years after closing, based upon a 12-year amortization. The Corporation has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the bonds described above.

The Series 2016 Bonds also contain provisions regarding the maintenance of certain covenants and financial ratios. Management believes the Corporation was in compliance with all provisions as of March 31, 2020 and 2019.

Bond interest expense on the Series 2012A Bonds and Series 2016 Bonds was $4,645,334 and $4,368,744 for the years ended March 31, 2020 and 2019, respectively.

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

Fiscal Year Ending March 31,	Total
2021	$ 4,956,239
2022	20,713,654
2023	4,669,310
2024	4,886,380
2025	5,109,027
Thereafter	61,247,379
Total	101,581,989
Add: unamortized premium	5,963,563
Less: unamortized debt issuance and deferred financing costs	(3,059,828)
	$ 104,485,724

Regulatory agreements – On October 1, 2012, the Corporation entered into a regulatory agreement with Cal-Mortgage which establishes the requirements of Cal-Mortgage with respect to certain details of the financing transaction related to the Series 2012A Bonds. This regulatory agreement supersedes the previous regulatory agreements. As part of the regulatory agreement, the Corporation is required to comply with certain financial covenants such as debt service coverage ratio, days cash on hand, and current ratio. As of March 31, 2020 and 2019, management believes the Corporation was in compliance with these financial covenants.

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. As of March 31, 2020 and 2019, management believes the Corporation has met and exceeded the covenant levels.

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:

	2020	2019
Management and accounting services for Saratoga Retirement Community	$ 2,225,725	$ 2,018,668
Management and accounting services for The Meadows of Napa Valley	1,080,626	912,330
	$ 3,306,351	$ 2,930,998

The amount owed for management services and other expenses to this related party was $1,462,976 and $406,657 as of March 31, 2020 and 2019, respectively.

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

On January 18, 2016, the Corporation entered into a development agreement with PRS MC, LLC. Under the terms of the agreement, PRS MC, LLC, will render development services related to the 92-apartment residential living expansion project at The Meadows of Napa Valley. As compensation for these development services, the Corporation agreed to pay $3,000,000 (“the Development Fee”), plus out of pocket expenses. The fee is paid in three installments: 34% upon commencement of construction, 33% in equal monthly installments during the estimated 17-month construction period, and the final 33% within 30 days of the completion of the project. On July 20, 2017, the Corporation entered into the First Amendment to the Development Services Agreement, assigning the Development Services Agreements from PRS MC LLC to PRS MI.

Development Fee commitments for The Meadows of Napa Valley are estimated to be $990,000, due upon completion of the expansion.

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, 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, 2020 and 2019, a total of $214,905 and $203,631 was paid to the Grand Lodge, $70,314 from The Meadows of Napa Valley and $144,591 from Saratoga Retirement Community for the year ended March 31, 2020, and $66,966 from The Meadows of Napa Valley and $136,665 from Saratoga Retirement Community for the year ended March 31, 2019.

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, 2020 and 2019, amounted to $360,000, of which $60,000 was receivable by the Corporation at March 31, 2020 and $30,000 was receivable by the Corporation at March 31, 2019.

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 $474,125 and $409,442 for the years ended March 31, 2020 and 2019, respectively.

NOTE 12 – DEFERRED REVENUE FROM ENTRANCE FEES

	2020	2019
Balance, beginning of year	$ 30,886,595	$ 30,356,404
New fees received	16,224,467	5,132,927
Entrance fees repaid	(593,399)	(928,071)
Amortization of fees	(4,808,018)	(4,131,215)
Other changes in account payable and notes receivable	(198,900)	456,550
Balance, end of year	$ 41,510,745	$ 30,886,595

NOTE 13 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Living Legacy General Fund	$ 501,511	$ 560,748
IOOF Members Fund (financial assistance in paying rents, medical supplies, etc. for Odd Fellows and Rebekahs)	112,579	173,826
Living Legacy Resident Assistance Fund	77,093	75,163
Other Funds	57,626	44,480
Living Legacy Admin Fund	9,839	9,839
Living Legacy In Home Assistance Fund	4,300	4,300
Living Legacy Misc Temp Restricted Fund	2,290	2,290
Living Legacy Employee Education Fund	-	26,835
Frank Manders Memorial Fund	71,718	71,718
Endowment Fund	12,587	12,587
	$ 849,543	$ 981,786

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

NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosure,* defines fair values 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. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value. FASB ASC Topic 820 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.

As required by ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Corporation's investments have been classified, the Corporation has assessed factors including, but not limited to, the ability to redeem at net asset value ("NAV") at the measurement date and the existence or absence of certain restrictions at the measurement date. In accordance with this guidance, if the Corporation will never have the ability to redeem from the investment or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investment would be classified as a Level 3 fair value measurement.

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, 2020 and 2019, 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 table presents the fair value hierarchy for those assets measured at fair value on a recurring basis and the level within the ASC Topic 820 fair value hierarchy is which the fair value measurements fall at March 31:

	2020			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 11,640,172	$ -	$ -	$ 11,640,172
Fixed income				
Long term bond	7,906,845	-	-	7,906,845
Intermediate term bond	5,268,237	-	-	5,268,237
Short term bond	7,821,962	-	-	7,821,962
Fixed income blend	3,054,420	-	-	3,054,420
Treasury/government securities	5,182,597	-	-	5,182,597
Equity securities				
Large cap value	4,724,038	-	-	4,724,038
Large cap growth	10,466,298	-	-	10,466,298
Small/mid cap growth	3,602,239	-	-	3,602,239
Small/mid cap value	3,046,302	-	-	3,046,302
International	3,442,137	-	-	3,442,137
Equities blend	157,549	-	-	157,549
Mutual funds	50,103	-	-	50,103
Investments measured at fair value	$ 66,362,899	$ -	$ -	66,362,899
Investments measure at NAV:				
Hedge funds				5,326,412
Total assets				$ 71,689,311

	2019			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 8,507,925	$ -	$ -	$ 8,507,925
Fixed income				
Short and intermediate term	8,563,940	-	-	8,563,940
Intermediate - investment grade	7,183,859	-	-	7,183,859
Treasury inflation-protected securities	27,880	-	-	27,880
Floating rate bonds	2,388,424	-	-	2,388,424
Multi-sector income	1,663,533	-	-	1,663,533
Global (foreign) bonds	1,714,647	-	-	1,714,647
Equity securities				
Large cap core	11,418,007	-	-	11,418,007
Large cap value	4,845,220	-	-	4,845,220
Large cap growth	5,737,127	-	-	5,737,127
Mid cap growth	2,193,607	-	-	2,193,607
Mid cap value	2,506,980	-	-	2,506,980
Small cap core	2,354,311	-	-	2,354,311
International	6,315,660	-	-	6,315,660
Mutual funds	20,142,715	-	-	20,142,715
Investments measured at fair value	$ 85,563,835	$ -	$ -	85,563,835
Investments measure at NAV:				
Hedge funds				5,379,417
Total assets				$ 90,943,252

The following table provides the fair value and redemption terms and restrictions for investments redeemable at NAV at March 31:

Fund Type	2020 Fair Value	2019 Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds (a)	$ 5,326,412	$ 5,379,417	$ -	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.

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

	2020	2019
Cash and cash equivalents including amounts held for investment purposes	$ 11,640,172	$ 8,507,925
Equity, fixed income, mutual funds, and hedge fund investments	60,049,139	82,435,327
Total	71,689,311	90,943,252
Less assets restricted under bond indenture agreement	(13,295,054)	(12,627,511)
Less assets held in trust	(2,831)	(1,443)
Total short-term investments	$ 58,391,426	$ 78,314,298

NOTE 15 – COMMITMENTS AND CONTINGENCIES

On June 13, 2016, the Corporation entered into a construction contract with Wright Contracting, Inc., for the sum of $60,889,052 for the Napa campus expansion project, with subsequent change orders bringing the total to $69,011,430. As of March 31, 2020, the balance to finish the contract was $6,169,566.

