

**HumanGood California Obligated
Group & Foundation Affiliates
(Members of HumanGood)**

Combined Financial Statements and
Combining Supplementary Information

December 31, 2020 and 2019

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Table of Contents
December 31, 2020 and 2019

	<u>Page</u>
Independent Auditors' Report	1
Combined Financial Statements	
Combined Balance Sheets	3
Combined Statements of Operations and Changes in Net Assets	4
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	8
Supplementary Information	
2020 Combining Information:	
Combining Balance Sheet Schedule	43
Combining Statement of Operations and Changes in Net Assets Schedule	45
Combining Statement of Cash Flows Schedule	47
Supplemental Combining Statement of Operations and Changes in Net Assets Schedule	49
2019 Combining Information:	
Combining Balance Sheet Schedule	55
Combining Statement of Operations and Changes in Net Assets Schedule	57
Combining Statement of Cash Flows Schedule	59
Supplemental Combining Statement of Operations and Changes in Net Assets Schedule	61

Independent Auditors' Report

To the Boards of Directors of
HumanGood California Obligated Group & Foundation Affiliates

Report on the Financial Statements

We have audited the accompanying combined financial statements of the HumanGood California Obligated Group & Foundation Affiliates (the Corporations), which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the 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 the combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Corporations as of December 31, 2020 and 2019, and the results of their operations and changes in net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for the purpose of additional analysis rather than to present the financial position, results of operations and changes in net assets and cash flows of the individual entities and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Baker Tilly US, LLP

Philadelphia, Pennsylvania
April 30, 2021

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combined Balance Sheets
December 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
Assets			Liabilities and Net Assets		
Current Assets			Current Liabilities		
Cash and cash equivalents	\$ 23,013	\$ 33,220	Accounts payable and accrued expenses	\$ 35,755	\$ 33,803
Resident accounts receivable, less allowances for doubtful accounts of \$3,769 in 2020 and \$3,897 in 2019	12,682	15,026	Deposits	2,871	2,363
Other receivables	7,789	6,155	Accrued interest	2,349	3,385
Current portion of restricted investments	3,665	9,776	Current portion of notes and bonds payable	9,149	8,551
Intercompany advances due	7,675	8,720	Entrance fee rebates payable	431	1,563
Prepaid expenses, deposits and other assets	8,905	6,232			
			Total current liabilities	50,555	49,665
Total current assets	63,729	79,129	Notes and Bonds Payable, Net	338,504	346,337
Restricted Cash	5,105	5,088	Rebatable Entrance Fees Due	178,166	179,133
Investments	226,580	200,927	Entrance Fees Subject to Refund	75,827	89,811
Designated Investments	123,966	121,046	Entrance Fees Nonrefundable	187,787	181,180
Investments in HumanGood Nevada Bonds	4,242	5,018	Revocable Trusts	275	315
Restricted Investments	74,690	73,170	Obligations Under Annuity Agreements	3,399	3,362
Subordinated Notes Receivable, Net	12,572	12,785	Retirement Liabilities	3,991	2,720
Land, Buildings and Equipment, Net	474,624	482,351	Workers' Compensation Liability	16,112	14,379
Interest and Management Fees Due From Affiliates	2,679	2,941	Other Liabilities	6,927	4,236
Other Noncurrent Assets	4,754	2,237			
			Total liabilities	861,543	871,138
			Net Assets		
			Without donor restrictions	93,789	79,140
			With donor restrictions	37,609	34,414
			Total net assets	131,398	113,554
Total assets	<u>\$ 992,941</u>	<u>\$ 984,692</u>	Total liabilities and net assets	<u>\$ 992,941</u>	<u>\$ 984,692</u>

See notes to combined financial statements

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions		
Operating revenues:		
Residential living	\$ 107,674	\$ 106,681
Assisted living	34,053	33,364
Health center	85,293	93,741
Memory care	13,854	14,089
Other residential services	3,757	1,627
Amortization of entrance fees	44,275	43,129
COVID relief funding	8,338	-
Other operating revenues	7,692	9,531
Net assets released from restrictions	4,125	4,485
Unrestricted contributions	1,333	2,633
	<u>310,394</u>	<u>309,280</u>
Total operating revenues		
Operating expenses:		
Salaries and wages	129,105	132,661
Employee benefits	34,592	32,017
Supplies	23,113	21,548
Ancillary services	12,178	15,248
Repairs and maintenance	4,682	4,443
Marketing and advertising	3,916	3,352
Purchased services	15,819	14,348
Utilities	12,313	11,905
Travel and related	1,030	2,735
Leases and rents	1,884	1,798
Insurance	4,072	3,677
Other operating expenses	8,156	6,461
	<u>250,860</u>	<u>250,193</u>
Total operating expenses		
	59,534	59,087
Income before other operating income (expense)		
Other operating income (expense):		
Realized (losses) gains on investments, net	(2,543)	4,751
Change in unrealized gains on investments, net	19,817	20,583
Unrealized (losses) gains on investment in HumanGood Nevada Bonds	(535)	412
Investment income, net	6,612	8,512
Mortgage interest	(12,946)	(17,411)
Depreciation	(42,461)	(41,633)
Losses on early retirement of debt	(7,620)	(7,564)
Losses on disposal of fixed assets	-	(90)
	<u>19,858</u>	<u>26,647</u>
Income from operations		

See notes to combined financial statements

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Changes in Net Assets Without Donor Restrictions (Continued)		
Other changes in net assets without donor restrictions:		
Change in minimum pension liability	\$ (875)	\$ (2,567)
Other affiliate distributions and equity transfers	(5,142)	(9,343)
Unrealized gains (losses) on interest rate swaps and caps	<u>808</u>	<u>(157)</u>
Change in net assets without donor restrictions	<u>14,649</u>	<u>14,580</u>
Changes in Net Assets With Donor Restrictions		
Dividend and interest income	698	1,331
Unrealized gains on investments with donor restrictions, net	2,039	2,869
Restricted equity contributions	456	2,033
Contributions	5,875	5,662
Net assets released from restrictions for benevolence	(227)	(286)
Contractual payments to beneficiaries	(1,558)	(1,662)
Realized (losses) gains on investments, net	(688)	135
Contractual liability adjustments	498	444
Net assets released from restrictions for special project funds	<u>(3,898)</u>	<u>(4,199)</u>
Change in net assets with donor restrictions	<u>3,195</u>	<u>6,327</u>
Change in net assets	17,844	20,907
Net Assets, Beginning	<u>113,554</u>	<u>92,647</u>
Net Assets, Ending	<u><u>\$ 131,398</u></u>	<u><u>\$ 113,554</u></u>

See notes to combined financial statements

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combined Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash received for resident services	\$ 245,689	\$ 244,662
Cash received from nonrebatale entrance fees from reoccupancy	43,923	54,159
Cash received from COVID relief funding	8,489	-
Cash received from other operating activities	5,879	10,415
Cash received from bequests and trust maturities	1,333	2,633
Cash earnings realized from investments	4,011	13,259
Cash paid for employee salaries	(118,407)	(118,868)
Cash paid for employee benefits	(32,646)	(29,741)
Cash paid for temporary labor	(9,920)	(11,275)
Cash paid to vendors	(80,369)	(82,489)
Cash paid for interest	(14,622)	(17,378)
	<u>53,360</u>	<u>65,377</u>
Net cash provided by operating activities		
Cash Flows From Investing Activities		
Acquisition of land, buildings and equipment	(35,322)	(32,918)
Net purchases of unrestricted investments	(8,968)	(20,569)
Net sales of restricted investments	1,351	5,849
Cash received from intercompany and affiliate transactions	1,047	3,687
	<u>(41,892)</u>	<u>(43,951)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Proceeds from rebatable entrance fees	16,406	12,684
Refunds of deposits and refundable entrance fees	(25,143)	(13,187)
Proceeds from issuance of notes and bonds payable	2,043	13,408
Principal payments on notes and bonds payable	(8,551)	(5,479)
Cash paid for bond issuance costs	(1,633)	(2,211)
Cash paid for interest rate cap	(223)	-
Cash paid for other trust activity	(5,166)	(4,327)
Affiliate cash distributions	(5,142)	(9,344)
Cash received from restricted contributions	5,864	5,635
	<u>(21,545)</u>	<u>(2,821)</u>
Net cash used in financing activities		
(Decrease) increase in cash, cash equivalents and restricted cash	(10,077)	18,605
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>78,578</u>	<u>59,973</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 68,501</u>	<u>\$ 78,578</u>

See notes to combined financial statements

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Combined Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Noncash Disclosures		
Long-term debt repaid with proceeds from Series 2019 Bonds	\$ -	\$ 168,110
Long-term debt repaid with proceeds from Series 2020 Bonds	\$ 79,470	\$ -
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Combined Balance Sheets		
Cash and cash equivalents	\$ 23,013	\$ 33,220
Restricted cash included in restricted investments	40,383	40,270
Restricted cash	5,105	5,088
Total cash, cash equivalents and restricted cash	<u>\$ 68,501</u>	<u>\$ 78,578</u>

See notes to combined financial statements

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

1. Business and Organization

HumanGood (Parent Organization) is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly through its Life Plan Communities (LPCs) and affordable housing communities owned by its subsidiaries. HumanGood is the sole member of HumanGood NorCal (NorCal), HumanGood SoCal (SoCal), HumanGood Fresno (dba Terraces at San Joaquin Gardens, TSJG) and HumanGood Cornerstone (Cornerstone). NorCal is the sole member of HumanGood Foundation West (Foundation West) and SoCal is the sole member of HumanGood Foundation South (Foundation South). NorCal, SoCal and TSJG, which collectively form the HumanGood California Obligated Group, share the common parent entity of HumanGood, and together with Foundation West and Foundation South, constitute the HumanGood California Obligated Group & Foundation Affiliates (collectively, the Corporations).

HumanGood California Obligated Group

On August 1, 2019, concurrent with the date of issuance of the Series 2019A Tax-Exempt Revenue and Refunding Bonds and the Series 2019B Taxable Bonds, the HumanGood California Obligated Group (COG) was formed (Note 6).

HumanGood NorCal

NorCal is a California nonprofit public benefit tax-exempt corporation which owns, operates and manages LPCs in which housing, health care and supportive services are provided for the elderly. Seven of NorCal's nine directors are HumanGood's directors. The executive officers of HumanGood also serve as executive officers of NorCal. As of December 31, 2020, the following LPCs were owned and operated by NorCal:

Terraces at Los Altos	Valle Verde
Grand Lake Gardens	Rosewood
Piedmont Gardens	Terraces of Los Gatos
Plymouth Village	

HumanGood SoCal

SoCal is a California nonprofit public benefit tax-exempt corporation which owns, operates and manages LPCs in which housing, health care and supportive services are provided for the elderly. Seven of SoCal's nine directors are HumanGood's directors. The executive officers of HumanGood also serve as executive officers of SoCal. As of December 31, 2020, the following LPCs were owned and operated by SoCal:

Royal Oaks	Regents Point
White Sands La Jolla	Westminster Gardens
Windsor	Redwood Terrace

Until 2019, Westminster Gardens and Redwood Terrace were affiliates of SoCal and NorCal that also shared HumanGood as their sole corporate member. Westminster Gardens and Redwood Terrace were legally merged into SoCal during 2019.

HumanGood Fresno

TSJG is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly in Fresno, California, through its LPC. Seven of TSJG's nine directors are HumanGood's directors. The executive officers of HumanGood also serve as executive officers of TSJG.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

HumanGood Foundation West

Foundation West is a California nonprofit public benefit tax-exempt corporation whose primary purpose is to develop, invest and administer funds to provide housing and care on behalf of certain residents. Foundation West's principal activity is to administer such funds under donor agreements. NorCal is the sole member of Foundation West, and therefore, elects the directors of Foundation West. As a result, NorCal has control over Foundation West, and therefore, Foundation West is included in these combined financial statements. Foundation West guarantees certain of the NorCal bond obligations. Foundation West's obligations under the guaranty agreement are limited to Foundation West's income earned on its net assets without donor restrictions (see Note 6).

HumanGood Foundation South

Foundation South is a California nonprofit public benefit tax-exempt corporation whose primary purpose is to develop, invest and administer funds to provide housing and care on behalf of certain residents. Foundation South's principal activity is to administer such funds under donor agreements. SoCal is the sole member of Foundation South, and therefore, elects the directors of Foundation South. As a result, SoCal has control over Foundation South, and therefore, Foundation South is included in these combined financial statements.

HumanGood Cornerstone and Related Enterprises

HumanGood Cornerstone, an affiliate of the Corporations, is a California nonprofit public benefit tax-exempt corporation and, as the sole member, exercises its direction and control through the appointment of the Board of Directors of HumanGood Arizona, Inc. (dba Terraces of Phoenix, TOP), HumanGood Washington (dba Judson Park, JP), HumanGood Nevada (dba Las Ventanas), HumanGood Idaho (dba The Terraces of Boise, Boise), Seniority Properties (dba HumanGood Properties), and in conjunction with an affiliation effective June 30, 2019, HumanGood East (formerly Philadelphia Presbytery Homes and Services for the Aging, dba Presby's Inspired Life). In conjunction with finalizing transfer agreements in 2019, Cornerstone is the sole member and exercises its direction and control through the appointment of the Board of Directors of HumanGood Affordable Housing (HGAH) and the managers of Beacon Development Group, LLC (BDG). HumanGood and HumanGood Cornerstone's Boards are composed of the same seven directors. In March 2021, HumanGood Cornerstone approved a resolution to transfer BDG to HumanGood Affordable Housing as its sole member.

