Continuing Care Retirement Community Disclosure Statement

Date Prepared: 05/27/2021

FACILITY NAME: The Terraces of Los Gatos

ADDRESS: 800 Blossom Hill Road, Los Gatos, CA — ZIP CODE: 95032 — PHONE: 408-356-1006

PROVIDER NAME: HumanGood California Obligated Group — FACILITY OPERATOR: HumanGood California Obligated Group

RELATED FACILITIES: HumanGood — RELIGIOUS AFFILIATION: Nonsectarian

YEAR OPENED: 1992 — # OF ACRES: 9 — ☐ SINGLE STORY — ☐ MULTI-STORY — ☑ OTHER: Both — MILES TO SHOPPING CTR: 0.25 — MILES TO HOSPITAL: 1

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:	10	ASSISTED LIVING:	45
APARTMENTS – 1 BDRM:	73	SKILLED NURSING:	59
APARTMENTS – 2 BDRM:	82	SPECIAL CARE:	16
COTTAGES/HOUSES:	10	DESCRIPTION:	Memory Care
RLU OCCUPANCY (%) AT YEAR END:	98.9%	OVERALL CCRC OCCUPANCY (%) AT YEAR END:	88.1%

* *

TYPE OF OWNERSHIP: ☑ NOT-FOR-PROFIT ☐ FOR- PROFIT — ACCREDITED?: ☐ YES ☑ NO BY:

FORM OF CONTRACT: *(Check all that apply)*
☑ CONTINUING CARE ☐ LIFE CARE ☑ ENTRANCE FEE ☑ FEE FOR SERVICE
☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☐ RENTAL

REFUND PROVISIONS: *(Check all that apply)* ☐ Refundable ☑ Repayable ☐ 90% ☑ 75% ☑ 50% ☑ OTHER: Classic - Fully Amortized

RANGE OF ENTRANCE FEES: $240,800 - $1,520,100 — **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ☑ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Dependent on when contract signed (permanent transfer credits)

ENTRY REQUIREMENTS: MIN. AGE: 62 — PRIOR PROFESSION: N/A — OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD:
(briefly describe provider's compliance and residents' roles) > The 9 member Board includes 1 resident from the CCRCs in the obligated group.
> Resident Council Presidents from each of the CCRCs are invited to attend all meetings of the HumanGood Board and are provided with the related board materials in advance.

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FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	☑	☑
BILLIARD ROOM	☐	☐
BOWLING GREEN	☐	☐
CARD ROOMS	☑	☐
CHAPEL	☐	☐
COFFEE SHOP	☑	☐
CRAFT ROOMS	☑	☐
EXERCISE ROOM	☑	☐
GOLF COURSE ACCESS	☐	☐
LIBRARY	☑	☐
PUTTING GREEN	☑	☐
SHUFFLEBOARD	☐	☐
SPA	☑	☐
SWIMMING POOL-INDOOR	☐	☐
SWIMMING POOL-OUTDOOR	☑	☐
TENNIS COURT	☐	☐
WORKSHOP	☐	☐
OTHER Chaplain	☑	☐

SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING (2 TIMES/MONTH)	☑	☐
MEALS (_1-2/DAY)	☑	☑
SPECIAL DIETS AVAILABLE	☑	☐
24-HOUR EMERGENCY RESPONSE	☑	☐
ACTIVITIES PROGRAM	☑	☐
ALL UTILITIES EXCEPT PHONE	☑	☐
APARTMENT MAINTENANCE	☑	☐
CABLE TV	☑	☐
LINENS FURNISHED	☐	☑
LINENS LAUNDERED	☑	☑
MEDICATION MANAGEMENT	☐	☑
NURSING/WELLNESS CLINIC	☑	☐
PERSONAL HOME CARE	☐	☑
TRANSPORTATION-PERSONAL	☑	☐
TRANSPORTATION-PREARRANGED	☑	☐
OTHER Gift Shop	☐	☑