On January 18, 2016, the Corporation entered into a development services agreement with PRS MC, LLC, with subsequent assignment to PRS MI (see Note 9) related to the Napa campus expansion project, whereby PRS MC, LLC, is to provide development, marketing, and financing services. Under the agreement, the Corporation agreed to pay PRS MC, LLC development fees of $3,000,000, with the first payment due upon commencement of construction. As of March 31, 2020, the balance on the contract was $990,000, which is included in accounts payable and accrued expenses on the statement of financial position.

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 – HEALTH AND SAFETY CODE SECTION 1790(A)(3) DISCLOSURE

The Series 2016 Senior Living Revenue Bonds were issued to fund the expansion and improvement of the Napa campus. The bonds are structured as a draw down credit facility, with draws placed as construction costs are incurred. Consistent with the Corporation's non-profit status, the funds have been expended to construct and improve the facilities used to provide housing and care to their residents. Amounts drawn on the Series 2016 bonds were $65,976,914 and $55,193,516 at March 31, 2020 and 2019, respectively.

NOTE 17 – 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, 2020 and 2019, were sufficient to meet this requirement.

NOTE 18 – 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:

	2020	2019
Cash and cash equivalents	$ 8,514,257	$ 4,114,270
Accounts receivable and due from Grand Lodge Endowment Fund	2,723,400	3,846,351
Investments	58,391,426	78,314,298
	$ 69,629,083	$ 86,274,919

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 19 – FUNCTIONAL EXPENSES

	Year Ended March 31, 2020		
	Program	Management	Total
Salaries and benefits	$ 27,154,772	$ 2,570,162	$ 29,724,934
Supplies	6,155,683	203,239	6,358,922
Services	5,078,865	4,643,535	9,722,400
Depreciation	10,063,031	-	10,063,031
Interest and financing	4,590,826	-	4,590,826
Utilities	2,959,672	-	2,959,672
Other	1,452,701	2,063,729	3,516,430
	$ 57,455,550	$ 9,480,665	$ 66,936,215

	Year Ended March 31, 2019		
	Program	Management	Total
Salaries and benefits	$ 24,512,970	$ 2,576,385	$ 27,089,355
Supplies	5,679,300	225,200	5,904,500
Services	4,237,962	3,894,835	8,132,797
Depreciation	7,333,323	-	7,333,323
Interest and financing	4,100,588	-	4,100,588
Utilities	2,415,001	-	2,415,001
Other	1,356,387	2,119,195	3,475,582
	$ 49,635,531	$ 8,815,615	$ 58,451,146

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 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.

Subsequent to March 31, 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. Although the Corporation does not expect the impact on its operations and financial results to be significant, the duration and intensity of the impact of the coronavirus and resulting disruption to the Corporation's operations is uncertain.

The Corporation held various investments at March 31, 2020. At this time, the market volatility and the continuing situation surrounding the pandemic is uncertain. Management believes that the decline in fair value of these investments is temporary and will continue to monitor the situation closely.

The Corporation has evaluated subsequent events through August 4, 2020, 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, 2020

	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	$ 18,498,601	$ 12,316,114	$ -	$ 30,814,715
Health center revenues, net	12,087,690	8,079,746	-	20,167,436
Entrance fees earned	3,262,427	1,545,591	-	4,808,018
Contributions	201,654	164,561	-	366,215
Investment income, net	-	-	7,536,943	7,536,943
Unrealized change in value of investments	-	-	(4,378,257)	(4,378,257)
Other revenue	417,550	213,894	-	631,444
Total revenues	34,467,922	22,319,906	3,158,686	59,946,514
Net assets released - restricted purpose met	368,821	131,049	-	499,870
Total revenues, gains, and support	34,836,743	22,450,955	3,158,686	60,446,384
Expenses:				
Dietary	5,618,440	4,538,524	-	10,156,964
Facility services and utilities	5,219,790	5,567,042	-	10,786,832
Health and social services	8,581,120	6,411,536	-	14,992,656
Recreation	228,871	255,772	-	484,643
Assisted living	2,798,388	2,243,354	-	5,041,742
Administrative and marketing	3,347,971	3,665,329	-	7,013,300
Interest	-	-	4,590,826	4,590,826
Depreciation	4,255,132	5,807,899	-	10,063,031
Fund disbursement	368,821	131,049	-	499,870
Management services	2,225,725	1,080,626	-	3,306,351
Total expenses	32,644,258	29,701,131	4,590,826	66,936,215
Operating income (loss)	2,192,485	(7,250,176)	(1,432,140)	(6,489,831)
Nonoperating income:				
Unrealized change in value of investments	-	-	(4,005,948)	(4,005,948)
Total nonoperating loss	-	-	(4,005,948)	(4,005,948)
Change in net assets without donor restrictions	2,192,485	(7,250,176)	(5,438,088)	(10,495,779)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	267,579	146,695	-	414,274
Investment income, net	-	-	10,858	10,858
Unrealized change in value of investments	-	-	(57,505)	(57,505)
Net assets released - restricted purpose met	(368,821)	(131,049)	-	(499,870)
Change in net assets with donor restrictions	(101,242)	15,646	(46,647)	(132,243)
CHANGES IN NET ASSETS (DEFICIT)	$ 2,091,243	$ (7,234,530)	$ (5,484,735)	$ (10,628,022)

Odd Fellows Home of California
Statement of Activities by Location
Year Ended March 31, 2019

	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	$ 17,659,390	$ 10,220,627	$ -	$ 27,880,017
Health center revenues, net	11,832,436	8,359,052	-	20,191,488
Entrance fees earned	2,680,031	1,451,184	-	4,131,215
Contributions	226,000	139,858	-	365,858
Investment income, net	-	-	5,619,251	5,619,251
Other revenue	563,543	147,793	-	711,336
Total revenues	32,961,400	20,318,514	5,619,251	58,899,165
Net assets released - restricted purpose met	373,177	104,496	-	477,673
Total revenues, gains, and support	33,334,577	20,423,010	5,619,251	59,376,838
Expenses:				
Dietary	5,271,629	3,864,228	-	9,135,857
Facility services and utilities	4,841,436	4,087,154	-	8,928,590
Health and social services	8,211,036	5,781,112	-	13,992,148
Recreation	229,890	244,378	-	474,268
Assisted living	2,480,999	1,999,804	-	4,480,803
Administrative and marketing	3,299,657	3,297,241	-	6,596,898
Interest	-	-	4,100,588	4,100,588
Depreciation	4,192,417	3,140,906	-	7,333,323
Fund disbursement	373,177	104,496	-	477,673
Management services	2,018,668	912,330	-	2,930,998
Total expenses	30,918,909	23,431,649	4,100,588	58,451,146
Operating income (loss)	2,415,668	(3,008,639)	1,518,663	925,692
Nonoperating income:				
Unrealized change in value of investments	-	-	(1,791,657)	(1,791,657)
Total nonoperating income	-	-	(1,791,657)	(1,791,657)
Change in net assets without donor restrictions	2,415,668	(3,008,639)	(272,994)	(865,965)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	273,435	110,257	-	383,692
Investment income, net	-	-	47,682	47,682
Unrealized change in value of investments	-	-	(14,422)	(14,422)
Net assets released - restricted purpose met	(373,177)	(104,496)	-	(477,673)
Change in net assets with donor restrictions	(99,742)	5,761	33,260	(60,721)
CHANGES IN NET ASSETS (DEFICIT)	$ 2,315,926	$ (3,002,878)	$ (239,734)	$ (926,686)