HumanGood Affordable Housing

HumanGood Affordable Housing (HGAH) is a California nonprofit public benefit tax-exempt corporation. As described above, during 2019, Cornerstone became the sole member of HGAH, by means of a membership transfer from NorCal.

HGAH serves as the sole or majority General Partner and controlling organization for 21 tax-credit affordable housing communities, serves as the sole or majority member and controlling organization for 28 additional affordable housing communities and provides management services to 11 affordable housing communities.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

On January 1, 2015, NorCal purchased for \$350,000 in cash and a \$2,000,000 note all of the outstanding membership interests in BDG and simultaneously assigned its rights thereto to HGAH. NorCal then entered into a \$2,350,000 affiliate note with BDG to assign the cost of purchase to the acquired entity.

Simultaneous with this January 1, 2015 purchase, NorCal affordable housing employees became employees of HGAH. All operational activities, assets and liabilities associated with NorCal's affordable housing line of business were also transferred to HGAH. In late fiscal year 2015, following United States Department of Housing and Urban Development (HUD) approval, NorCal transferred its sole memberships in all of its owned affordable housing communities as well as the management agreements for all of its owned and managed communities to HGAH.

In exchange for this transfer of affordable housing related assets and liabilities, HGAH entered into a noninterest bearing affiliate note with NorCal for \$2,242,000 as well as a noninterest bearing contingent note with NorCal for \$1,364,000, which is payable upon HGAH's ability to achieve certain levels of cash flow and operating margin. These notes receivable are included in subordinated notes receivable, net on the combined balance sheets of NorCal. The remaining \$1,542,000 of assets transferred was recorded as a capital contribution from NorCal to HGAH.

In 2019, HUD approval to transfer SoCal's sole memberships and management agreements for all of its seven low-income senior housing tax-credit communities and 20 owned and managed affordable housing communities to HGAH was finalized.

Beacon Development Group, LLC

Beacon Development Group, LLC (BDG) is a professional services firm that consults primarily in the development and construction of affordable housing communities. BDG provides services to affiliates of the Corporations, other nonprofits and housing authorities. In conjunction with transfer agreements finalized in 2019, Cornerstone is the sole member of BDG. In March 2021, HumanGood Cornerstone approved a resolution to transfer BDG to HumanGood Affordable Housing as its sole member.

HumanGood Arizona, Inc.

HumanGood Arizona, Inc. is an Arizona nonprofit tax-exempt corporation providing housing, health care and supportive services for the elderly in Phoenix, Arizona through its LPC, Terraces of Phoenix. Prior to September 29, 2003, TOP was a controlled affiliate of NorCal. The funds previously advanced by NorCal to support TOP's operating and capital needs were retained in the form of a subordinated note receivable from TOP. The note has been recorded as part of subordinated notes receivable, net in the accompanying combined balance sheets at the estimated net realizable value of \$4,315,000 as of December 31, 2020 and 2019.

NorCal manages TOP under a multiyear management agreement at a management fee of 8.5 percent of budgeted cash revenues, with half of this amount subject to subordination upon noncompliance with certain covenants.

HumanGood Washington

HumanGood Washington is a Washington nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly in Washington through its LPC, Judson Park. On May 30, 2012, NorCal entered into a ten-year management agreement at a base fee of 8.5 percent of budgeted cash revenues, with half of this amount subject to subordination upon noncompliance with certain covenants.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

HumanGood Nevada

HumanGood Nevada is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly in the Las Vegas, Nevada area, through its LPC, Las Ventanas. On July 1, 2004, NorCal began providing oversight management services to Las Ventanas. On January 1, 2010, NorCal began providing full management services to Las Ventanas. Under the current agreement, management fees accrue at 3.0 percent of total cash revenues, with payment deferred until certain operating metrics have been met as laid out in the agreement. The paydown of deferred fees cannot cause the total fees paid in any one year to exceed 5.0 percent of total revenues.

On September 12, 2012, Las Ventanas, its bondholders and NorCal executed a restructuring agreement of Las Ventanas' debt, ground lease and other key obligations, which involved the exchanging of existing bonded indebtedness for three new series of tax-exempt bonds. NorCal contributed capital and released its interests in the Las Ventanas ground lease and construction loan, and forgave all previously accrued management fees in exchange for interests in the newly issued Las Ventanas Series 2012 A-2, Series B-2, Series B-3 and Series C-2 Bonds. Additionally, NorCal provided an unfunded \$2,000,000 debt service support agreement for the Las Ventanas Series A-1 Bonds, with any resulting funded amounts triggering the issuance to NorCal of an equal amount of the Las Ventanas Series B-4 Bonds, comparable in structure to the Las Ventanas Series B-3 Bonds.

As a result of the aforementioned restructuring, NorCal received \$16,414,000 (par value) of HumanGood Nevada Bonds, which are classified as investments in HumanGood Nevada Bonds in the accompanying combined balance sheets. Annual revaluations of the investments have resulted in unrealized mark-to-market losses on the Bonds, with an aggregate unrealized loss on investments in HumanGood Nevada Bonds of \$8,834,000 and \$8,299,000 as of December 31, 2020 and 2019, respectively.

On February 19, 2019, HumanGood Nevada filed a voluntary public disclosure through the Electronic Municipal Market Access website announcing its intent to explore various options related to tendering, purchasing, refinancing or restructuring all, or portions, of its Series 2012 Bonds. On February 12, 2021, an additional disclosure was filed detailing that NorCal had refined this exploration to potentially contacting holders of the Series 2012B-1 and C-1 Bonds to purchase all or a portion of those Bonds with a current expectation to hold such Series 2012B-1 and C-1 Bonds within its investment portfolio in anticipation of a possible refinancing of the Series 2012 Bonds in the future. On February 18, 2021, NorCal purchased \$4,922,000 par amount of the Series 2012B-1 and \$9,136,000 par amount of the Series 2012C-1 Bonds at a discount.

HumanGood Idaho

HumanGood Idaho is a California nonprofit public benefit tax-exempt corporation, which leased, and subsequently purchased from NorCal, a site in Boise, Idaho, upon which the Terraces of Boise was constructed and began operations in July 2015, with the community fully operational in all levels of care on June 1, 2016. The obligations of Boise are nonrecourse to NorCal.

To support the Boise financing, in 2014 NorCal provided \$3,000,000 in equity at financing along with \$1,000,000 of funded liquidity support and an additional \$1,250,000 of unfunded liquidity support. At the same time, Boise purchased the parcel of land upon which the Terraces of Boise is built from NorCal for \$5,000,000. This purchase price consisted of \$3,000,000 in cash and a \$2,000,000 interest bearing subordinated note receivable. On March 18, 2020, Boise entered into a Second Supplemental Master Trust Indenture for which one of the amendments required NorCal to deposit \$1,250,000 with the Master Trustee by March 31, 2020 in full satisfaction of the previously unfunded liquidity support obligation. The funds were timely deposited consistent with requirements.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Boise had a Sales and Marketing Oversight Services Agreement with NorCal. Additionally, under Boise's Development Administration Services Agreement, NorCal was entitled to a Development Administrative Support Services Fee equal to \$17,000 per month for each month that Greystone Development Corporation (GDC) was entitled to a management fee during the term.

On May 31, 2017, the Sales and Marketing Oversight Services and Development Administration Service Agreements were terminated, thus ending the accrual of further amounts owing. These fees are subject to subordination under the Boise master trust indenture, and as such, NorCal has fully reserved the accrual of this revenue.

Effective February 2021, NorCal succeeded Greystone Management Services Company Idaho, LLC and entered into a management fee agreement with Boise at a base fee of \$32,000 monthly through May 2021 and 5 percent of budgeted cash revenues thereafter.

Seniority Properties dba HumanGood Properties

HumanGood Properties is a California for-profit corporation, which was formed in February 2014 for the purpose of holding equity interests in developed and acquired senior housing communities and other similar investments.

On September 1, 2015, HumanGood Properties, through a subsidiary LLC, purchased a 49 percent equity interest, and later, through a purchase option, an additional 1 percent interest in a memory care senior housing community in Oklahoma.

HumanGood East

HumanGood East (formerly Philadelphia Presbytery Homes and Services for the Aging dba Presby's Inspired Life) is a Pennsylvania nonprofit tax-exempt corporation providing housing, health care and supportive services for the elderly through its three LPCs, 17 owned and managed affordable housing communities and 19 additional affordable housing communities managed for unrelated entities. On June 30, 2019, in conjunction with the HumanGood and Presby's Inspired Life affiliation, Cornerstone became the sole member of Presby's Inspired Life. On June 30, 2019, amendments to the articles of incorporation of Presby's Inspired Life took effect and the Presby's Inspired Life corporation name was changed to HumanGood East.

Basis of Presentation and Principles of Combination

The accompanying combined financial statements combine the accounts of NorCal, SoCal, TSJG, Foundation West and Foundation South (HumanGood California Obligated Group & Foundation Affiliates) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). All entities except Foundation West and Foundation South share a common parent, HumanGood, which has the sole corporate membership and controlling financial interest in each of these organizations, and Foundation West and Foundation South are affiliates of NorCal and SoCal, respectively.

All interaffiliate transactions between the Corporations eliminate in combination.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reported periods. Significant items subject to such estimates and assumptions include the fair values of interest rate swaps and caps assets and liabilities; allowances for contractual and uncollectible accounts receivable; fair values of notes receivable; fair values of investments; future service benefit obligations; rebatable entrance fees due; entrance fees subject to refund; entrance fees nonrefundable; liabilities for self-insured workers' compensation; self-insured health insurance; liabilities for pension and retirement plans; and valuation of split-interest agreements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions and overnight investments considered to be cash equivalents. For the purposes of the combined statements of cash flows, cash, cash equivalents and restricted cash include investments purchased with an initial maturity of three months or less.

Restricted Cash

Restricted cash is defined as cash and cash equivalents, which are restricted in their use by debt agreements.

Resident Accounts Receivable

The Corporations assess collectability on all resident accounts prior to providing services. An allowance for uncollectible accounts is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable (outstanding balances over 150 days are fully reserved), and anticipated collection of the consideration. Accounts are written off through bad debt expense when the Corporations have exhausted all collection efforts and accounts are deemed impaired.

Investments

Investments include certain cash equivalents held by investment managers, mutual funds, commodities and structure products, equity securities, corporate debt, U.S. and foreign government securities and certain cash equivalents and securities held by trustees for capital project expenditures and debt service, and are stated at fair value in the accompanying combined balance sheets.

Investment income or loss (including interest, dividends and fees), realized gains and losses and unrealized gains and losses on investments are included in income from operations and changes in net assets without donor restrictions. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

The Corporations' investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair value reported is subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported could change materially in the near term.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Restricted Investments

Certain investments are restricted as assets held in trust. These include assets held by trustees in accordance with the indentures relating to debt agreements and assets set aside in accordance with various trust agreements with third parties, including donors. Assets held in trust as well as assets managed with donor restrictions are classified as restricted investments in the accompanying combined balance sheets (see Note 4).

Designated Investments

Other investments of \$123,966,000 and \$121,046,000 as of December 31, 2020 and 2019, respectively, are designated by the Board of Directors primarily for future capital projects, to advance strategic corporate initiatives and for Foundation West Board-designated benevolence funds (see Note 4).

Investments in HumanGood Nevada Bonds

Investments include holdings in three tranches of the Las Ventanas Series 2012 Bonds (see HumanGood Nevada Subsection in Note 1). These investments are recorded at fair market value as of December 31, 2020 and 2019, in the accompanying combined balance sheets. Changes in fair market value are included in unrealized (losses) gains on investments in HumanGood Nevada Bonds in the accompanying combined statements of operations and changes in net assets.

Subordinated Notes Receivable, Net

Subordinated notes receivable, net as of December 31, 2020 and 2019 include the interest bearing subordinated note from Boise for \$2,000,000, the \$4,315,000 note receivable from Terraces of Phoenix, the liquidity support funded to Boise of \$2,250,000 and \$1,000,000 at December 31, 2020 and 2019, respectively, and the notes related to the BDG purchase and the HGAH assets and liability transfers from NorCal. All subordinated notes receivable are further described in HumanGood Cornerstone Related Enterprises Subsection in Note 1.

Subordinated notes amongst members of the affiliated Corporations are included in the accompanying supplemental combining balance sheets but eliminated in the accompanying combined financial statements.

Prior to September 26, 2012, TSJG was one of eight LPCs constituting NorCal's Obligated Group. Effective September 26, 2012, by vote of the NorCal Board of Directors, and consistent with the rights and abilities granted in NorCal's Master Trust Indenture, sole corporate membership and control of TSJG was transferred from NorCal to Cornerstone, in conjunction with the issuance of the TSJG Series 2012 Bonds. Furthermore, at this time, the portion of NorCal's Series 2006 Bonds previously allocated to TSJG was replaced with a \$23,336,000 variable rate subordinated note, and a portion of NorCal's Series 2010 Bonds previously allocated to TSJG was replaced with a \$6,438,000 fixed rate subordinated note. Debt service payments on these subordinated notes are contingent upon TSJG being in compliance with certain performance metrics. These subordinated notes receivable from TSJG are included in NorCal's subordinated notes receivable in the accompanying supplemental combining balance sheets as of December 31, 2020 and 2019. Both subordinated notes payable are included in TSJG's notes and bonds payable in the accompanying supplemental combining balance sheets as of December 31, 2020 and 2019, respectively. Upon meeting certain performance criteria, interest payments of \$4,150,000 and \$900,000 were made to NorCal for the years ended 2020 and 2019, respectively, for interest expense that had been deferred in previous fiscal years, and principal payments of \$1,634,000 were made in 2020. Interest expense of \$804,000 and \$3,548,000 at December 31, 2020 and 2019, respectively, related to these notes was accrued but not fully paid. All amounts related to these notes and their debt service payments eliminate in the accompanying combined financial statements.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Concurrent with the 2012 financing, NorCal and TSJG entered into a ten-year management agreement at a base fee of 8.5 percent of budgeted cash revenues, with half of this fee subject to subordination. During 2019, the recognition \$1,020,000 of TSJG management fee revenues were deferred by NorCal, with collection pending achievement of certain TSJG operating performance criteria. No amounts were deferred in 2020.