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

PROVIDER NAME: HumanGood California Obligated Group

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
Piedmont Gardens	Oakland, CA	510-654-7172
Terraces at Los Altos	Los Altos, CA	650-948-8291
Plymouth Village	Redlands, CA	909-793-1233
Valle Verde	Santa Barbara, CA	805-687-1571
Rosewood	Bakersfield, CA	661-834-0620
Terraces of Los Gatos	Los Gatos, CA	408-356-1006
Terraces at San Joaquin Gardens	Fresno, CA	559-439-4770
Grand Lake Gardens	Oakland, CA	510-893-8897

*Please see additional CCRCs listed on the following page.

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)

FREE-STANDING SKILLED NURSING	LOCATION (City, State)	PHONE (with area code)

SUBSIDIZED SENIOR HOUSING	LOCATION (City, State)	PHONE (with area code)

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

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OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
Westminster Gardens	Duarte, CA	626-358-2569
White Sands La Jolla	La Jolla, CA	858-454-4201
Redwood Terrace	Escondido, CA	760-747-4306
Windsor	Glendale, CA	818-244-7219
Royal Oaks	Bradbury, CA	626-359-9371
Regents Point	Irvine, CA	949-854-9500

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	2017	2018	2019	2020
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	244,074,000	247,979,000	259,033,000	260,661,000
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	230,305,000	235,387,000	245,565,000	246,893,000
NET INCOME FROM OPERATIONS	13,769,000	12,592,000	13,468,000	13,768,000
LESS INTEREST EXPENSE	20,237,000	19,095,000	17,411,000	12,946,000
PLUS CONTRIBUTIONS	984,000	1,361,000	1,184,000	1,361,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	13,992,000	(4,317,000)	24,986,000	20,567,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	8,508,000	(9,459,000)	22,227,000	22,750,000
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	57,027,000	54,839,000	53,656,000	35,186,000

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
NorCal Series 2015 Series 2016 Construction Loan	$42,710,000 $1,584,000	2% to 5% 2.89%	5/28/2015 12/1/2016	2045 2023	30 years 7 years
Series 2019 SoCal Series 2015	$164,320,000 $43,255,000	3% to 5% 1.64%	8/1/2019 12/17/2015	2044 2036	25 years 20 years
Series 2020	$82,355,000	1.26% to 1.56%	10/1/2020	2036 - 2047	16 - 27 years

FINANCIAL RATIOS (see next page for ratio formulas)

	2017 CCAC Medians 50th Percentile *(optional)*	2018	2019	2020
DEBT TO ASSET RATIO		40.18%	40.31%	39.39%
OPERATING RATIO	96.53%	98.91%	98.39%	97.17%
DEBT SERVICE COVERAGE RATIO	2.56	2.42	3.02	2.67
DAYS CASH ON HAND RATIO	337	373	401	427

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2017	%	2018	%	2019	%	2020	%
STUDIO	3,449	3.50%	3,606	3.75%	3,748	4.75%	3,894	3.90%
ONE BEDROOM	3,993	3.50%	4,175	3.75%	4,340	4.75%	4,509	3.90%
TWO BEDROOM	5,222	3.50%	5,460	3.75%	5,741	4.75%	5,965	3.90%
COTTAGE/HOUSE	6,726	3.50%	7,033	3.75%	7,309	4.75%	7,594	3.90%
ASSISTED LIVING	6,163	3.50%	6,331	3.75%	6,515	4.75%	6,795	4.30%
SKILLED NURSING	373/day	4.40%	439/day	3.75%	460/day	4.75%	543/day	4.30%
SPECIAL CARE	8,712	4.40%	9,752	3.75%	10,039	4.75%	10,471	4.30%

COMMENTS FROM PROVIDER: > Financial data is taken from the supplementary information in the audited combined financial statements of the HumanGood

> California Obligated Group. HumanGood NorCal, HumanGood SoCal and HumanGood Fresno collectively form the HumanGood California Obligated Group.

> This community is part of HumanGood NorCal.

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FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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