Exhibit E

Internally Prepared Financial Statements

FYE 2023

Odd Fellows Home of California

Statement of Financial Position

As of March 31, 2023

	03/31/23	03/31/22
Assets		
Current assets:		
Cash and cash equivalents	$ 7,544,142	$ 6,936,643
Short term investments	39,412,864	52,754,398
Accounts receivable, net	9,357,415	3,285,886
Prepaid expenses & inventory	1,353,203	1,550,422
Note receivable from affiliates, current	97,941	90,000
Current portion of assets restricted under bond indenture agreement	5,714,577	5,615,200
Restricted deposits	0	25,977
Total current assets	**63,480,141**	**70,258,527**
Property and equipment, net	181,490,475	184,752,822
Other assets:		
Assets held in trust	2,846	2,841
Assets restricted under bond indenture agreements	6,427,634	6,352,679
Total other assets	**6,430,480**	**6,355,520**
Total assets	**$ 251,401,096**	**$ 261,366,868**

	03/31/23	03/31/22
Liabilities and net assets		
Current liabilities:		
Accounts payable & accrued expenses	$ 7,205,055	$ 14,215,138
Accrued interest	1,694,500	1,790,125
Refundable deposits	558,041	622,938
Current portion of entrance fees repayable due upon reoccupancy	4,799,805	3,849,690
Current portion of long term debt	4,020,000	3,825,000
Due to affiliates, net	4,697,538	614,580
Other current liabilities	10,738	2,008,137
Total current liabilities	**22,985,677**	**26,925,608**
Long term debt	64,635,000	68,655,000
Long term debt premium	4,204,909	4,760,316
Bond issue and other financing costs, net	(1,901,159)	(2,147,866)
Total long term debt	**66,938,750**	**71,267,449**
Other liabilities:		
Entrance fees repayable due upon reoccupancy	127,895,483	125,904,867
Deferred revenue from entrance fees	52,503,524	52,174,977
Total other liabilities	**180,399,007**	**178,079,845**
Total liabilities	**270,323,435**	**276,272,902**
Net assets:		
Without donor restrictions	(19,074,354)	(15,086,208)
With donor restrictions	152,016	180,175
Total net assets	**(18,922,338)**	**(14,906,033)**
Total liabilites and net assets	**$ 251,401,096**	**$ 261,366,868**

Odd Fellows Home of California

Detail Statement of Activities - Unrestricted only

Year and month to date for the period ending March 31, 2023

	Actual Mar-23	Budget Mar-23	Variance	Actual YTD	Budget YTD	Variance
Operating revenues:						
Service fees revenues						
Independent living	$ 2,123,754	$ 2,076,737	$ 47,017	$ 25,398,961	$ 24,920,789	$ 478,172
Assisted / residential living	721,684	835,903	(114,219)	8,594,061	10,030,792	(1,436,731)
Memory care	314,794	313,020	1,774	3,306,125	3,756,185	(450,060)
Care suites	-	-	-	-	-	-
Level of care	50,134	62,939	(12,805)	638,944	755,180	(116,236)
Monthly fee credits	(23,548)	(40,927)	17,379	(550,606)	(491,168)	(59,438)
Health center revenues						
CCRC resident	127,305	206,967	(79,662)	1,622,870	2,436,833	(813,963)
Public resident	445,100	590,026	(144,926)	5,302,383	6,947,108	(1,644,725)
Medicare	838,196	679,336	158,860	7,288,140	7,998,792	(710,652)
Medicaid / Medicaid Managed	461,561	296,455	165,106	5,538,289	3,490,578	2,047,711
Insurance / Medicare Advantage	46,046	115,644	(69,598)	655,649	1,361,639	(705,990)
Hospice / other	91,368	33,361	58,007	808,097	393,245	414,852
Monthly fee credits	(14,250)	(17,731)	3,481	(83,202)	(208,785)	125,583
Bad debt	(13,664)	(5,424)	(8,240)	(89,575)	(65,000)	(24,575)
Entrance fee revenues						
Entrance fee amortization income	410,068	413,215	(3,147)	4,923,890	4,958,580	(34,690)
Entrance fee termination income	113,495	98,376	15,119	2,007,701	1,180,490	827,211
Contributions	49,312	24,803	24,509	8,813,025	297,713	8,515,312
Other revenues						
Home care	13	-	13	34	-	34
Other income, net	40,264	44,953	(4,689)	382,638	539,612	(156,975)
Release from restriction	-	-	-	502,059	502,059	-
Total operating revenues	**$ 5,781,632**	**$ 5,727,653**	**$ 53,979**	**$ 75,059,481**	**$ 68,804,642**	**$ 6,254,839**

	Actual Mar-23	Budget Mar-23	Variance	Actual YTD	Budget YTD	Variance
Operating expenses:						
Administration	$ 869,522	$ 679,808	$ (189,714)	$ 9,372,686	$ 8,176,938	$ (1,195,748)
Dining services	1,229,740	912,669	(317,071)	12,019,977	10,769,630	(1,250,347)
Health and social services						
Health services	1,619,585	1,469,837	(149,748)	17,219,853	16,648,333	(571,520)
Assisted / residential living	440,071	288,463	(151,608)	4,294,997	3,384,427	(910,570)
Care suites	-	-	-	-	-	-
Memory care	112,250	161,273	49,023	1,327,218	1,889,304	562,086
Facility services and utilities						
Facility services	1,040,220	719,237	(320,983)	9,175,812	8,491,828	(683,984)
Utilities	432,718	304,061	(128,657)	4,175,559	3,524,789	(650,770)
Depreciation	1,092,510	1,012,117	(80,393)	12,464,862	12,145,492	(319,370)
Fund disbursements	-	-	-	502,059	502,059	-
Fees to affiliate						
Management services	406,430	333,786	(72,644)	3,283,323	4,005,487	722,164
Accounting services	13,651	13,311	(340)	163,812	159,644	(4,168)
Loss on disposal of prop & equipment	100,876	118,882	18,006	100,876	118,882	18,006
Other expenses						
Activities	39,415	58,359	18,945	469,181	683,429	214,248
Total operating expenses	**$ 7,396,988**	**$ 6,071,803**	**$ (1,325,185)**	**$ 74,570,215**	**$ 70,500,242**	**$ (4,069,974)**

	Actual Mar-23	Budget Mar-23	Variance	Actual YTD	Budget YTD	Variance
Excess revenue over expense - operating	**$ (1,615,356)**	**$ (344,150)**	**$ (1,271,206)**	**$ 489,266**	**$ (1,695,600)**	**$ 2,184,866**
	0	-	(0)	(0)	(0)	**0**
Napa Excess revenue over expense - operating	**$ (1,109,057)**	**$ (351,891)**	**$ (757,166)**	**$ (5,119,397)**	**$ (3,829,339)**	**$ (1,290,058)**
Saratoga Excess revenue over expense - operating	**$ (506,299)**	**$ 7,741**	**$ (514,039)**	**$ 5,608,663**	**$ 2,133,739**	**$ 3,474,924**

Odd Fellows Home of California

Detail Statement of Activities - Unrestricted only

Year and month to date for the period ending March 31, 2023

	Actual Mar-23	Budget Mar-23	Variance	Actual YTD	Budget YTD	Variance
Financing activities - unrestricted						
Investment income	$ 138,142	$ 186,935	$ (48,793)	$ 689,240	$ 2,243,152	$ (1,553,912)
Realized gain (loss)	(52,672)	162,545	(215,217)	(3,007,464)	1,950,584	(4,958,048)
Unrealized gain (loss)	1,424,528	42,142	1,382,386	1,194,203	505,583	688,620
Fees unrestricted funds	(2,567)	(28,322)	25,755	(205,688)	(339,809)	134,121
Total unrestricted financing income	**1,507,430**	**363,300**	**1,144,130**	**(1,329,709)**	**4,359,510**	**(5,689,219)**
Interest expense	241,549	227,643	(13,906)	2,852,705	2,831,916	(20,789)
LOC / remarketing & other fees	6,440	6,628	188	48,291	79,569	31,278
Amortization expense	20,559	20,638	79	246,708	247,678	970
Total unrestricted financing expense	**268,548**	**254,909**	**(13,639)**	**3,147,703**	**3,159,163**	**11,460**
Excess income over expense - financing	**$ 1,238,882**	**$ 108,391**	**$ 1,130,491**	**$ (4,477,412)**	**$ 1,200,347**	**$ (5,677,759)**
Change in unrestricted net assets before nonoperating items	**$ (376,474)**	**$ (235,759)**	**$ (140,715)**	**$ (3,988,146)**	**$ (495,253)**	**$ (3,492,893)**
Nonoperating items:						
Change in unrestricted net assets after nonoperating items	**$ (376,474)**	**$ (235,759)**	**$ (140,715)**	**$ (3,988,146)**	**$ (495,253)**	**$ (3,492,893)**