At December 31, 2020 and 2019, \$6,396,000 of management fees have been accrued but not paid and are included in other liabilities in the accompanying supplemental combining balance sheets of TSJG and are eliminated in the accompanying combined financial statements.

Land, Buildings and Equipment, Net

Land, buildings and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges and other related costs capitalized during construction. Maintenance and repair costs are charged to operations when incurred.

Depreciation of buildings and equipment is computed on the straight-line method using estimated useful lives of 3 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 income for the period.

Asset Impairment

The Corporations periodically evaluate the carrying value of their long-lived assets for impairment. The evaluations address 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 asset impairment was recorded during the years ended December 31, 2020 and 2019.

Other Noncurrent Assets

Other noncurrent assets are primarily comprised of membership interests in Caring Communities, a Reciprocal Risk Retention Group (CCrRRG) and limited partner interests in Ziegler's Longevity Funds.

Deferred Debt Issuance Costs

Expenses incurred in connection with the issuance of debt are deferred and are amortized over the term of the related financing agreements using the interest method. These unamortized amounts are presented in the combined balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Amortization expense, which is included as a component of mortgage interest, in the accompanying combined statements of operations and changes in net assets was \$311,000 in 2020 and \$427,000 in 2019.

Revocable Trusts

Revocable trusts are trust agreements that are revocable by trustors at any time, with specific terms for each agreement. Consequently, a liability is reflected in revocable trusts in the accompanying combined balance sheets equal to those related trust assets in restricted investments in the accompanying combined balance sheets.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Obligations Under Annuity Agreements

In conjunction with certain giving arrangements, Foundation West and Foundation South are required to pay a certain sum of money to the donor or a designated beneficiary, and, consequently, a liability is reflected in obligations under annuity agreements in the accompanying combined balance sheets.

These types of arrangements are summarized as follows:

Gift Annuities Fund

As consideration for gifts made to Foundation West and Foundation South, the Foundations enter into agreements to pay fixed annual payments to the donors or their beneficiaries for life. In accordance with Section 11521 of the California Insurance Code, a liability has been established for the future payments under the outstanding annuity contracts. The annual computation of the restricted amount of the gift is based upon the 2000 Group Annuity Mortality Table, with an interest assumption at 5 percent per annum. Assets in excess of liabilities, if any, related to these annuities are available for the use of the Foundations with the approval of the California Department of Insurance.

Annuity Trusts

Annuity trusts are trust agreements that provide for a fixed annual payment of not less than 6 percent of the initial value of trust assets to one or more income beneficiaries, with an irrevocable remainder interest contributed to charity. The annual payment never varies, regardless of trust income or the appreciation or depreciation in the value of trust assets.

Unitrusts

Unitrusts are trust agreements that are similar to annuity trusts, except that the annual payout generally is a fixed percentage, of not less than 6 percent, of the value of the trust assets valued annually. In general, the unitrust beneficiary payment amounts rise and fall in proportion to the value of trust assets. In certain cases, the payout from unitrusts may be tied to trust income.

Obligation to Provide Future Services

If the present value of future outflows to provide future services, adjusted for certain noncash items, exceeds the present value of future cash in-flows, a liability is recognized. An evaluation of the future service obligation for residents indicated a liability was not considered necessary as of December 31, 2020 or 2019. The discount rate used to calculate the obligation to provide future service is 5 percent for the years ended December 31, 2020 and 2019.

Types of Entrance Fees

The Care and Residence Agreements between the Corporations and the residents provide for the payment of an entrance fee. Entrance fees received by the Corporations are categorized into two types: initial entrance fees and entrance fees from reoccupancy, and are recorded as either rebatable entrance fees due, entrance fees subject to refund or entrance fees nonrefundable. Initial entrance fees, which are the initial fees on new or expanded facilities, are used to provide funds for acquisition and construction of physical facilities, debt retirement and to defray anticipated deficits in the operations of new homes for a period of time. Entrance fees from reoccupancy in existing homes are used for general purposes, including capital expenditures, support of operations (including benevolence), new development and funding of reserves.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Refund Policy on Entrance Fees

The current Care and Residence Agreement provides the resident with the right to a refund of the entrance fee, less 2 percent for each month of residency for 44 months after an initial reduction to the original fee, under certain circumstances. For a majority of contracts, upon the move out of a resident, the unamortized balance of the entrance fee becomes the property of the Corporations and is included in amortization of entrance fees in the combined statements of operations and change in net assets.

The Corporations had nonrefundable entrance fees of \$187,787,000 and \$181,180,000 as of December 31, 2020 and 2019, respectively, related to entrance fees received that will be recognized as revenues in future years. Additionally, the Corporations had entrance fees subject to refund of \$75,827,000 and \$89,811,000 as of December 31, 2020 and 2019, respectively, which will be recognized as revenues in future years unless refunded.

The Corporations have offered contract options whereby a specified percentage between 50 percent and 100 percent of the entrance fee is rebatable at termination of the contract and subsequent reoccupancy of their apartment. As of December 31, 2020 and 2019, respectively, \$178,597,000 and \$180,696,000 of the entrance fees related to these types of contracts are contractually rebatable and are included in rebatable entrance fees due and entrance fee rebates payable in the accompanying combined balance sheets.

Actual refunds and rebates of entrance fees were \$25,143,000 and \$13,187,000 for the years ended December 31, 2020 and 2019, respectively. Based on historical experience, management expects to pay refunds in future years of approximately \$19,000,000 per year.

Interest Rate Swaps and Caps

The Corporations use interest rate swaps and caps as part of its overall debt management policy. The Corporations account for interest rate swaps and caps in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*. The topic requires that all derivatives be carried at fair value in the combined balance sheets (see Note 7).

Net Assets

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 - Net assets available for use in general operations and not subject to donor restrictions. All revenues not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. 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. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor 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.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Also included in net assets with donor restrictions are assets held in trust under life annuity gifts. The assets are valued at fair value in accordance with the requirements of the specific trust agreements. Foundation West and Foundation South are required to pay a certain portion of the annual income from these assets to the donor or a designated beneficiary for the life of the donor or the beneficiary. Such amounts have been estimated and are reflected as obligations under annuity agreements in the accompanying combined balance sheets. The remaining assets will revert to the Foundations at the donor or beneficiary's death. The portion of assets received in excess of that required to meet the annuity's obligations has been recognized as a contribution at the time received.

Assets received from external trusts that are controlled by third-party trustees are recognized at the present value of the estimated future distributions to be received by the Corporations over the term of the agreement.

Net assets with donor restrictions for the years ended December 31, 2020 and 2019 are comprised of the following:

	<u>2020</u>	<u>2019</u>
Benevolence	\$ 10,550	\$ 9,067
Purpose restricted	15,416	13,965
Funds held by trustee	5,971	5,716
Restricted in perpetuity	<u>5,672</u>	<u>5,666</u>
Total	<u>\$ 37,609</u>	<u>\$ 34,414</u>

Endowment Funds

Foundation South's endowment funds consist of approximately 16 individual donor-restricted funds established primarily for benevolence and are recorded in net assets with donor restrictions in the accompanying combined balance sheets.

Foundation South has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Foundation South classifies net assets with donor restrictions of the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. The investment earnings of the donor-restricted endowment funds are classified as donor-restricted until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

The changes in endowment net assets with donor restriction for the years ended December 31, 2020 and 2019, are as follows (in thousands):

Endowment net assets, December 31, 2018	\$ 7,700
Contributions	222
Net investment returns	553
Disbursements	<u>(217)</u>
Endowment net assets, December 31, 2019	8,258
Contributions	6
Net investment returns	373
Disbursements	<u>(332)</u>
Endowment net assets, December 31, 2020	<u>\$ 8,305</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

The endowment net assets with donor restrictions were comprised of the following as of December 31, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Endowment gains with donor restrictions	\$ 2,633	\$ 2,592
Endowment funds held in perpetuity, the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	<u>5,672</u>	<u>5,666</u>
Total	<u>\$ 8,305</u>	<u>\$ 8,258</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Foundation South to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2020 and 2019.

Foundation South has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

To satisfy its long-term rate of return objectives, Foundation South relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Foundation South targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration the Corporations expect 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, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for the Corporations' resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service revenues for ancillary services are generally billed monthly in arrears. Additionally, entrance fees are generally billed and collected in advance of move-in.

Net resident service revenues are primarily comprised of the following revenues streams:

Health Center

Health center revenues are primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. The Corporations have determined that health center services are considered one performance obligation, which is satisfied over time as services are provided. Therefore, health center revenues are recognized on a daily basis as services are rendered.

Health center revenues, including monthly service fees, ancillary and other services fees are reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

The Corporations receive revenues for services under third-party payor programs, including Medicare, MediCal and other third-party payors. Nursing and ancillary services provided to Medicare and MediCal beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. The determination of these rates is partially based on the Corporations' clinical assessment of their residents. The Corporations are required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by Medicare and MediCal. The basis for payment to the Corporations for other payor agreements includes prospectively determined rates per day or discounts from established charges. Laws and regulations governing the Medicare and MediCal programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and MediCal programs.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence with the payor and the Corporations' historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenues 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 (that is, new information becomes available), or as years are settled or 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.

Assisted Living and Memory Care

Assisted living and memory care revenues are primarily derived from providing housing and personal care services to residents at a stated monthly fee. The Corporations have determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation for each of these levels of care, which is satisfied over time as services are provided. Therefore, assisted living and memory care revenues are recognized on a month-to-month basis.

Residential Living

Residential living revenues are primarily derived from providing housing and services to residents. The Corporations have determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation, which is satisfied over time as services are provided. Therefore, residential living monthly fees are recognized on a month-to-month basis.

Entrance fees collected from residents in advance are recognized as deferred revenues from entrance fees until performance obligations are satisfied and are included in entrance fees nonrefundable in the accompanying combined balance sheets. The Corporations recognized amortization income of \$44,275,000 and \$43,129,000 in 2020 and 2019, respectively. The Corporations apply the practical expedient in ASC 606, and therefore, do not disclose amounts for remaining performance obligations that have original expected durations of one year or less.

The guaranteed refund component of entrance fees is not amortized to income and is classified as rebatable entrance fees due in the accompanying combined balance sheets.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

For residents with Type B contracts, revenues from entrance fees other than rebatable entrance fees received are recognized through amortization using the straight-line method over annually adjusted estimated life expectancies of the residents, which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. Amortization of entrance fees other than rebatable entrance fees is included as amortization of entrance fees in the accompanying combined statements of operations and changes in net assets.

Contractual Allowances

A portion of the Corporations' health center revenues are subject to explicit price concessions (contractual allowances) under contracts with third-party payors. These price concessions, were \$8,774,000 and \$13,552,000 for the years ended December 31, 2020 and 2019, respectively.

COVID Relief Funding

COVID relief funding includes amounts received from federal and state funding sources related to the COVID-19 pandemic. The Corporations account for this funding in accordance with the FASB ASC Topic 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met, which occurs when the Corporations comply with the terms and conditions related to the purpose of the grant rather than those that are administrative in nature.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The Corporations received approximately \$9,089,000 in the year ended December 31, 2020 related to this funding. In accordance with the terms and conditions in place at December 31, 2020, the Corporations could apply the funding first against eligible expenses, and then lost revenues, which the Corporations' methodology for calculating lost revenues was the difference between 2020 budgeted and 2020 actual patient care revenues. \$600,000 of CARES Act funding was transferred to Terraces of Phoenix, an affiliated organization with a common parent, HumanGood, as allowed under the CARES Act Provider Relief Fund terms and conditions.

Noncompliance with the terms and conditions could result in repayment of some or all of the support, which can be subject to government review and interpretation. The Department of Health and Human Services (HHS) has indicated Provider Relief Fund payments are subject to future reporting and audit requirements. These matters could cause reversal or claw-back of amounts previously recognized; however, an estimate of the possible effects cannot be made as of the date these financial statements were issued. In addition, as of the date these combined financial statements were issued, it is unknown whether there will be further developments in the regulatory guidance.

The Corporations have incurred lost revenues and eligible expenses sufficient to allow it, in accordance with the original terms and conditions of the Provider Relief Fund as of December 31, 2020, to recognize revenues of \$8,338,000 which are included in COVID relief funding in the accompanying combined statement of operations and changes in net assets for the year ended December 31, 2020.