Odd Fellows Home of California

Statement of Cash Flows

As of March 31, 2023

Cash flows from operating activities (Indirect Method)		
Change in net assets	$	(4,016,305)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		12,464,862
Amortization of debt issue costs		246,708
Amortization of bond (premium) / discount		(555,407)
Nonrepayable entrance fees received		7,575,259
Nonrepayable entrance fees repaid		(315,121)
Entrance fees earned		(6,931,591)
Unrealized change in value of investments		(1,194,203)
Realized (gain) loss and reinvested income on investments		2,509,592
Assets held in trust		(5)
Loss (gain) on disposal of property and equipment		100,876
Net changes in:		
Accounts receivable, net		(6,008,598)
Supplies, prepaid expenses and other assets		197,220
Accounts payable and accrued expenses		(7,010,082)
Accrued interest		(95,625)
Refundable deposits		(38,920)
Due to affiliate, net		4,082,958
Other liabilities		(1,997,399)
Net cash provided by operating activities	$	(985,783)

Cash flows from investing activities		
Purchase of property and equipment	$	(9,303,391)
Proceeds from sale of investments		11,934,933
Change in assets restricted under bond indenture agreement, net of realized gains		(83,121)
Change in notes receivable		(7,941)
Net cash used in investing activities	$	2,540,481

Cash flows from financing activities		
Repayment of long-term debt	$	(3,825,000)
Repayable entrance fees received		13,490,808
Repayable entrance fees repaid		(10,613,007)
Net cash used in financing activities	$	(947,199)

Net increase (decrease) in cash and cash equivalents	$	607,499
Cash and cash equivalents, beginning of year	$	6,936,643
Cash and cash equivalents, end of year	$	7,544,142

Exhibit F

Financial Feasibility Report

HENDRICKSON CONSULTING

6 Beach Road, #494 – Tiburon, CA 94920 – (415) 889-5035 – Bill1Hendrickson@gmail.com

May 23, 2023

Marcy Schoeggl
Chief Financial Officer
Pacific Retirement Services
1 West Main Street, 303
Medford, OR 97501

Dear Ms. Schoeggl:

The following is the financial feasibility report for the Odd Fellows Home of California's (OFH) proposed $72.9 million par/premium 2023 Bonds. The 2023 Bond proceeds are to be used to refinance the $64.6 million remaining principal on the 2012 Bonds and to finance $10.0 million in general capital improvements. None of the proceeds are being applied to expansion of the current total of units/beds at either of OFH's two campuses: Saratoga Retirement Community (SRC) and The Meadows of Napa Valley (MNV).

Both SRC and MNV are State-licensed Continuing Care Retirement Communities (CCRCs). SRC consists of 143 independent living (IL), 88 assisted living (AL), and 15 Memory Care (MC) units and 94 skilled nursing facility (SNF) beds. MNV currently includes 236 IL, 41 AL, 20 MC, and 60 SNF units/beds. MNV opened 92 IL units in August 2019 and reached full occupancy in late-2022. SRC offers two CCRC entrance fee contract options; amortized and 80% repayable. MNV offers amortized and 85% repayable entrance fee contract options and a non-CCRC rental contract.

The attached forecasts include **Tables 1-4**, which show key assumptions, **Tables 5-7**, which show financial statement forecasts and key ratios in **Table 8**. **Table 9** shows a summary of sensitivity scenarios. Hendrickson Consulting (HC) has included historical occupancy, sales, and financial information for the past two fiscal years (FY) ending March 31, 2022 and 2023. The following is a summary of the key assumptions for each table.

Key Assumptions

Table 1 shows sources and uses of funds and debt schedule for the 2023 Bonds. These have been provided by D.A. Davidson & Co., Odd Fellows investment banker. The average interest rate is estimated at 5.0% and the bond term is through 2053. The combined annual debt during the forecast period is estimated at $5.07 million, $2.3 million less than the current $7.4 million for the 2012 Bonds. The refinance portion averages $4.60 million per year and the new money averages $470,000. The $10.0 million capital projects are approximately evenly divided between the two campuses with about $4.2 million for IL unit renovation, $2.4 million for AL remodeling and renovation, $1.2 million for information technology, $1.2 million for a generator at MNV, and $1.0 million in miscellaneous smaller projects. All projects are expected to be completed within the next 12-18 months.

TABLE 1
ODD FELLOWS HOME OF CALIFORNIA
SOURCES/USES OF FUNDS
($000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028	TOTAL
SOURCES						
Bonds/Premium - Refinance	$64,805	$0	$0			$64,805
Bonds/Premium - New Money	8,123	0	0			$8,123
Debt Reserve Funds - 2012 Bonds	6,169	0	0			$6,169
Cash Equity	500	0	0			$500
TOTAL SOURCES	**$79,597**	**$0**	**$0**			**$79,597**
USES						
Construction & Related	$7,000	$3,000	$0			$10,000
Refunding Escrow	65,698	0	0			$65,698
Debt Reserve	1,267	0	0			$1,267
Cal Mortgage Fees	1,332	0	0			$1,332
Issuance Costs	1,300	0	0			$1,300
TOTAL USES	**$76,597**	**$3,000**	**$0**			**$79,597**
BALANCE	**$3,000**	**$0**	**$0**			**$0**
DEBT PAYMENTS						
Interest	$2,160	$3,156	$3,059	$2,958	$2,851	
Principal	$1,205	$1,910	2,010	2,110	2,215	
Annual Debt	**$3,365**	**$5,066**	**$5,069**	**$5,068**	**$5,066**	
Balance Par/Premium	**$71,723**	**$69,813**	**$67,803**	**$65,693**	**$63,478**	

Tables 2 and 3 show occupancy, monthly fee and other revenue forecasts for SRC and MNV respectively. FY 2022 and 2023 totals are from Odd Fellows historic records provided by Pacific Retirement Services (PRS), the third-party management firm. The FY 2024 estimates are based on the budget and on HC estimates. In general, rates are increased by 4.0% per year (with the exception of SNF rates described below), equal to the rate used to project operating expenses. Monthly fees were last increased by 7.9%-8.9% at both campuses effective April 1, 2023.

The proportion of occupants under CCRC and rental contracts has been stable for the last few years and is expected to remain stable over the forecast period. Occupancy levels are expected to generally remain at FY 2023 levels, with some improvement of AL, MC, and SNF occupancies at MNV as residents of the 92 new IL units begin to transfer to higher levels of care. The number of available IL units at MNV is expected to decrease to 230 by the end of 2023 with the planned conversion of 10 smaller units to four two and three-bedroom units. PRS and OFH management believe that the occupancy forecasts at both MNV and SRC are conservative.

The SNF payor mix for MNV in FY 2023 was approximately 47% Medi-Cal, 33% Medicare, and 20% private. The mix for SRC was approximately 40% Medi-Cal, 15% Medicare, and 45% private. This payor mix is projected to remain at FY 2023 levels in the forecasts. Annual Medicare and Medi-Cal rates are projected to increase by approximately 3.0% and private by 5.0%, for a weighted average of 3.5% per year.

Table 4 shows a summary of historical and forecast entrance fees and refunds, including initial entrance fees for the 92-unit MNV expansion. All entrance fees are increased by 4.0% per year after 2024. As shown net entrance fee revenues are expected to exceed $10 million per year. MNV resales are expected to gradually increase as the 92 expansion units experience turnover increases. Future entrance fee contract selection is estimated at 60% Amortized and 40% Repayable at SRC and two-thirds 85% Repayable and one-third Amortized for MNV, excluding rental units.

TABLE 2
SARATOGA RETIREMENT COMMUNITY
OPERATING REVENUE FORECASTS
($000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
INDEPENDENT LIVING							
Available Units - Average	143.0	143.0	143.0	143.0	143.0	143.0	143.0
Average Occ. - CCRC	**131.1**	**138.5**	**138.0**	**138.0**	**138.0**	**138.0**	**138.0**
% Occupancy	91.7%	96.9%	96.5%	96.5%	96.5%	96.5%	96.5%
Average Mo. Rate - CCRC	$7,755	$8,079	$8,717	$9,066	$9,428	$9,805	$10,198
MONTHLY REVENUES	**$12,200**	**$13,427**	**$14,435**	**$15,013**	**$15,613**	**$16,238**	**$16,887**
ASSISTED LIVING/MEMORY CARE							
Available Units/Beds	103.0	103.0	103.0	103.0	103.0	103.0	103.0
Average Occupancy	**86.3**	**77.6**	**80.0**	**80.0**	**80.0**	**80.0**	**80.0**
% Occupancy	83.8%	75.3%	77.7%	77.7%	77.7%	77.7%	77.7%
Average Rate	$7,810	$8,498	$9,254	$9,624	$10,009	$10,409	$10,826
MONTHLY REVENUES	**$8,088**	**$7,913**	**$8,884**	**$9,239**	**$9,609**	**$9,993**	**$10,393**
SKILLED NURSING							
Available Units/Beds	94.0	94.0	94.0	94.0	94.0	94.0	94.0
Average Occupancy	**61.5**	**67.0**	**67.0**	**67.0**	**67.0**	**67.0**	**67.0**
% Occupancy	65.4%	71.3%	71.3%	71.3%	71.3%	71.3%	71.3%
Average Rate/Day	$551	$556	$575	$595	$616	$638	$660
MONTHLY REVENUES	**$12,378**	**$13,591**	**$14,067**	**$14,559**	**$15,069**	**$15,596**	**$16,142**
OTHER	**$526**	**$146**	**$152**	**$158**	**$164**	**$171**	**$178**
TOTAL MONTHLY/OTHER	**$33,192**	**$35,077**	**$37,538**	**$38,969**	**$40,455**	**$41,998**	**$43,600**
Combined Occupancy	82.0%	83.3%	83.8%	83.8%	83.8%	83.8%	83.8%

TABLE 3
THE MEADOWS OF NAPA VALLEY
OPERATING REVENUE FORECASTS
($000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
INDEPENDENT LIVING							
Available Units - Average	236.0	236.0	234.0	230.0	230.0	230.0	230.0
Average Occ. - Rental	40.0	45.8	45.0	45.0	45.0	45.0	45.0
Average Occ. - CCRC	146.6	149.2	155.0	155.0	155.0	155.0	155.0
Average Occ. - Total	**186.6**	**195.0**	**200.0**	**200.0**	**200.0**	**200.0**	**200.0**
% Occupancy	79.1%	82.6%	85.5%	87.0%	87.0%	87.0%	87.0%
Average Mo. Rate - Rental	$4,360	$4,405	$4,753	$4,943	$5,141	$5,346	$5,560
Average Mo. Rate - CCRC	$5,020	$5,335	$5,756	$5,986	$6,226	$6,475	$6,734
Monthly Fees - Rental	$2,093	$2,421	$2,567	$2,669	$2,776	$2,887	$3,003
Monthly Fees - CCRC	$8,831	$9,551	$10,706	$11,134	$11,580	$12,043	$12,525
MONTHLY REVENUES	**$10,924**	**$11,972**	**$13,273**	**$13,804**	**$14,356**	**$14,930**	**$15,527**
ASSISTED LIVING/MEMORY CARE							
Available Units/Beds	61.0	61.0	61.0	61.0	61.0	61.0	61.0
Average Occupancy	**39.8**	**44.0**	**45.0**	**46.0**	**47.0**	**48.0**	**49.0**
% Occupancy	65.2%	72.1%	73.8%	75.4%	77.0%	78.7%	80.3%
Average Rate	$7,041	$7,718	$8,328	$8,661	$9,007	$9,367	$9,742
MONTHLY REVENUES	**$3,363**	**$4,075**	**$4,497**	**$4,781**	**$5,080**	**$5,396**	**$5,728**
SKILLED NURSING							
Available Units/Beds	60.0	60.0	60.0	60.0	60.0	60.0	60.0
Average Occupancy	**37.0**	**37.0**	**40.0**	**41.0**	**42.0**	**43.0**	**44.0**
% Occupancy	61.7%	61.7%	66.7%	68.3%	70.0%	71.7%	73.3%
Average Rate/Day	$524	$552	$571	$591	$612	$633	$655
MONTHLY REVENUES	**$7,081**	**$7,451**	**$8,337**	**$8,845**	**$9,377**	**$9,937**	**$10,524**
OTHER	**$508**	**$239**	**$249**	**$259**	**$269**	**$280**	**$291**
TOTAL MONTHLY/OTHER	**$21,876**	**$23,737**	**$26,355**	**$27,687**	**$29,082**	**$30,542**	**$32,070**
Combined Occupancy	73.8%	77.3%	80.3%	81.8%	82.3%	82.9%	83.5%

TABLE 4
ODD FELLOWS HOME OF CALIFORNIA
ENTRANCE FEE FORECASTS
(000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
SRC							
Number of Resales	22	15	12	12	12	12	12
Weighted Average Resale Price	$726	$637	$750	$780	$811	$844	$877
Total Resales	**$15,972**	**$9,555**	**$9,000**	**$9,360**	**$9,734**	**$10,124**	**$10,529**
Total Repayments	**($2,497)**	**($8,336)**	**($4,500)**	**($4,680)**	**($4,867)**	**($5,062)**	**($5,264)**
NET ENTRANCE FEES	**$13,475**	**$1,219**	**$4,500**	**$4,680**	**$4,867**	**$5,062**	**$5,264**
MNV							
Resales Entrance Fees	9	17	16	17	18	19	19
Initial Sales - Expansion Units	7	2	0	0	0	0	0
Price - Resales Entrance Fees	$529	$588	$612	$636	$662	$688	$716
Price - Initial Expansion Units	$862	$754					
Revenues - Resales Entrance Fees	$4,757	$10,003	$9,791	$10,819	$11,914	$13,079	$13,602
Revenues - Expansion Initial	$6,035	$1,508	$0	$0	$0	$0	$0
Total	**$10,792**	**$11,511**	**$9,791**	**$10,819**	**$11,914**	**$13,079**	**$13,602**
Total Repayments	**($1,927)**	**($2,592)**	**($3,916)**	**($4,328)**	**($4,766)**	**($5,232)**	**($5,441)**
NET ENTRANCE FEES	**$8,865**	**$8,919**	**$5,875**	**$6,492**	**$7,148**	**$7,847**	**$8,161**
TOTAL NET E. FEES b/EXP.	**$16,305**	**$8,630**	**$10,375**	**$11,172**	**$12,016**	**$12,909**	**$13,426**

Financial Statement Forecasts

Tables 5-7 show historical and forecast financial statements through FY 2028. These reflect revenue assumptions shown in **Tables 1-4** plus additional assumptions regarding operating expenses, investment earnings, contributions on the Statement of Activities (**Table 5**), balance sheet assumptions on **Table 6**, and capital ongoing capital expenditures on **Table 7**. In **Table 5**, operating expenses are increased by 4.0% per year after FY 2024.