COVID-19 related expenses of \$3,687,000, including personal protective equipment and other equipment or supplies, are included in supplies in the combined statement of operations and changes in net assets for the year ended December 31, 2020. COVID-19 testing expenses of \$2,187,000 are included in other operating expenses in the combined statement of operations and changes in net assets for the year ended December 31, 2020. COVID-19 direct team member costs of \$217,000 and \$446,000 are included in salaries and wages and employee benefits, respectively, in the combined statement of operations and changes in net assets for the year ended December 31, 2020.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Performance Indicator

Income from operations as reflected in the accompanying combined statements of operations and changes in net assets is the performance indicator. Income from operations includes all changes in net assets without donor restrictions other than changes in minimum pension liability, other affiliate distributions and equity transfers, and unrealized gains (losses) on interest rate swap and caps.

Tax-Exempt Status

The Corporations are comprised of several California nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code and have been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

Due to a failure to timely file an annual report with the Attorney General, NorCal received notice in August 2019 that the California Franchise Tax Board revoked the State income tax exemption of NorCal. NorCal reapplied for exempt status in October 2019 and, in June 2020, was granted a retroactive reinstatement of its exempt status. No associated California income taxes, interest or penalties have been levied or paid to date.

The Corporations assess uncertain tax positions in accordance with the provisions of the FASB ASC Topic 740-10, *Income Taxes*. The Corporations recognize 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 percent likelihood of being realized upon ultimate settlement. The Corporations recognize interest and penalties related to income tax matters in operating expenses. As of December 31, 2020 and 2019, and for the year ended December 31, 2020, there were no such uncertain tax positions.

Reclassifications

Certain items in the 2019 combined financial statements have been reclassified to conform with the 2020 combined financial statements presentation.

3. Liquidity and Availability of Resources

The Corporations have financial assets available for utilization within one year of the combined balance sheets date, which consist of the following as of December 31, 2020 and 2019 (in thousands):

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 23,013	\$ 33,220
Resident accounts receivable	12,682	15,026
Entrance fee notes receivable	870	368
Investments	<u>226,580</u>	<u>200,927</u>
Total	<u>\$ 263,145</u>	<u>\$ 249,541</u>

The Corporations have investments, which are available for utilization within one year in the normal course of operations. Accordingly, these assets have been included above.

The Corporations have other assets held by trustee under trust indenture, and assets reserved for future gift annuity payments and donor-restricted purposes. Additionally, certain other Board-designated assets are internally designated for long-term purposes and an operating reserve. These investments, which are more fully described in Note 4 are not used for general expenditure within the next year; however, the Board-designated amounts could be made available, if necessary.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

As part of the Corporations' liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. These funds may be drawn upon, if necessary, to meet unexpected liquidity needs.

4. Investments, Designated Investments, Restricted Investments and Fair Value Measurements

The composition of investments, designated investments and restricted investments is set forth in the following table (in thousands):

	<u>2020</u>	<u>2019</u>
Investments (including designated investments and investments in HumanGood Nevada Bonds):		
Cash and cash equivalents	\$ 13,783	\$ 30,001
Mutual funds	119,506	87,588
Equity securities	68,916	57,497
Exchange-traded funds and closed-end funds	38,509	31,272
Domestic corporate debt	50,270	43,508
U.S. government securities	42,428	56,617
Municipal bonds	13,314	14,183
Foreign government securities	1,496	474
Alternative investments	2,324	833
Investments in HumanGood Nevada Bonds	4,242	5,018
	<u>354,788</u>	<u>326,991</u>
Total investments (including designated investments and investments in HumanGood Nevada Bonds):		
Restricted investments:		
Cash and cash equivalents	40,383	40,270
Mutual funds	9,390	7,515
Equity securities	1,672	2,397
Exchange-traded funds and closed-end funds	15,356	18,983
Domestic corporate debt	4,583	5,092
U.S. government securities	4,437	6,498
Municipal bonds	1,667	848
Foreign government securities	116	872
Alternative investments	751	471
	<u>78,355</u>	<u>82,946</u>
Total restricted investments		
Total investments, designated investments and restricted investments	<u>\$ 433,143</u>	<u>\$ 409,937</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Investments held as of December 31, 2020 and 2019 were comprised of the following (at fair value) (in thousands):

	<u>2020</u>	<u>2019</u>
Restricted investments:		
Principal, interest and other reserves held in trust under bond indenture or mortgage agreements	\$ 6,716	\$ 12,783
Undrawn funds held for LPC construction projects	31,931	32,805
Donor-restricted investments, including investments held in trust under revocable trust, gift annuity, annuity trust or unitrust agreements	<u>39,708</u>	<u>37,358</u>
Total restricted investments	78,355	82,946
Investments in HumanGood Nevada Bonds	4,242	5,018
Investments, unrestricted	226,580	200,927
Investments, designated	<u>123,966</u>	<u>121,046</u>
Total investments, designated investments and restricted investments	<u>\$ 433,143</u>	<u>\$ 409,937</u>

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code. The Corporations have identified certain corporate initiatives and contingencies listed below to which assets without restriction assets may be exposed, and therefore, have designated reserves as a safeguard against such contingencies. Although not restricted in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*, the designations are as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Designated for Endowment	\$ 59,013	\$ 56,185
Designated for Retirement	4,953	4,460
Designated for Innovation	10,000	10,000
Designated for Capital Projects	<u>50,000</u>	<u>50,401</u>
Total designations	<u>\$ 123,966</u>	<u>\$ 121,046</u>

Investment Return

Investment return for the years ended December 31, 2020 and 2019 is as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Total dividend, interest and other investment income, net of expense	\$ 7,310	\$ 9,843
Total realized (losses) gains on investments	(3,231)	4,886
Total net change in unrealized gains on investments	21,856	23,452
Unrealized (losses) gains on investment in HumanGood Nevada Bonds	<u>(535)</u>	<u>412</u>
Total	<u>\$ 25,400</u>	<u>\$ 38,593</u>

Investment income is net of investment expenses of \$1,123,000 and \$1,113,000 for the years ended December 31, 2020 and 2019, respectively.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

Fair Value Measurements

FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an 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 unobservable 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 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; or net asset value (NAV) per share (or its equivalent) with the ability to redeem the investments in the near term.

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 combined financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

- Mutual funds - Mutual funds registered with the Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted market prices, which represent the NAV of shares, and are categorized as Level 1.
- Equities, exchange-traded funds and closed-end funds - Equity securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange and are categorized as Level 1.
- Corporate debt (domestic and foreign) - Investment-grade bonds are valued using inputs and techniques which include third-party pricing vendors, dealer quotations and recently executed transactions in securities of the issuer or comparable issuers. To the extent that these inputs are observable and timely, the values are categorized as Level 2.
- Government securities (U.S. and foreign) - Government securities are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that these inputs are observable and timely, values are categorized as Level 2.
- Municipal bonds - Municipal bonds are valued using inputs and techniques which include identification of similar issues and market activity. To the extent that these inputs are observable and timely, values are categorized as Level 2.
- Investments in HumanGood Nevada Bonds - The fair value is estimated by a third-party using a small sample of sales comparables of other nonrelated LPC fixed rate bonds. Due to a lack of available Level 1 and Level 2 inputs, the investments have been classified as Level 3.
- Alternative investments valued at NAV - Primarily hedge funds are valued at NAV per share of the underlying investment fund. In accordance with Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities That Calculate NAV per Share (or Its Equivalent)*, investments are not categorized within the fair value hierarchy.
- Interest rate swaps and caps agreements - The fair value is estimated by a third-party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified as Level 2.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

The following table presents the fair value measurements of financial instruments recognized in the accompanying combined balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall as of December 31, 2020 and 2019 (in thousands):

	2020			Total
	Level 1	Level 2	Level 3	
Investments, designated investments and restricted investments:				
Mutual funds:				
Equity	\$ 18,879	\$ -	\$ -	\$ 18,879
Fixed income	92,671	-	-	92,671
Open funds	17,346	-	-	17,346
Equity securities	70,588	-	-	70,588
Exchange-traded funds and closed-end funds	53,865	-	-	53,865
Domestic corporate debt	-	54,853	-	54,853
U.S. government securities	-	46,865	-	46,865
Municipal bonds	-	14,981	-	14,981
Foreign government securities	-	1,612	-	1,612
Investments in HumanGood Nevada Bonds	-	-	4,242	4,242
Total investments, designated investments and restricted investments measured at fair value	<u>\$ 253,349</u>	<u>\$ 118,311</u>	<u>\$ 4,242</u>	375,902
Alternative investments valued at NAV				3,075
Cash and cash equivalents				<u>54,166</u>
Total investments, designated investments and restricted investments				<u>\$ 433,143</u>
Interest rate swaps and caps measured at fair value	<u>\$ -</u>	<u>\$ 1,011</u>	<u>\$ -</u>	<u>\$ 1,011</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

	2019			Total
	Level 1	Level 2	Level 3	
Investments, designated investments and restricted investments:				
Mutual funds:				
Equity	\$ 8,889	\$ -	\$ -	\$ 8,889
Fixed income	74,588	-	-	74,588
Open funds	11,626	-	-	11,626
Equity securities	59,894	-	-	59,894
Exchange-traded funds and closed-end funds	50,255	-	-	50,255
Domestic corporate debt	-	48,600	-	48,600
U.S. government securities	-	63,115	-	63,115
Municipal bonds	-	15,031	-	15,031
Foreign government securities	-	1,346	-	1,346
Investments in HumanGood Nevada Bonds	-	-	5,018	5,018
Total investments, designated investments and restricted investments measured at fair value	<u>\$ 205,252</u>	<u>\$ 128,092</u>	<u>\$ 5,018</u>	338,362
Alternative investments valued at NAV				1,304
Cash and cash equivalents				<u>70,271</u>
Total investments, designated investments and restricted investments				<u>\$ 409,937</u>
Interest rate cap measured at fair value	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 36</u>

The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined financial statements using significant unobservable (Level 3) inputs (in thousands):

Balance, December 31, 2018	\$ 4,606
Unrealized gains on investment in HumanGood Nevada Bonds	<u>412</u>
Balance, December 31, 2019	5,018
Purchases, issuances and settlements	(241)
Unrealized losses on investment in HumanGood Nevada Bonds	<u>(535)</u>
Balance, December 31, 2020	<u>\$ 4,242</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

5. Land, Buildings and Equipment, Net

Land, buildings and equipment, net at cost as of December 31, 2020 and 2019, consisted of the following (in thousands):

	<u>2020</u>	<u>2019</u>
Land	\$ 19,674	\$ 19,674
Land improvements	16,553	16,200
Buildings and improvements	762,074	753,881
Furnishings, equipment and automotive	<u>74,172</u>	<u>74,904</u>
Total	872,473	864,659
Accumulated depreciation	<u>(423,882)</u>	<u>(397,654)</u>
Total	448,591	467,005
Construction in progress	<u>26,033</u>	<u>15,346</u>
Total	<u>\$ 474,624</u>	<u>\$ 482,351</u>

Depreciation expense for the years ended December 31, 2020 and 2019, respectively, was \$42,461,000 and \$41,633,000.

Fully depreciated assets of \$16,227,000 and \$20,983,000 were disposed of during the years ended 2020 and 2019, respectively.

6. Notes and Bonds Payable, Net

A summary of the Corporations' notes and bonds payable as of December 31, 2020 and 2019, is as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Secured		
Bonds used to refinance existing debt and renovate HumanGood California Obligated Group communities, all secured under a Master Trust Indenture on HumanGood California Obligated Group's gross revenues pledge with certain others secured by the HumanGood California Obligated Group's assets:		
NorCal Series 2015 Tax-Exempt Revenue Bonds issued by the California Statewide Communities Development Authority (dated May 28, 2015). Serial certificates in the aggregate amount of \$30,550 maturing annually through 2028 with annual principal payable commencing on October 1, 2016, in varying amounts ranging from \$1,885 to \$3,080 through 2028; interest at fixed rates ranging from 2.0% to 5.0%, payable semiannually on April 1 and October 1. Term bond in the amount of \$21,530 with annual principal payments commencing on October 1, 2037, in varying amounts ranging from \$345 to \$4,780 through 2045; interest at the fixed rate of 5.0%, payable semiannually on April 1 and October 1. Bonds are secured under a Master Trust Indenture on HumanGood California Obligated Group's assets and gross revenues pledge and a Foundation West limited guaranty.	\$ 42,710	\$ 44,680

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

	2020	2019
NorCal Series 2012 Tax-Exempt Revenue Bonds issued by the California Statewide Communities Development Authority and subsequently sold and delivered to PNC Bank. The loan matures on October 1, 2036; interest accrues at tax-exempt LIBOR plus 1.19% (PNC Bank has the option to tender the bonds to NorCal for purchase option upon the 5 th , 10 th , 15 th and 20 th anniversary of issuance. The bonds were refunded during the refinancing in October 2020.	\$ -	\$ 15,950
NorCal Series 2013 Revenue Bonds issued by the California Statewide Communities Development Authority (dated February 1, 2013) to finance the costs of acquiring, constructing, expanding, remodeling, renovating, furnishing and equipping Terraces at Los Altos. Annual principal payable in varying amounts ranging from \$420 to \$1,350 through 2043; interest at fixed rates ranging from 2.1% to 5.0%. Bonds are secured under a Master Trust Indenture on HumanGood California Obligated Group's assets and gross revenues pledge and a Foundation West limited guaranty. The bonds were defeased during the refinancing in October 2020.	-	19,580
SoCal Series 2015 Tax-Exempt Revenue Bonds issued by the California Municipal Finance Authority in December 2015 and maturing in December 2036 to refund existing Series 2006 Bonds as well as to support additional construction projects at White Sands La Jolla and Westminster Gardens. Annual principal payable in varying amounts ranging from \$0 to \$990 through 2020, and amounts ranging from \$1,045 to \$5,130 through 2036; interest at variable rate of the current index, 65.1% of the one-month LIBOR, plus 1.5%, which was 1.64% at December 31, 2020.	43,255	44,245
Fresno Series 2012 Tax-Exempt Revenue Bonds issued by the California Statewide Communities Development Authority (dated September 26, 2012), Serial certificates, to fund redevelopment spending at TSJG, with annual principal payable commencing on April 1, 2014, in varying amounts depending on initial entrance fee collections through 2016; interest at fixed rates ranging from 4.00% to 6.00%, payable annually on October 1. The bonds were defeased during the refinancing in October 2020.	-	45,760
Series 2019A Tax-Exempt Revenue and Refunding Bonds issued by the California Municipal Finance Authority (dated August 1, 2019) to refund existing NorCal Series 2010 and SoCal Series 2009 Bonds and as well as to support additional construction projects for COG communities, with annual principal payable commencing on October 1, 2028, in varying amounts ranging from \$2,865 to \$5,370 through 2036, and \$11,810 to \$13,370 through 2044, interest at fixed rate of 4% through 2039 and ranging from 4.00% to 5.00% through 2044, payable annually on October 1.	141,705	141,705