FY 2023 $9.3 million contributions consist of $6.25 million from Federal Employee Retention Credit (ERC) funding, $2.0 million from forgiveness of the payroll protection program (PPP) loan, $540,000 from annual endowment fund transfers, and $500,000 from the release of restricted funds for operating purposes. In FY 2024 OFH will receive an additional $3.06 million in ERC funding and an estimated $1.0 million in combined endowment fund transfers and released restricted assets, which is projected to continue through the forecast period. Ongoing capital projects are depreciated over 15 years.

Investment earnings are estimated at 4.0% of prior year balances with the 2023 Bonds reserve earnings 3.3%. Key balance sheet assumptions include accounts receivable at 25 days of cash operating revenues (exclude contributions and investment earnings) and accounts payable at 45 days of cash operating expenses. **Table 7** shows an average of $8.0 million per year in ongoing capital expenses.

TABLE 5
ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF CHANGES IN NET ASSETS
($000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
REVENUE							
Monthly Fees/Other - SRC	$33,192	$35,077	$37,538	$38,969	$40,455	$41,998	$43,600
Monthly Fees/Other - MNV	21,876	23,737	26,355	27,687	29,082	30,542	32,070
Amortized Entrance Fees	6,693	6,932	7,276	7,666	8,101	8,582	9,066
Contributions/Net Released Assets	820	9,315	4,056	1,000	1,000	1,000	1,000
Interest/Realized Gains	4,347	(2,525)	1,906	2,299	2,390	2,396	2,438
Unrealized Gains (Losses)	(2,463)	1,194	0	0	0	0	0
Total Revenue	**$64,465**	**$73,730**	**$77,131**	**$77,621**	**$81,027**	**$84,517**	**$88,173**
EXPENSES							
Operations - SRC	$29,003	$31,726	$33,947	$35,305	$36,717	$38,186	$39,713
Operations - MNV	24,452	26,323	28,166	29,292	30,464	31,682	32,950
PRS Management Services	3,947	3,873	4,153	4,333	4,520	4,715	4,919
Depreciation/Amortization/Other	12,225	12,813	12,554	12,645	12,738	12,710	12,178
Net Interest/Fees	3,448	2,901	2,160	3,156	3,059	2,958	2,851
Total Expenses	**$73,075**	**$77,636**	**$80,979**	**$84,731**	**$87,498**	**$90,251**	**$92,610**
Change in NA - Unrestricted	**($8,610)**	**($3,906)**	**($3,848)**	**($7,110)**	**($6,470)**	**($5,734)**	**($4,436)**
Change in NA - Donor Restricted	$11	$0	$0	$0	$0	$0	$0
BALANCE (DEFICIT)	**($14,906)**	**($18,812)**	**($22,660)**	**($29,769)**	**($36,240)**	**($41,974)**	**($46,410)**

TABLE 6
ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
($000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
ASSETS							
Cash & Investments	$59,691	$46,957	$56,426	$58,696	$58,855	$59,898	$61,939
Accounts Receivable	3,286	9,209	4,376	4,566	4,763	4,968	5,183
Other Current Assets	1,666	1,142	1,142	1,142	1,142	1,142	1,142
Total Current Assets	$64,643	$57,308	$61,944	$64,404	$64,760	$66,009	$68,264
Limited Use Assets	$11,971	$12,146	$4,267	$1,267	$1,267	$1,267	$1,267
Net Property, Plant, Equip.	184,753	181,066	179,888	175,243	170,505	165,795	161,617
TOTAL ASSETS	**$261,367**	**$250,520**	**$246,099**	**$240,914**	**$236,532**	**$233,071**	**$231,149**
LIABILITIES							
Accts. Payable/Accr. Exp.	$16,013	$7,936	$8,170	$8,498	$8,840	$9,195	$9,565
Refundable Deposits	623	558	558	558	400	100	100
PPP Loan/Other Liabilities	2,000	11	11	11	11	11	11
Due to Affilliate	615	4,697	0	0	0	0	0
Current Portion - Debt	3,825	4,020	1,910	2,010	2,110	2,215	2,330
Total Current Liabilities	$23,076	$17,222	$10,649	$11,077	$11,361	$11,521	$12,006
Repayable Entrance Fees	$129,755	$132,695	$134,864	$137,318	$140,058	$143,088	$146,139
Deferred Entrance Fees	52,175	52,504	53,434	54,485	55,660	56,958	58,266
Long-term Debt/Premium	71,267	66,939	69,813	67,803	65,693	63,478	61,148
TOTAL LIABILITIES	**$276,273**	**$269,360**	**$268,759**	**$270,683**	**$272,772**	**$275,045**	**$277,559**
NET ASSETS	**($14,906)**	**($18,840)**	**($22,660)**	**($29,769)**	**($36,240)**	**($41,974)**	**($46,410)**
TOTAL NET ASSETS/LIAB.	**$261,367**	**$250,520**	**$246,099**	**$240,914**	**$236,532**	**$233,071**	**$231,149**

TABLE 7
ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF CASH FLOWS
($000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
OPERATING ACTIVITIES							
Change in Net Assets	($8,599)	($3,906)	($3,848)	($7,110)	($6,470)	($5,734)	($4,436)
Depreciation and Amortization	12,225	12,813	12,554	12,645	12,738	12,710	12,178
Net Entrance Fees	22,340	10,138	10,375	11,172	12,016	12,909	13,426
Other	1,688	(555)	0	0	0	0	0
Amortized Entrance Fees	(6,693)	(6,932)	(7,276)	(7,666)	(8,101)	(8,582)	(9,066)
Changes in Assets/Liabilities	(2,658)	(11,496)	369	139	(14)	(150)	155
Cash From Operating Act.	**$18,303**	**$62**	**$12,174**	**$9,180**	**$10,169**	**$11,153**	**$12,256**
INVESTING ACTIVITIES							
Project Expenditures	$0	$0	($7,000)	($3,000)	$0	$0	$0
Capital Expenditures	(9,109)	(8,880)	(1,000)	(5,000)	(8,000)	(8,000)	(8,000)
Other	563	(91)	0	0	0	0	0
Cash From Investing Act.	**($8,546)**	**($8,971)**	**($8,000)**	**($8,000)**	**($8,000)**	**($8,000)**	**($8,000)**
FINANCING ACTIVITIES							
Debt Proceeds	$0	$0	$79,097	$0	$0	$0	$0
Issuance Expenses	0	0	(2,632)	0	0	0	0
Change in Bond Funds	0	0	(3,000)	3,000	0	0	0
Refinancing	0	0	(65,698)	0	0	0	0
Debt Reserve	0	0	(1,267)	0	0	0	0
Debt Principal Payments	(14,467)	(3,825)	(1,205)	(1,910)	(2,010)	(2,110)	(2,215)
Cash From Financing Act.	**($14,467)**	**($3,825)**	**$5,295**	**$1,090**	**($2,010)**	**($2,110)**	**($2,215)**
Net Change in Cash/Investments	**($4,710)**	**($12,734)**	**$9,469**	**$2,270**	**$159**	**$1,043**	**$2,041**
End Of Year Cash & Investments	**$59,691**	**$46,957**	**$56,426**	**$58,696**	**$58,855**	**$59,898**	**$61,939**

Key Ratios

Table 8 shows a summary of debt service coverage ratio (DSCR) and days cash on hand (DCOH) historical and forecast ratios. As shown, the historical net income for debt service (NIADS) has exceeded 2023 Bonds dept payments by more than 2.0x DSCR and is expected to do so during the forecast period. DCOH is projected to exceed 280 days. Both ratios show a strong ability to meet debt payments, operating expenses, and capital needs.