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

	2020	2019
Series 2019B Taxable Bonds issued concurrently with Series 2019A in August 2019 and maturing in 2028 with annual principal payable in varying amounts ranging from \$2,995 in 2020 to \$3,415 in 2027 and \$650 in 2028; interest at fixed rate of 3% through 2028, payable annually on October 1.	\$ 22,615	\$ 25,610
Series 2020A Tax-Exempt Revenue and Refunding Bonds issued by the California Municipal Finance Authority (dated October 1, 2020) and subsequently sold and delivered to Washington Federal Bank to refund existing NorCal Series 2012A Bonds in a tax-exempt variable rate mode with interest payable monthly based on the sum of one-month LIBOR, plus a bank credit spread multiplied by a factor of 79%. Interest rate at December 31, 2020 was 1.26%. Principal payments are payable annually commencing on October 1, 2021, in varying amounts ranging from \$770 to \$1,125 through 2036. In connection with the issuance of the Series 2020A Bonds, an interest rate cap was purchased with an "all in" strike price of 3.50% and an expiration of November 1, 2035. Bonds are secured under a Master Trust Indenture on HumanGood California Obligated Group's gross revenues pledge.	15,480	-
Series 2020B taxable Revenue and Refunding Bonds issued by the California Municipal Finance Authority (dated October 1, 2020) and subsequently sold and delivered to Washington Federal Bank to refund existing NorCal Series 2013A Bonds and TSJG Series 2012A Bonds, initially in a taxable variable rate mode with interest payable monthly based on one-month LIBOR, plus a bank credit spread, convertible to a tax-exempt variable rate mode after August 1, 2022 with interest payable monthly based on the sum of one-Month LIBOR, plus a bank credit spread multiplied by a factor of 79%. Interest rate at December 31, 2020 was 1.56%. Principal payments on the Series 2020B Bonds are payable annually commencing on October 1, 2021, through 2047. In connection with the Series 2020B Bonds, an interest rate cap was purchased with an "all in" strike price of 1.6% and an expiration of August 1, 2022 and a forward starting swap was entered into, beginning August 1, 2022 at a fixed rate of 0.768% and expiring November 1, 2035. Bonds are secured under a Master Trust Indenture on HumanGood California Obligated Group's gross revenues pledge.	64,765	-

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Series 2020 Taxable Bank Loan for \$33,755, with loan draws available over the initial 24 months subsequent to issuance, issued directly to HumanGood California Obligated Group (dated October 1, 2020) by Washington Federal Bank in a taxable variable rate mode with interest payable monthly based on one-month LIBOR plus a bank credit spread. Principal payments are payable monthly, commencing December 1, 2022 in varying amounts ranging from \$90 to \$190 through October 1, 2047. In connection with the Series 2020 Taxable Loan, a forward starting swap for the full loan amount was entered into, beginning November 1, 2022 at a fixed rate of 0.996% and expiring November 1, 2035. Interest rate at December 31, 2020 was 1.56%.	2,110	-
Other Secured Obligations		
Terraces of Los Altos equipment loan issued in February 2013 and maturing in February 2020. Monthly principal and interest payments in the amount of \$38 began March 2013; interest at a fixed rate of 2.07%. The Equipment Loan is secured by the respective equipment.	\$ -	\$ 74
Piedmont Gardens Elevator Construction Loan issued in December 2016 and maturing in December 2023. Monthly principal and interest payments in the amount of \$46 began upon completion of construction; interest at a fixed rate of 2.89%. The Elevator Construction Loan is secured by the respective elevator.	1,584	2,083
Total	<u>334,224</u>	<u>339,687</u>
Unsecured		
Note payable to individual bearing interest at 4.5%	1,000	1,200
Total	<u>335,224</u>	<u>340,887</u>
Less current portion of notes and bonds payable	(9,149)	(8,551)
Add unamortized bond premium	17,754	20,043
Less unamortized bond issuance costs, net	<u>(5,325)</u>	<u>(6,042)</u>
Notes and bonds payable, net	<u>\$ 338,504</u>	<u>\$ 346,337</u>

Scheduled maturities of notes and bonds payable are as follows (in thousands):

Years ending December 31:	
2021	\$ 9,149
2022	9,524
2023	10,761
2024	11,050
2025	11,380
Thereafter	<u>283,360</u>
Total	<u>\$ 335,224</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

The Corporations maintain a standby letter of credit with a bank for workers' compensation as discussed in Note 9.

The Corporations are subject to financial covenants on debt, which include debt service coverage ratios and minimum days of cash-on-hand requirements.

Loss on Early Retirement of Debt

During August 2019, the HumanGood California Obligated Group completed a financing transaction through the issuance of the Series 2019A and Series 2019B Bonds to provide for overall debt service savings and to join the previously separated Obligated Groups into one combined HumanGood California Obligated Group under a common master trust indenture. The majority of the proceeds were used to refund the NorCal Series 2010 Bonds and the HumanGood SoCal Series 2009 Bonds. In conjunction with this transaction, the HumanGood California Obligated Group recorded a loss on early retirement of debt that is included in the combined statement of operations and changes in net assets.

The loss consists of the following (in thousands):

Deposit to escrow deposit fund	\$	173,103
NorCal Series 2010 Bonds outstanding		(100,130)
SoCal Series 2009 Bonds outstanding		(67,980)
Accrued interest		<u>(3,659)</u>
Subtotal		1,334
Unamortized debt issuance costs		3,157
Unamortized bond issuance discounts		<u>3,073</u>
Total	\$	<u>7,564</u>

During October 2020, HumanGood California Obligated Group completed a financing transaction and closed \$125,000,000 of bank capital with Washington Federal Bank, which was comprised of:

- \$15,480,000 Series 2020A Tax-Exempt Revenue and Refunding Bonds, refunding the existing Tax-Exempt Series 2012 Private Placement Bonds with PNC Bank;
- \$64,765,000 Series 2020B Taxable Revenue and Refunding Bonds (through a so-called Cinderella Financing), which used taxable proceeds to legally defease the existing Tax-Exempt Series 2012A and 2013A Bonds, and then is convertible to tax-exempt bonds subsequent to the advanced refunding of the defeased bonds.
- \$33,755,000 Taxable Term Loan with the loan draws available over the initial 24 months subsequent to issuance; and
- \$11,000,000 million Taxable Revolving Line of Credit with a five-year term and a taxable variable rate with interest payable monthly based on one-month LIBOR plus a bank credit spread.

The majority of the proceeds were used to refund the NorCal Series 2012 Bonds, and to defease the NorCal Series 2013 and HumanGood Fresno Series 2012 Bonds. In conjunction with this transaction, the HumanGood California Obligated Group recorded a loss on early retirement of debt that is included in the combined statement of operations and changes in net assets.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

The loss consists of the following (in thousands):

Deposit to escrow deposit fund	\$	86,476
NorCal Series 2012 Bonds outstanding		(15,275)
NorCal Series 2013 Bonds outstanding		(19,140)
Fresno 2012 Bonds outstanding		(45,055)
Accrued interest		(292)
		<hr/>
Subtotal		6,714
Unamortized debt issuance costs		2,233
Unamortized bond issuance premiums		(1,327)
		<hr/>
Total	\$	<u>7,620</u>

7. Interest Rate Caps and Swaps

On December 1, 2015, HumanGood SoCal entered into an interest rate cap agreement with a counterparty to extend the management of interest rate risk on \$25,000,000 of its Series 2015 Tax-Exempt Variable Rate Revenue Bonds from December 1, 2015 to December 1, 2025. The agreement establishes that when 65.1 percent of the one-month LIBOR rate exceeds 2.50 percent, SoCal is reimbursed for the excess by the counterparty to the transaction.

On October 16, 2020, in conjunction with the aforementioned Series 2020 financing, NorCal, as an obligated group representative, entered into four derivative agreements with two counterparties. The first agreement is an interest rate cap agreement with a counterparty to extend the management of interest rate risk on the \$15,480,000 Tax-Exempt Series 2020A Variable Rate Bonds from October 28, 2020 to October 1, 2035. The agreement establishes that when 79 percent of the one-month LIBOR rate exceeds 2.394 percent, NorCal is reimbursed for the excess by the counterparty to the transaction. The second agreement is an interest rate cap agreement with a counterparty to extend the management of interest rate risk on the \$64,675,000 Series 2020B Variable Rate Bonds during the anticipated period that the bonds would be taxable from October 28, 2020 to August 1, 2022. The agreement establishes that when the one-month LIBOR rate exceeds 1.6 percent, NorCal is reimbursed for the excess by the counterparty to the transaction. The third agreement is a forward-starting interest rate swap agreement with a counterparty to extend the management of interest rate risk on the outstanding \$63,270,000 Series 2020B Variable Rate Bonds during the anticipated period that the bonds would be tax-exempt from August 1, 2022 to October 1, 2035. The agreement establishes that when 79 percent of the one-month LIBOR rate exceeds 0.768 percent, NorCal is reimbursed for the excess by the counterparty to the transaction and conversely when 79 percent of the one-month LIBOR rate is less than 0.768 percent, NorCal pays the shortfall to the counterparty. The fourth agreement is a forward-starting interest rate swap agreement with a counterparty to extend the management of interest rate risk on the \$33,755,000 Series 2020 taxable variable rate bank loan from November 1, 2022 to October 1, 2035. The agreement establishes that when the one-month LIBOR rate exceeds 0.9957 percent, NorCal is reimbursed for the excess by the counterparty to the transaction and conversely when the one-month LIBOR rate is less than 0.9957 percent, NorCal pays the shortfall to the counterparty.

For the years ended December 31, 2020 and 2019, the aforementioned floating interest rates for the cap and swap agreements failed to exceed the respective cap and strike rates, and thus none of the aforementioned cap and swap agreements had an impact on interest expense.

The fair value of the interest rate caps and swaps was \$1,011,000 and \$36,000 as of December 31, 2020 and 2019, respectively. The unrealized gain (loss) from mark-to-market of floating to fixed rate interest rate caps was \$808,000 and \$(157,000) for the years ended December 31, 2020 and 2019, respectively.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

8. Employee Benefit Plans

Defined Benefit Pension Plan

HumanGood SoCal has a defined benefit retirement plan (the Plan) which, prior to being frozen, provided retirement benefits through a noncontributory defined benefit retirement plan for substantially all full-time SoCal employees. On October 22, 2009, the Board of Directors of SoCal froze the Plan, whereby effective October 31, 2009, further accrual of benefits ceased for participants in the Plan. SoCal has not taken action to terminate the Plan.

Prior to October 31, 2009, the benefits were based upon years of service and the employee's compensation during the years of employment. SoCal's funding policy, at a minimum, was to contribute amounts to the Plan sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus additional amounts deemed to be appropriate.

The plan assets include separate investment accounts with underlying mutual funds invested in fixed-income and equity securities whose values are subject to fluctuations of the securities markets. Changes in these values attributable to the differences between actual and assumed returns on plan assets were deferred as unrecognized gains or losses and were included in the determination of the net pension expense over time.

A summary of the components of net periodic pension cost as of the date of the actuarial valuation for the years ended December 31, 2020 and 2019 is as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Changes in projected benefit obligation:		
Projected benefit obligation, January 1	\$ 40,083	\$ 35,301
Service cost	-	-
Interest cost	1,314	1,473
Benefits paid	(1,173)	(2,499)
Settlement payments	(1,544)	-
Actuarial loss	4,039	5,808
Projected benefit obligation, December 31	<u>42,719</u>	<u>40,083</u>
Changes in plan assets:		
Fair value of plan assets, January 1	40,303	37,718
Actual return on plan assets	3,227	4,219
Employer contributions	1,000	1,000
Expenses	(94)	(135)
Settlement payments	(1,544)	-
Benefits paid	(1,173)	(2,499)
Fair value of plan assets, December 31	<u>41,719</u>	<u>40,303</u>
Funded status	<u>\$ (1,000)</u>	<u>\$ 220</u>
Accumulated benefit obligation	<u>\$ (42,719)</u>	<u>\$ (40,083)</u>
Amounts recognized in retirement liabilities in the accompanying combined balance sheets	<u>\$ (1,000)</u>	<u>\$ 220</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Components of net periodic benefit cost:		
Interest cost	\$ 1,314	\$ 1,473
Expected return on plan assets	(1,561)	(1,500)
Net loss amortization	<u>1,152</u>	<u>656</u>
Net periodic benefit cost	905	629
Settlement charge	<u>441</u>	-
Total benefit expense	<u>\$ 1,346</u>	<u>\$ 629</u>
Net losses recognized in net assets without donor restrictions	<u>\$ (875)</u>	<u>\$ (2,567)</u>
Amounts not yet reflected in periodic benefit costs and recognized in accumulated net assets without donor restrictions, net actuarial loss	<u>\$ 12,209</u>	<u>\$ 11,334</u>
Total accumulated charge to net assets without donor restrictions	<u>\$ 12,209</u>	<u>\$ 11,334</u>

In 2020, SoCal offered a one-time lump sum payout for certain terminated vested participants. Approximately \$1,544,000 was paid out during the 2020 plan year under this program.

Weighted-average assumptions used to determine benefit obligations as of December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	2.67 %	3.43 %
Rate of compensation	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost for the years ended December 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	3.43 %	4.26 %
Expected long-term rate of return on plan assets	4.00	4.00
Rate of compensation	N/A	N/A

SoCal determines the estimates of expected long-term rate of return on assets. These estimates are primarily driven by actual historical asset class returns and advice from external actuarial firms, while incorporating specific asset class risk factors. For the years ended December 31, 2020 and 2019, the expected long-term rate of return used in determining net periodic pension cost was 4.00 percent.

The Plan invests primarily in asset categories to permit conservative investments with minimal risk of loss of principal. The Plan invests in asset categories that provide diversification benefits and are easily measured. Maximum and minimum holding ranges for each of these asset categories are set by the investment committee and defined in an investment policy. The current target allocations for equity and fixed income are 20 percent and 80 percent, respectively, for the years ended December 31, 2020 and 2019. Actual asset allocation within these approved ranges is based on a variety of economic and market conditions and consideration of specific asset category risk. To assess the Plan's investment performance, a long-term asset allocation policy benchmark has been established. The Plan's assets are invested in separate accounts which are considered Level 2 securities and the asset allocation was in line with the target allocations as of December 31, 2020 and 2019.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

SoCal expects to contribute approximately \$1,000,000 to the Plan during the year ending December 31, 2021. SoCal estimates that benefit payments will be paid over the next ten years as follows (in thousands):

Years ending December 31:	
2021	\$ 3,972
2022	2,741
2023	2,240
2024	2,710
2025	3,759
2026 - 2030	<u>12,097</u>
Total	<u>\$ 27,519</u>

Actuarial losses of \$711,000 related to the Plan are expected to be recognized as a component of the net periodic pension cost during the year ending December 31, 2021. Management has included the net periodic pension cost in SoCal's 2021 operating budget.

Supplemental Retirement Income Plan Agreements

Certain NorCal management employees or retirees of NorCal participate in supplemental retirement income plans, and have individually entered into agreements with NorCal whereby the employees will be provided specific amounts of annual retirement income for the balance of their lifetime following retirement. During 2005, accrued benefits for active participants in the supplemental retirement income plan were transferred into a new nonqualified plan under IRC 457(f) that distributes a lump-sum payment at age 65. On October 2, 2015, the plan was frozen to new entrants. On December 1, 2017, the HumanGood Board of Directors elected to terminate the plan and, in 2018, final termination payouts of \$2,143,000 were made. Subsequent to the termination and payout of the IRC 457(f) plan, the remaining NorCal frozen supplemental retirement income plan had a present value of future payments to participants of \$1,680,000 as of December 31, 2020 and 2019. Assets available for benefits to this remaining pool of participants are subject to the claims of the NorCal's creditors. The assets are included in designated investments and amounted to \$4,953,000 and \$4,460,000 as of December 31, 2020 and 2019, respectively.

In 2020, a separate IRC 457(f) plan was established for certain key executive leadership where the plan will fund based on predetermined annual contributions and earn a return equal to the Barclay's Intermediate Government Credit Index, with a present value of future anticipated participant distributions of \$318,000 as of December 31, 2020.

Defined Contribution Plan

The Corporations also participate in a defined contribution retirement plan covering all eligible employees. The Corporations' contribution is a match of employee contributions up to 4 percent of eligible earnings in a calendar year. Annual expenses incurred under the plan for the years ended December 31, 2020 and 2019, respectively, were approximately \$3,294,000 and \$2,934,000.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

9. Self-Insured Programs

Workers' Compensation Plan

The Corporations are partially self-insured under an occurrence form insurance policy for 2020 and 2019. Claims are accrued under the plan as the incidents that give rise to them occur. The estimate of incurred but not reported claims is based on actuarial projections of the ultimate cost of settlement, including claim settlement expenses, using the Corporations' historical claim payment experience. The estimated liability is continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. The Corporations have recorded a total liability for claims payable of \$16,112,000 and \$14,379,000, including an estimate of incurred but not reported claims as of December 31, 2020 and 2019, respectively. The estimated insurance recovery receivables of \$4,948,000 and \$4,503,000 are recorded under other receivables in the accompanying combined balance sheets as of December 31, 2020 and 2019, respectively. As required by the insurer, the Corporations have obtained a letter of credit for \$1,108,000 in connection with this program, subject to annual renewal, with the next scheduled renewal date on September 30, 2021.

Given the inherent variability of such estimates, the actual liability could differ significantly from the estimates. While the ultimate payments of self-insured workers' compensation claims are dependent upon future developments, management is of the opinion that the recorded liability is adequate.

Health Insurance Plan

Effective in 2019, the Corporations are self-insured for health insurance claims for eligible active employees with certain self-insured retention limits. Based on claims incurred through December 31, an estimated liability for claims incurred, but not paid of \$2,074,000 and 2,048,000 is included in accounts payable and accrued expenses in the accompanying combined balance sheets as of December 31, 2020 and 2019, respectively. The estimate of incurred but not paid claims is based on actuarial projections using the Corporations' historical claim payment experience and previous patterns of payments. While estimates are based on the information and data available at a point in time, management is of the opinion that the recorded liability has been properly accounted for and accrued at December 31, 2020 and 2019.

Professional Liability Insurance

The Corporations have secured claims-made policies for malpractice and general liability insurance with certain self-insured retentions. The Corporations have accrued liabilities of \$1,375,000 and \$341,000 as its best estimate of the cost of known claims incurred prior to December 31, 2020 and 2019, respectively. Related insurance recovery receivables of \$765,000 and \$245,000 as of December 31, 2020 and 2019, respectively, are recorded under other receivables in the accompanying combined balance sheets. In addition, the Corporations have accrued liabilities of \$2,308,000 as of December 31, 2020 and 2019, as its best estimate of the cost of claims incurred but not yet reported. These liabilities are included in accounts payable and accrued expenses in the accompanying combined balance sheets.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

10. Net Resident Service Revenues

The Corporations disaggregate revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of their revenues and cash flows as affected by economic factors. Resident services and patient revenues consist of the following for the years ended December 31, 2020 and 2019 (in thousands):

	2020				
	Residential Living	Assisted Living	Health Center	Memory Care	Total
Private (contract)	\$ 101,138	\$ 24,066	\$ 15,315	\$ 9,305	\$ 149,824
Private (noncontract)	6,536	9,987	11,549	4,549	32,621
Medicare (Part A)	-	-	29,139	-	29,139
Medicare (Part B)	-	-	1,540	-	1,540
MediCal	-	-	16,038	-	16,038
Managed care	-	-	11,712	-	11,712
Subtotal	107,674	34,053	85,293	13,854	240,874
Amortization of entrance fees	-	-	-	-	44,275
Total	<u>\$ 107,674</u>	<u>\$ 34,053</u>	<u>\$ 85,293</u>	<u>\$ 13,854</u>	<u>\$ 285,149</u>
	2019				
	Residential Living	Assisted Living	Health Center	Memory Care	Total
Private (contract)	\$ 100,270	\$ 22,654	\$ 15,609	\$ 9,611	\$ 148,144
Private (noncontract)	6,411	10,710	12,832	4,478	34,431
Medicare (Part A)	-	-	37,263	-	37,263
Medicare (Part B)	-	-	1,591	-	1,591
MediCal	-	-	14,541	-	14,541
Managed care	-	-	11,905	-	11,905
Subtotal	106,681	33,364	93,741	14,089	247,875
Amortization of entrance fees	-	-	-	-	43,129
Total	<u>\$ 106,681</u>	<u>\$ 33,364</u>	<u>\$ 93,741</u>	<u>\$ 14,089</u>	<u>\$ 291,004</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

11. Functional Expenses

The Corporations provide housing, healthcare and other related services to residents within their geographic location. Financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses relating to providing these services are approximately as follows at December 31, 2020 and 2019 (in thousands):

	2020		
	Residential Services	General and Administrative	Total
Salaries and wages	\$ 106,469	\$ 22,636	\$ 129,105
Employee benefits	27,895	6,697	34,592
Supplies	22,296	817	23,113
Ancillary services	12,178	-	12,178
Repairs and maintenance	4,678	4	4,682
Marketing and advertising	3,869	47	3,916
Purchased services	9,371	6,448	15,819
Utilities	10,990	1,323	12,313
Travel and related	651	379	1,030
Leases and rents	715	1,169	1,884
Insurance	4,072	-	4,072
Other operating expenses	6,817	1,339	8,156
Depreciation	42,461	-	42,461
Mortgage interest	12,946	-	12,946
	<u>\$ 265,408</u>	<u>\$ 40,859</u>	<u>\$ 306,267</u>
Total expenses			
	<u>\$ 265,408</u>	<u>\$ 40,859</u>	<u>\$ 306,267</u>
	2019		
	Residential Services	General and Administrative	Total
Salaries and wages	\$ 107,628	\$ 25,033	\$ 132,661
Employee benefits	25,009	7,008	32,017
Supplies	20,646	902	21,548
Ancillary services	15,248	-	15,248
Repairs and maintenance	4,435	8	4,443
Marketing and advertising	3,262	90	3,352
Purchased services	10,264	4,084	14,348
Utilities	10,639	1,266	11,905
Travel and related	1,169	1,566	2,735
Leases and rents	864	934	1,798
Insurance	3,677	-	3,677
Other operating expenses	4,331	2,130	6,461
Depreciation	41,633	-	41,633
Mortgage interest	17,411	-	17,411
	<u>\$ 266,216</u>	<u>\$ 43,021</u>	<u>\$ 309,237</u>
Total expenses			
	<u>\$ 266,216</u>	<u>\$ 43,021</u>	<u>\$ 309,237</u>

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

12. Transactions With Affiliates

The Corporations manage rental housing communities and LPCs (see Note 1) under management agreements whereby the Corporations and its affiliates provide administrative and management services to all communities and sales management services to the LPCs.

Management fees for providing these services for the years ended December 31, 2020 and 2019, are included in other operating revenues earned by the Corporations in the accompanying combined statements of operations and changes in net assets and are as follows (in thousands):

	<u>2020</u>	<u>2019</u>
HumanGood LPCs Management Fee:		
Terraces of Phoenix	\$ 1,968	\$ 1,881
Judson Park	1,888	1,878
Las Ventanas	612	592
HumanGood Affordable Housing Cost Allocation	<u>300</u>	<u>520</u>
 Total	 <u>\$ 4,768</u>	 <u>\$ 4,871</u>

Interest and management fees due from affiliates in the accompanying combined balance sheets includes deferred management fees due from Las Ventanas in the amounts of \$2,662,000 and \$2,412,000 as of December 31, 2020 and 2019, respectively, as well as interest income receivable from Beacon Development Group in the amounts of \$17,000 and \$529,000 as of December 31, 2020 and 2019, respectively, related to the outstanding purchase note described further in Note 1.

Amounts due from affiliates for management fees and cost recoveries for other services such as dining, purchase cards, payroll, benefits and insurance are included in intercompany advances due as of December 31, 2020 and 2019 in the accompanying combined balance sheets, and are as follows (in thousands):

	<u>2020</u>	<u>2019</u>
Due from HumanGood Affordable Housing and Affiliates	\$ 2,600	\$ 4,000
Due from HumanGood SoCal Affordable Housing Communities	873	2,193
Due from HumanGood Washington	3,326	1,906
Due (to) HumanGood Arizona, Inc.	(337)	(49)
Due from HumanGood Idaho	76	277
Due from HumanGood Nevada	755	239
Due from HumanGood East	289	-
Due from HumanGood Cornerstone and certain affiliates	<u>93</u>	<u>154</u>
 Total	 <u>\$ 7,675</u>	 <u>\$ 8,720</u>

These balances are settled in the normal course of operations with no fixed repayment terms.

During the year ended December 31, 2020, affiliate distributions and transfers in the accompanying combined statements of operations and changes in net assets is primarily comprised of cash distributions of \$5,000,000 from NorCal and SoCal to Cornerstone.

During the year ended December 31, 2019, affiliate distributions and transfers in the accompanying combined statements of operations and changes in net assets is primarily comprised of cash distributions of \$8,151,000 from NorCal and SoCal to Cornerstone.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

13. Commitments and Contingencies

The Corporations are party to various claims and legal actions in the normal course of business. In the opinion of management, 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 Corporations.

The Corporations are aware of the existence of asbestos in certain of its buildings. The Corporations have not recorded a liability for any asbestos abatement costs because the cost cannot be reasonably estimated at this time. At such time in the future that plans are made to make changes to structures with asbestos and the related asbestos removal cost estimates are completed, the Corporations will record an estimate of the costs of the required asbestos abatement.