TABLE 8
ODD FELLOWS HOME OF CALIFORNIA
DEBT COVERAGE AND OTHER KEY RATIOS
($000s)

Fiscal Year Ending March 31	2022	2023	2024	2025	2026	2027	2028
Change in Net Assets - Unrestr.	($8,610)	($3,906)	($3,848)	($7,110)	($6,470)	($5,734)	($4,436)
Unrealized Losses (Gains)	2,463	(1,194)	0	0	0	0	0
Depreciation and Amortization	12,225	12,813	12,554	12,645	12,738	12,710	12,178
Amortized Entrance Fees	(6,693)	(6,932)	(7,276)	(7,666)	(8,101)	(8,582)	(9,066)
Entrance Fees - Resale	16,305	8,630	10,375	11,172	12,016	12,909	13,426
Interest	3,448	2,901	2,160	3,156	3,059	2,958	2,851
NET CASH FOR DEBT SERVICE	**$19,138**	**$12,312**	**$13,964**	**$12,197**	**$13,241**	**$14,262**	**$14,952**
Net Interest	$3,448	$2,901	$2,160	$3,156	$3,059	$2,958	$2,851
Principal	14,467	3,825	1,205	1,910	2,010	2,110	2,215
TOTAL DEBT SERVICE	**$17,915**	**$6,726**	**$3,365**	**$5,066**	**$5,069**	**$5,068**	**$5,066**
MADS	$8,010	$7,400	$5,070	$5,070	$5,070	$5,070	$5,070
Unrestricted Reserves	$59,691	$46,957	$56,426	$58,696	$58,855	$59,898	$61,939
Operating Expenses	$60,850	$64,823	$68,425	$72,086	$74,760	$77,541	$80,432
Long-Term Debt Principal	$68,655	$64,635	$61,690	$59,680	$57,570	$55,355	$53,025
KEY RATIOS							
Debt Coverage - MADS	2.39	1.66	2.75	2.41	2.61	2.81	2.95
Debt Coverage - Actual	2.70	1.83	4.15	2.41	2.61	2.81	2.95
Days Cash on Hand	358	264	301	297	287	282	281
Cash to Long-term Debt	86.9%	72.6%	93.5%	100.5%	104.4%	110.5%	119.2%

Sensitivity Scenarios

Table 9 shows the DSCR and DCOH of three sensitivity scenarios. The first two show the breakeven (1.25x DCOH) occupancy levels and the breakeven expense inflation.

In **Scenario 1**, occupancy is reduced at both campuses and at all levels of care by 60 units/beds (9%) from the projected 580 combined units/beds (84%) to 520 units/beds (75%).

In **Scenario 2**, the forecasts reflect expense inflation of 6.8% per year, 2.8% over projected rate increase levels. This assumes that OFH would not, or could not, increase rates to match expense inflation over a sustained 5-year period.

In **Scenario 3**, interest rates are increased by 1.0%, from the base of 5.0% to 6.0%. This would add approximately $700,000 annually to the base $5.07 million estimated debt payments.

TABLE 9
ODD FELLOWS HOME OF CALIFORNIA
SENSITIVITY ANALYSIS
($000s)

Fiscal Year Ending March 31	2024	2025	2026	2027	2028
Base Case					
Debt Coverage Ratio- MADS	2.75	2.41	2.61	2.81	2.95
Days Cash on Hand	301	297	287	282	281
Sensitivity 1 -Breakeven Occupancy					
Debt Coverage Ratio - MADS	2.75	2.04	1.84	1.59	1.26
Days Cash on Hand	301	289	261	229	192
Sensitivity 2 - Breakeven Expense Inflation					
Debt Coverage Ratio - MADS	2.75	2.06	1.88	1.63	1.26
Days Cash on Hand	301	283	251	215	177
Sensitivity 3 - Higher Interest Rates					
Debt Coverage Ratio - MADS	2.42	2.11	2.29	2.46	2.57
Days Cash on Hand	296	288	275	267	263

Agenda Item 8a – Deputy Director’s Reports

Cal-Mortgage Project Monitoring Report

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

As of June 29, 2023

Summary of Monitoring
Financial Statements Received
Project Filing Status

Survey Date	June 27, 2022	Aug 1, 2022	Nov 1, 2022	March 1, 2023	April 27, 2023	June 29, 2023
Current	44	56	45	50	42	50
Behind 1 quart	14	5	16	6	13	2
Behind 2 quarts	3	0	0	2	0	2
Behind 3 quarts	2	2	2	2	2	3
Total:	**63**	**63**	**63**	**60**	**57**	**57**

Summary of Monitoring
Debt Service Coverage Ratio
Number of Projects that Exceed Required Ratio

Survey Date:	June 27, 2022	Aug 1, 2022	Nov 1, 2022	March 1, 2023	April 27, 2023	June 29, 2023
DSCR at or great than required:	48	47	42	40	41	46
DSCR less than required:	14	15	20	19	16	11
Problem Project	1	1	1	1	0	0
Total:	**63**	**63**	**63**	**60**	**57**	**57**

Summary of Monitoring
Site Visits
Number of Projects that are Current

Survey Date:	June 27, 2022	Aug 1, 2022	Nov 1, 2022	March 1, 2023	April 27, 2023	June 29, 2023
Current:	8	9	2	4	11	8
Past Due:	55	54	61	56	46	49
Total:	**63**	**63**	**63**	**60**	**57**	**57**

Agenda Item 8b – Deputy Director’s Reports

Cal-Mortgage Pending Projects Report

Department of Health Care Access and Information (HCAI)
Cal-Mortgage Loan Insurance Division
As of July 1, 2023

Projects Insured - Fiscal 2022-2023

Project Name	Location	Facility Type	Loan Amount	Loan Type	Rating
St. Rose Hospital	Hayward	Hosp	$24,500,000	Refinance	--
Carmel Valley Manor	Carmel	Multi-Others	$36,035,000	New	BB+
O'Connor Woods	Stockton	Multi-Others	$35,595,000	Refinance	BB+
Bethany Home Society of San Joaquin County	Ripon	Multi-Others	$49,560,000	New	--
Community Medical Centers, Inc.	Lodi	Clinic- PC	$26,040,000	New	BB-
Aldersly	San Rafael	Multi- CCRC	$61,030,000	New	--
			$232,760,000		

Projects Insured - Fiscal 2021-2022

Project Name	Location	Facility Type	Loan Amount	Loan Type	Rating
La Maestra Community Health Centers	San Diego	Clinic-PC	$12,295,000	New	--
Open Door Community Health Centers	Arcata	Clinic-PC	$30,200,000	New	BB+
Valley Health Team	Firebaugh/Kingsburg	Clinic-PC	$15,365,000	Refinance Plus	BB+
Jewish Home of San Francisco	San Francisco	Multi-CCRC	$28,030,000	New	--
The Redwoods	Mill Valley	Multi-Others	$23,550,000	Refinance	--
			$109,440,000		

Projects with Letters of Commitment

Project Name	Location	Facility Type	Amount	Loan Type	Rating

Applications Before Advisory Loan Insurance Committee

Project Name	Location	Facility Type	Amount	Loan Type	Rating
Odd Fellows Home of California	Stockton	Multi- CCRC	$72,000,000	Refinance Plus	

Pending Applications

Project Name	Location	Facility Type	Amount	Loan Type	Rating
Ararat Home of Los Angeles	Mission Hills	Multi- CCRC	$10,000,000	New	
La Maestra Community Health Centers	San Diego	Clinic-PC	$19,300,000	New	
Alexander Valley Healthcare	Cloverdale	Clinic-PC	$42,000,000	New	
			$71,300,000		

Pre - Applications

Project Name	Location	Facility Type	Amount	Loan Type	Rating

Discussions

Project Name	Location	Facility Type	Amount	Loan Type	Rating
St. John's Well Child and Family Center	Los Angeles	Clinic-PC	$7,000,000	New/Bank Loan	
Mercy ECA	Alameda	Multi-CCRC	$25,000,000	New	--
SAC Health	San Bernardino	Clinic-PC	$45,000,000	New	--
OLE Health		Clinic-PC	$1,500,000		
			$78,500,000		

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 8c – Deputy Director’s Reports

Cal-Mortgage Problem Projects Report

Department of Health Care Access and Information

Cal-Mortgage Loan Insurance Division

Problem Projects Report

June 2023

Distribution: Elizabeth A. Landsberg, Director
Scott Christman, Chief Deputy Director
J. P. Marion, Deputy Director, Cal-Mortgage
Advisory Loan Insurance Committee Members

Problem Projects Report - Update for June 2023

	Facility Name	Location	Type	Risk Rating as of 6/1/23	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**										
	None										
III.	**Financial Performance Problems**										
	San Benito Health Care District	Hollister	Hosp - District	C	$ 9.8	100% (6-Month)	Current	Liquidity, Ratio Default	Low - March '24	April YTD (10 mo.) profit of $1,964,994 and 29 DCOH. The District filed for Chapter 9 on May 23, 2023.	1
IV.	**Defaulted Projects: Pending Asset Sales**										
	None										
V.	**Resolved Defaulted Projects**										
	Verdugo Mental Health	Glendale	Clinic-MH							Last payment received on June 8, 2023. Current balance is $3,937,691.57.	3
	Lake Merrit - Cal-Nevada/Pacifica	Oakland	CCRC							Last payment received on May 10, 2023. Current balance is $14,724,143.08. The Corporation made two payments on May 10th and one of those payments was applied to June payment	4

[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 Division
Problem Project Monthly Report – June 2023

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 $9.81M 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 Centers for Medicare and Medicaid Services (CMS) approved its application. The District became a CAH 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.

Current Situation: (As of June 16, 2023) **Risk Rating: C**
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 the Fiscal Year End (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 contracted with Eide Bailly, LLC to review the cost reports for FYE 2021 and 2022 and determine whether the reductions are warranted.

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 are delayed due to this payment processing issue with Anthem.

The District anticipated receiving approximately $13M in supplemental funding, however, the majority of the funding is normally not received until mid-2023. The District initiated an aggressive cost savings plan to address its immediate cash-flow needs, while the District explores sources to provide temporary liquidity while it collects on its receivables. In addition, the District indicated a strategic partner is necessary for its long-term viability; the District engaged B Riley Advisory Services to begin the search for a strategic partner. The District has received interest from several potential partners or buyers and the District has provided tours and access to its data room to the potential partners or buyers.

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. 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 negotiated the one-year repayment plan to CMS to a five-year repayment plan. The District reached a new commercial provider agreement with Anthem that covers the 2023 calendar year; the outstanding Anthem Medi-Cal receivables are being processed and paid incrementally. The District has worked with various agencies to receive its supplemental payments in advance, thus improving its liquidity.

On May 22, 2023, the District's Board of Directors authorized the filing of a Chapter 9 petition and adopting a pendency plan outlining a strategy to proceed forward. The District officially filed for Chapter 9 on May 23, 2023. The District determined Chapter 9 will improve its financial condition by allowing it to negotiate certain contracts. HCAI has engaged the Attorney General's Office for representation in the Chapter 9 case and has initiated discussions on needed actions.

The following table shows historical results for a number of key financial statistics:

Statement Date (6/30 FYE)	4/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Months Covered	10	12	12	12	12
Audit Method	Internal	Unqualified	Unqualified	Unqualified	Unqualified
Cash & Investments	$12,107,609	$14,442,002	$18,508,626	$21,900,654	$14,572,643
Net Worth	$25,177,054	$23,197,870	$20,527,771	$20,233,144	$25,695,520
Net Revenue	$133,018,279	$149,021,950	$140,543,291	$119,478,898	$117,640,249
EBITDA	$5,739,110	$6,928,468	$4,988,398	$301,838	$4,551,229
Net Income	$1,964,994	$2,670,099	$294,627	($4,652,596)	($960,957)
Debt Service Coverage Ratio	2.96	3.09	2.11	(0.27)	1.42
Current Ratio	1.29	1.50	1.75	2.02	2.05
Days Cash on Hand	29	37	49	65	46

For the 10-month period ended April 30, 2023, the District had a net income of $1,964,994 compared to a budgeted net income of $6,006,924. This resulted in a debt service coverage ratio of positive 2.96. The District had $12.1M in cash, equal to 29 days cash on hand.

Assessment:

Profitability:	4/30/2023 (10 mo.): $1,964,994
Liquidity:	Days Cash on Hand: 29
Debt Service Reserve Fund:	100% funded: $936,400
Debt Service Payments:	Current
HFCLIF:	3/1/2024 (P&I): low probability
CEO:	Mary Casillas, Interim
CFO:	Mark Robinson

Account Manager: Lauren Hadley **Supervisor:** Dean O'Brien

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, HCAI financed sale to DiDi Hirsch Psychiatric (DiDi Hirsch) closed on May 13, 2011.

Current Situation: (as of June 8, 2023) **Risk Rating: None**
The June 2023 amortized payment of $21,080.20 was made on June 8, 2023. The current outstanding balance is $3,937,691.57. The 2022 audited financial statements were received on March 14, 2023.

Assessment:

Profitability: (DiDi Hirsch)	$1,070,602 (6/30/22 Audit)
Liquidity: (DiDi Hirsch)	$3,293,746 cash (6/30/22 Audit)
DSCR: (DiDi Hirsch)	1.42 (6/30/22 Audit)
Loan Balance:	$3,937,691.57
Payments:	Current (6/1/2023)
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:** Dean O’Brien

II. R5Financial Performance Problems

Project: California Nevada Methodist Homes **Numbers:** 1018, 1053

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. IRS rules state that since the Corporation was sold to a for-profit entity, to avoid penalties for improper use of tax-exempt bond proceeds, the bonds must be paid in full 90 days from sale, which was March 6, 2023. 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.

Current Situation: (as of June 26, 2023) **Risk Rating: N/A**
The Department and the Corporation's representatives continue to work on a Debtor's plan of Liquidation (Plan) and the Plan is close to final. It was reviewed by the bankruptcy court on May 12th and the Judge approved the First Amened Disclosure Statement (Disclosure Statement) dated April 28, 2023. On May 15, 2023, the Corporation's attorney sent each Holder of Claims a solicitation packet containing copies of the confirmation hearing, Disclosure Statement, and a ballot. The Department as a Holder of Claims submitted its ballot approving the Plan on June 16, 2023. On June 30, 2023, a hearing on Plan confirmation will be held.

SEIU National Industry Pension Fund (SEIU) filed a motion for leave to file late proof of claim and for allowance of administrative expense. The Corporation's attorney along with the Department filed oppositions to SEIU's motion. On March 27, 2023, the Judge filed an order denying motion for leave to file late proof of claim. On April 11, 2023, the Judge granted SEIU's claim for administrative expenses. On May 25, 2023, the Corporation's attorney filed an objection to the amount of the Pension Fund's administrative expenses. On June 16, 2023, SEIU filed its response objecting to the Corporation's objection. A hearing on the SEIU motion will be held on June 30, 2023.

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 percent, and a $3 million loan forgiveness will be issued upon payoff. Pacifica has made the monthly payment of $83,189.64 from January 2023 to June 2023. The current outstanding balance is $14,724,143.08.

Assessment:

Debt Service Reserve Fund:	$100,000 4.5% funded
Debt Service Payments:	Not Current
HFCLIF:	$3,014,854.94 drawn 5/14/2021
	$700,451 drawn 6/23/2021
	$739,875 drawn 12/23/2021
	$1,404,875 drawn 6/23/2022`
	$723,250 drawn 12/19/2022
	$29,179,119.44 drawn 3/3/2023
Pacifica CEO:	Deepak Israni
Pacifica Counsel:	Thomas P. Sayer

Health Facility Construction Financing Officer: Consuelo Hernandez