On September 12, 2012, Las Ventanas closed on the restructuring of its indebtedness. As discussed in Note 1, NorCal provided an unfunded \$2,000,000 debt service support agreement for the Las Ventanas Series A-1 Bonds, with any resulting funded amounts triggering the issuance to NorCal of an equal amount of Las Ventanas Series B-4 Bonds.

For the tax-credit financed affordable housing communities in which HGAH serves as a General Partner (see Note 1), NorCal and HGAH, as co-guarantors, have issued on-going guarantees to cover operating deficits and guarantees to ensure compliance with certain on-going aspects of the Limited Partnership Agreement (LPA). NorCal periodically evaluates the potential exposure from these on-going guarantees. NorCal has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for NorCal.

In addition to operating deficit and LPA guarantees, NorCal and HGAH, as co-guarantors, also issue, unconditional project completion guarantees for tax-credit financed affordable housing communities in which HGAH serves as a General Partner (see Note 1). NorCal has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for NorCal.

Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future effects of this matter on the Corporations, if any, are not presently determinable.

COVID-19

The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets, supply chains and businesses. The Corporations' evaluation of the effects of these events is ongoing as of the date the accompanying combined financial statements were issued. COVID-19 may impact various parts of the Corporations' 2021 operations and financial performance, including but not limited to additional costs for emergency preparedness, disease control and containment, COVID testing and vaccinations, potential shortages of personnel, supply chain disruption, declines in revenue related to decreases in occupancy or volumes of certain revenue streams. The extent of the impact will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions. Throughout the pandemic, the Corporations have provided up to date information on their COVID-19 response through a dedicated page on the Corporations' website.

HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood)

Notes to Combined Financial Statements
December 31, 2020 and 2019

14. Concentrations of Credit Risk

The Corporations grant credit without collateral to their residents, some of whom are insured under third-party payor arrangements.

The Corporations maintain cash accounts, which, at times, may exceed federally insured limits. The Corporations have not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

15. Subsequent Events

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

In April 2021, the Corporations applied and were approved for loans pursuant to the Paycheck Protection Program (PPP), administered by the U.S. Small Business Administration. The Corporations signed agreements with an effective date of April 29, 2021 for HumanGood NorCal, HumanGood SoCal and HumanGood Fresno in the amounts of \$10,000,000, \$9,246,000 and \$1,814,000, respectively. The loans carry no collateral or guarantee requirements. Under the terms of the loans, interest and principal payments are deferred for six months from the date of issuance. The PPP loans bear interest at 1 percent per annum and mature five years after issuance. Subject to certain eligibility and certification requirements under the PPP, some or all of the loan amounts may be forgiven; however, the amount and timing of any forgiveness is uncertain.

The Corporations have evaluated subsequent events through April 30, 2021, which is the date the combined financial statements were issued.

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Combining Balance Sheet Schedule

December 31, 2020

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Assets										
Current Assets										
Cash and cash equivalents	\$ 17,771	\$ 1,787	\$ 1,884	\$ -	\$ 21,442	\$ 721	\$ 850	\$ 1,571	\$ -	\$ 23,013
Resident accounts receivable, net	7,575	4,580	523	-	12,678	4	-	4	-	12,682
Other receivables	3,033	4,118	5	-	7,156	633	-	633	-	7,789
Current portion of restricted investments	3,661	-	4	-	3,665	-	-	-	-	3,665
Intercompany advances due	10,276	(1,150)	(1,264)	-	7,862	(168)	(19)	(187)	-	7,675
Prepaid expenses, deposits and other assets	6,234	1,350	1,321	-	8,905	-	-	-	-	8,905
Total current assets	48,550	10,685	2,473	-	61,708	1,190	831	2,021	-	63,729
Restricted Cash	-	5,105	-	-	5,105	-	-	-	-	5,105
Investments	102,124	98,966	15,889	-	216,979	-	9,601	9,601	-	226,580
Designated Investments	51,017	13,936	-	-	64,953	59,013	-	59,013	-	123,966
Investments in HumanGood Nevada Bonds	4,242	-	-	-	4,242	-	-	-	-	4,242
Restricted Investments	34,982	-	-	-	34,982	12,839	26,869	39,708	-	74,690
Subordinated Notes Receivable, Net	40,713	-	-	(28,141)	12,572	-	-	-	-	12,572
Land, Buildings and Equipment, Net	230,823	163,754	80,047	-	474,624	-	-	-	-	474,624
Interest and Management Fees Due From Affiliates	9,879	-	-	(7,200)	2,679	-	-	-	-	2,679
Other Noncurrent Assets	1,714	3,040	-	-	4,754	-	-	-	-	4,754
Total assets	\$ 524,044	\$ 295,486	\$ 98,409	\$ (35,341)	\$ 882,598	\$ 73,042	\$ 37,301	\$ 110,343	\$ -	\$ 992,941

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Combining Balance Sheet Schedule

December 31, 2020

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Accounts payable and accrued expenses	\$ 26,932	\$ 6,812	\$ 8,295	\$ (6,396)	\$ 35,643	\$ 83	\$ 29	\$ 112	\$ -	\$ 35,755
Deposits	1,983	766	122	-	2,871	-	-	-	-	2,871
Accrued interest	2,225	124	804	(804)	2,349	-	-	-	-	2,349
Current portion of notes and bonds payable	5,894	2,206	1,049	-	9,149	-	-	-	-	9,149
Entrance fee rebates payable	-	233	198	-	431	-	-	-	-	431
Total current liabilities	37,034	10,141	10,468	(7,200)	50,443	83	29	112	-	50,555
Notes and Bonds Payable, Net	182,983	112,027	71,635	(28,141)	338,504	-	-	-	-	338,504
Rebatable Entrance Fees Due	94,877	50,537	32,752	-	178,166	-	-	-	-	178,166
Entrance Fees Subject to Refund	34,265	35,016	6,546	-	75,827	-	-	-	-	75,827
Entrance Fees Nonrefundable	113,160	57,140	17,487	-	187,787	-	-	-	-	187,787
Revocable Trusts	-	-	-	-	-	275	-	275	-	275
Obligations Under Annuity Agreements	-	-	-	-	-	1,770	1,629	3,399	-	3,399
Retirement Liabilities	2,652	1,339	-	-	3,991	-	-	-	-	3,991
Workers' Compensation Liability	7,072	9,040	-	-	16,112	-	-	-	-	16,112
Other Liabilities	13,713	373	41	(7,200)	6,927	-	-	-	-	6,927
Total liabilities	485,756	275,613	138,929	(42,541)	857,757	2,128	1,658	3,786	-	861,543
Net Assets (Deficit)										
Without donor restrictions	38,288	19,873	(40,520)	7,200	24,841	59,168	9,780	68,948	-	93,789
With donor restrictions	-	-	-	-	-	11,746	25,863	37,609	-	37,609
Total net assets (deficit)	38,288	19,873	(40,520)	7,200	24,841	70,914	35,643	106,557	-	131,398
Total liabilities and net assets (deficit)	\$ 524,044	\$ 295,486	\$ 98,409	\$ (35,341)	\$ 882,598	\$ 73,042	\$ 37,301	\$ 110,343	\$ -	\$ 992,941

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2020

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions										
Operating revenues:										
Residential living	\$ 55,956	\$ 40,417	\$ 11,301	\$ -	\$ 107,674	\$ -	\$ -	\$ -	\$ -	\$ 107,674
Assisted living	16,706	13,467	3,880	-	34,053	-	-	-	-	34,053
Health center	51,572	26,429	7,292	-	85,293	-	-	-	-	85,293
Memory care	8,491	3,125	2,238	-	13,854	-	-	-	-	13,854
Other residential services	1,755	1,933	69	-	3,757	-	-	-	-	3,757
Amortization of entrance fees	24,457	15,979	3,839	-	44,275	-	-	-	-	44,275
COVID relief funding	4,529	2,873	936	-	8,338	-	-	-	-	8,338
Other operating revenues	8,424	1,248	182	(2,162)	7,692	-	-	-	-	7,692
Net assets released from restrictions	-	-	-	-	-	2,515	1,610	4,125	-	4,125
Unrestricted contributions	-	-	-	-	-	1,338	(5)	1,333	-	1,333
Foundation community benefit	841	265	255	-	1,361	-	-	-	(1,361)	-
Total operating revenues	172,731	105,736	29,992	(2,162)	306,297	3,853	1,605	5,458	(1,361)	310,394
Operating expenses:										
Salaries and wages	71,955	47,546	9,243	-	128,744	206	155	361	-	129,105
Employee benefits	18,294	13,856	2,347	-	34,497	50	45	95	-	34,592
Supplies	11,789	8,814	2,492	-	23,095	1	17	18	-	23,113
Ancillary services	7,912	2,850	1,416	-	12,178	-	-	-	-	12,178
Repairs and maintenance	2,385	1,910	387	-	4,682	-	-	-	-	4,682
Marketing and advertising	1,831	1,510	575	-	3,916	-	-	-	-	3,916
Purchased services	8,577	6,165	1,023	-	15,765	40	14	54	-	15,819
Corporate allocations	-	-	2,162	(2,162)	-	-	-	-	-	-
Utilities	5,896	4,970	1,445	-	12,311	1	1	2	-	12,313
Travel and related	589	393	35	-	1,017	12	1	13	-	1,030
Leases and rents	1,334	402	148	-	1,884	-	-	-	-	1,884
Insurance	2,290	1,414	368	-	4,072	-	-	-	-	4,072
Foundation community distributions	-	-	-	-	-	1,096	265	1,361	(1,361)	-
Other operating expenses	1,458	2,687	587	-	4,732	2,312	1,112	3,424	-	8,156
Total operating expenses	134,310	92,517	22,228	(2,162)	246,893	3,718	1,610	5,328	(1,361)	250,860
Income (loss) before other operating income (expense)	38,421	13,219	7,764	-	59,404	135	(5)	130	-	59,534
Other operating income (expense):										
Realized (losses) gains on investments, net	(2,434)	1,946	356	-	(132)	(2,072)	(339)	(2,411)	-	(2,543)
Change in unrealized gains (losses) on investments, net	6,561	8,848	(94)	-	15,315	3,876	626	4,502	-	19,817
Unrealized losses on investment in HumanGood Nevada Bonds	(535)	-	-	-	(535)	-	-	-	-	(535)
Investment income, net	6,817	2,433	284	(4,150)	5,384	1,043	185	1,228	-	6,612
Mortgage interest	(6,984)	(3,562)	(3,806)	1,406	(12,946)	-	-	-	-	(12,946)
Depreciation	(20,165)	(17,538)	(4,758)	-	(42,461)	-	-	-	-	(42,461)
Losses on early retirement of debt	(1,774)	-	(5,846)	-	(7,620)	-	-	-	-	(7,620)
Income (loss) from operations	19,907	5,346	(6,100)	(2,744)	16,409	2,982	467	3,449	-	19,858

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2020

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions (Continued)										
Other changes in net assets without donor restrictions:										
Change in minimum pension liability	\$ -	\$ (875)	\$ -	\$ -	\$ (875)	\$ -	\$ -	\$ -	\$ -	\$ (875)
Other affiliate distributions and equity transfers	(3,886)	(806)	6	-	(4,686)	-	(456)	(456)	-	(5,142)
Unrealized gains on interest rate swaps and caps	754	54	-	-	808	-	-	-	-	808
Change in net assets without donor restrictions	16,775	3,719	(6,094)	(2,744)	11,656	2,982	11	2,993	-	14,649
Changes in Net Assets With Donor Restrictions										
Dividend and interest income	-	-	-	-	-	224	474	698	-	698
Unrealized gains on investments with donor restrictions, net	-	-	-	-	-	577	1,462	2,039	-	2,039
Restricted equity contributions	-	-	-	-	-	-	456	456	-	456
Contributions	-	-	-	-	-	2,914	2,961	5,875	-	5,875
Net assets released from restrictions for benevolence	-	-	-	-	-	-	(227)	(227)	-	(227)
Contractual payments to beneficiaries	-	-	-	-	-	(359)	(1,199)	(1,558)	-	(1,558)
Realized losses on investments, net	-	-	-	-	-	(35)	(653)	(688)	-	(688)
Contractual liability adjustments	-	-	-	-	-	151	347	498	-	498
Net assets released from restrictions for special project funds	-	-	-	-	-	(2,515)	(1,383)	(3,898)	-	(3,898)
Change in net assets with donor restrictions	-	-	-	-	-	957	2,238	3,195	-	3,195
Change in net assets	16,775	3,719	(6,094)	(2,744)	11,656	3,939	2,249	6,188	-	17,844
Net Assets (Deficit), Beginning	<u>21,513</u>	<u>16,154</u>	<u>(34,426)</u>	<u>9,944</u>	<u>13,185</u>	<u>66,975</u>	<u>33,394</u>	<u>100,369</u>	<u>-</u>	<u>113,554</u>
Net Assets (Deficit), Ending	<u>\$ 38,288</u>	<u>\$ 19,873</u>	<u>\$ (40,520)</u>	<u>\$ 7,200</u>	<u>\$ 24,841</u>	<u>\$ 70,914</u>	<u>\$ 35,643</u>	<u>\$ 106,557</u>	<u>\$ -</u>	<u>\$ 131,398</u>

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combining Statement of Cash Flows Schedule
Year Ended December 31, 2020
(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Cash Flows From Operating Activities										
Cash received for resident services	\$ 135,641	\$ 84,810	\$ 25,238	\$ -	\$ 245,689	\$ -	\$ -	\$ -	\$ -	\$ 245,689
Cash received from nonrebatable entrance fees from reoccupancy	25,441	15,866	2,616	-	43,923	-	-	-	-	43,923
Cash received from COVID relief funding	4,680	2,873	936	-	8,489	-	-	-	-	8,489
Cash received from other operating activities	6,314	1,477	602	(1,052)	7,341	(116)	15	(101)	(1,361)	5,879
Cash received from bequests and trust maturities	-	-	-	-	-	1,338	(5)	1,333	-	1,333
Cash earnings realized from investments	4,351	4,352	640	(4,150)	5,193	(1,028)	(154)	(1,182)	-	4,011
Cash paid for employee salaries	(67,102)	(42,181)	(8,599)	-	(117,882)	(317)	(208)	(525)	-	(118,407)
Cash paid for employee benefits	(17,586)	(12,618)	(2,347)	-	(32,551)	(50)	(45)	(95)	-	(32,646)
Cash paid for temporary labor	(4,563)	(4,827)	(530)	-	(9,920)	-	-	-	-	(9,920)
Cash paid to vendors	(42,376)	(29,880)	(10,904)	2,162	(80,998)	(919)	187	(732)	1,361	(80,369)
Cash paid for interest	(5,098)	(3,819)	(7,111)	1,406	(14,622)	-	-	-	-	(14,622)
Net cash provided by (used in) operating activities	39,702	16,053	541	(1,634)	54,662	(1,092)	(210)	(1,302)	-	53,360
Cash Flows From Investing Activities										
Acquisition of land, buildings and equipment	(20,927)	(12,546)	(1,849)	-	(35,322)	-	-	-	-	(35,322)
Net (purchases) sales of unrestricted investments	(5,448)	(4,356)	(499)	-	(10,303)	1,048	287	1,335	-	(8,968)
Net (purchases) sales of restricted investments	(1,423)	258	(734)	-	(1,899)	1,001	2,249	3,250	-	1,351
Cash (paid for) received from intercompany and affiliate transactions	(6,332)	6,747	290	-	705	263	79	342	-	1,047
Net cash (used in) provided by investing activities	(34,130)	(9,897)	(2,792)	-	(46,819)	2,312	2,615	4,927	-	(41,892)
Cash Flows From Financing Activities										
Proceeds from rebatable entrance fees	12,235	3,432	739	-	16,406	-	-	-	-	16,406
Refunds of deposits and refundable entrance fees	(11,096)	(10,421)	(3,626)	-	(25,143)	-	-	-	-	(25,143)
Proceeds from issuance of notes and bonds payable	2,043	-	-	-	2,043	-	-	-	-	2,043
Principal payments on notes and bonds payable	(5,645)	(2,201)	(2,339)	1,634	(8,551)	-	-	-	-	(8,551)
Cash paid for bond issuance costs	(1,633)	-	-	-	(1,633)	-	-	-	-	(1,633)
Cash paid for interest rate cap	(223)	-	-	-	(223)	-	-	-	-	(223)
Cash paid for other trust activity	-	-	-	-	-	(2,696)	(2,470)	(5,166)	-	(5,166)
Affiliate cash distributions	(3,886)	(806)	6	-	(4,686)	-	(456)	(456)	-	(5,142)
Cash received from restricted contributions	-	-	-	-	-	2,904	2,960	5,864	-	5,864
Net cash (used in) provided by financing activities	(8,205)	(9,996)	(5,220)	1,634	(21,787)	208	34	242	-	(21,545)
(Decrease) increase in cash, cash equivalents and restricted cash	(2,633)	(3,840)	(7,471)	-	(13,944)	1,428	2,439	3,867	-	(10,077)
Cash, Cash Equivalents and Restricted Cash, Beginning	56,010	10,732	9,359	-	76,101	859	1,618	2,477	-	78,578
Cash, Cash Equivalents and Restricted Cash, Ending	\$ 53,377	\$ 6,892	\$ 1,888	\$ -	\$ 62,157	\$ 2,287	\$ 4,057	\$ 6,344	\$ -	\$ 68,501

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combining Statement of Cash Flows Schedule
Year Ended December 31, 2020
(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Noncash Disclosures										
Long-term debt repaid with proceeds from Series 2020 Bonds	\$ 34,415	\$ -	\$ 45,055	\$ -	\$ 79,470	\$ -	\$ -	\$ -	\$ -	\$ 79,470
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Combining Balance Sheet										
Cash and cash equivalents	\$ 17,771	\$ 1,787	\$ 1,884	\$ -	\$ 21,442	\$ 721	\$ 850	\$ 1,571	\$ -	\$ 23,013
Restricted cash included in restricted investments	35,606	-	4	-	35,610	1,566	3,207	4,773	-	40,383
Restricted cash	-	5,105	-	-	5,105	-	-	-	-	5,105
Total cash, cash equivalents and restricted cash	\$ 53,377	\$ 6,892	\$ 1,888	\$ -	\$ 62,157	\$ 2,287	\$ 4,057	\$ 6,344	\$ -	\$ 68,501

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2020

(In Thousands)

	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	NorCal Community Support Center	Eliminations	HumanGood NorCal
Changes in Net Assets Without Donor Restrictions										
Operating revenues:										
Residential living	\$ 7,028	\$ 4,037	\$ 8,733	\$ 7,086	\$ 13,875	\$ 4,000	\$ 11,197	\$ -	\$ -	\$ 55,956
Assisted living	2,903	-	4,058	2,207	2,072	1,940	3,526	-	-	16,706
Health center	5,300	-	12,444	4,370	10,348	8,927	10,183	-	-	51,572
Memory care	1,738	-	1,469	445	1,904	1,156	1,779	-	-	8,491
Other residential services	66	139	654	226	233	145	292	-	-	1,755
Amortization of entrance fees	4,522	369	3,498	2,222	6,627	607	6,612	-	-	24,457
COVID relief funding	486	-	844	581	885	763	970	-	-	4,529
Other operating revenues	174	132	113	169	834	140	166	18,573	(11,877)	8,424
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-
Unrestricted contributions	-	-	-	-	-	-	-	-	-	-
Foundation community benefit	111	42	60	187	301	140	-	-	-	841
Total operating revenues	22,328	4,719	31,873	17,493	37,079	17,818	34,725	18,573	(11,877)	172,731
Operating expenses:										
Salaries and wages	7,264	1,964	12,871	6,882	12,142	7,649	11,696	11,487	-	71,955
Employee benefits	1,748	469	3,396	1,746	3,118	1,966	2,754	3,097	-	18,294
Supplies	1,217	506	2,075	1,539	2,754	1,393	1,972	333	-	11,789
Ancillary services	900	6	1,386	757	1,124	1,922	1,817	-	-	7,912
Repairs and maintenance	296	32	477	275	560	253	473	19	-	2,385
Marketing and advertising	257	163	244	454	241	286	182	4	-	1,831
Purchased services	859	258	956	662	862	892	1,248	2,840	-	8,577
Corporate allocations	1,607	372	2,394	1,335	2,354	1,605	2,210	-	(11,877)	-
Utilities	665	408	1,091	852	1,150	585	945	200	-	5,896
Travel and related	21	23	39	74	84	31	51	266	-	589
Leases and rents	86	18	147	159	101	44	83	696	-	1,334
Insurance	245	61	388	259	439	306	381	211	-	2,290
Foundation community distributions	-	-	-	-	-	-	-	-	-	-
Other operating expenses	534	145	670	535	574	497	713	(2,210)	-	1,458
Total operating expenses	15,699	4,425	26,134	15,529	25,503	17,429	24,525	16,943	(11,877)	134,310
Income (loss) before other operating income (expense)	6,629	294	5,739	1,964	11,576	389	10,200	1,630	-	38,421
Other operating income (expense):										
Realized (losses) gains on investments, net	-	-	-	-	-	-	-	(2,434)	-	(2,434)
Change in unrealized gains (losses) on investments, net	-	-	-	-	-	-	-	6,561	-	6,561
Unrealized losses on investment in HumanGood Nevada Bonds	-	-	-	-	-	-	-	(535)	-	(535)
Investment income, net	-	-	-	-	-	-	-	6,817	-	6,817
Mortgage interest	(845)	(132)	(429)	(310)	(742)	(389)	(1,222)	(2,915)	-	(6,984)
Depreciation	(3,893)	(769)	(2,354)	(2,737)	(4,942)	(1,331)	(3,862)	(277)	-	(20,165)
Losses on early retirement of debt	179	-	-	-	14	-	-	(1,967)	-	(1,774)
Income (loss) from operations	2,070	(607)	2,956	(1,083)	5,906	(1,331)	5,116	6,880	-	19,907

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2020

(In Thousands)

	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	NorCal Community Support Center	Eliminations	HumanGood NorCal
Changes in Net Assets Without Donor Restrictions (Continued)										
Other changes in net assets without donor restrictions:										
Change in minimum pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other affiliate distributions and equity transfers	-	14	16	44	12	-	-	(3,972)	-	(3,886)
Unrealized gains on interest rate swaps and caps	-	-	-	-	-	-	-	754	-	754
Change in net assets without donor restrictions	2,070	(593)	2,972	(1,039)	5,918	(1,331)	5,116	3,662	-	16,775
Changes in Net Assets With Donor Restrictions										
Dividend and interest income	-	-	-	-	-	-	-	-	-	-
Unrealized gains on investments with donor restrictions, net	-	-	-	-	-	-	-	-	-	-
Restricted equity contributions	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for benevolence	-	-	-	-	-	-	-	-	-	-
Contractual payments to beneficiaries	-	-	-	-	-	-	-	-	-	-
Realized losses on investments, net	-	-	-	-	-	-	-	-	-	-
Contractual liability adjustments	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for special project funds	-	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-
Change in net assets	2,070	(593)	2,972	(1,039)	5,918	(1,331)	5,116	3,662	-	16,775
Net Assets (Deficit), Beginning	468	(10,155)	37,990	3,958	57,930	(19,574)	46,441	(95,545)	-	21,513
Net Assets (Deficit), Ending	\$ 2,538	\$ (10,748)	\$ 40,962	\$ 2,919	\$ 63,848	\$ (20,905)	\$ 51,557	\$ (91,883)	\$ -	\$ 38,288

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2020
(In Thousands)

	Royal Oaks	White Sands La Jolla	Windsor	Regents Point	Westminster Gardens	Redwood Terrace	SoCal Community Support Center	Eliminations	HumanGood SoCal
Changes in Net Assets Without Donor Restrictions									
Operating revenues:									
Residential living	\$ 7,185	\$ 10,385	\$ 3,000	\$ 10,817	\$ 4,453	\$ 4,577	\$ -	\$ -	\$ 40,417
Assisted living	1,763	2,856	2,441	3,346	1,456	1,605	-	-	13,467
Health center	5,538	4,650	2,944	5,910	-	7,387	-	-	26,429
Memory care	-	933	-	730	737	725	-	-	3,125
Other residential services	353	164	73	949	217	177	-	-	1,933
Amortization of entrance fees	2,796	5,054	466	4,604	1,391	1,668	-	-	15,979
COVID relief funding	626	285	373	842	113	634	-	-	2,873
Other operating revenues	132	156	60	387	99	95	7,299	(6,980)	1,248
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Unrestricted contributions	-	-	-	-	-	-	-	-	-
Foundation community benefit	27	47	5	20	77	89	-	-	265
Total operating revenues	18,420	24,530	9,362	27,605	8,543	16,957	7,299	(6,980)	105,736
Operating expenses:									
Salaries and wages	7,931	8,309	5,053	10,320	3,283	7,711	4,939	-	47,546
Employee benefits	2,388	2,485	1,459	3,048	834	2,363	1,279	-	13,856
Supplies	1,600	1,857	978	2,208	639	1,397	135	-	8,814
Ancillary services	495	60	316	637	16	1,326	-	-	2,850
Repairs and maintenance	581	317	229	458	184	133	8	-	1,910
Marketing and advertising	300	306	200	246	222	234	2	-	1,510
Purchased services	1,249	1,073	497	1,213	307	1,125	701	-	6,165
Corporate allocations	1,289	1,473	709	1,748	562	1,199	-	(6,980)	-
Utilities	779	1,084	460	1,134	466	899	148	-	4,970
Travel and related	43	23	64	56	24	75	108	-	393
Leases and rents	39	17	24	35	8	102	177	-	402
Insurance	250	280	150	331	113	253	37	-	1,414
Foundation community distributions	-	-	-	-	-	-	-	-	-
Other operating expenses	361	350	266	684	180	397	449	-	2,687
Total operating expenses	17,305	17,634	10,405	22,118	6,838	17,214	7,983	(6,980)	92,517
Income (loss) before other operating income (expense)	1,115	6,896	(1,043)	5,487	1,705	(257)	(684)	-	13,219
Other operating income (expense):									
Realized (losses) gains on investments, net	4	-	1	-	-	-	1,941	-	1,946
Change in unrealized gains (losses) on investments, net	-	-	-	-	-	-	8,848	-	8,848
Unrealized losses on investment in HumanGood Nevada Bonds	-	-	-	-	-	-	-	-	-
Investment income, net	-	16	-	-	1	-	2,416	-	2,433
Mortgage interest	(800)	(1,936)	(59)	(579)	(169)	-	(19)	-	(3,562)
Depreciation	(2,856)	(5,901)	(812)	(3,148)	(1,597)	(2,549)	(675)	-	(17,538)
Losses on early retirement of debt	-	-	-	-	-	-	-	-	-
Income (loss) from operations	(2,537)	(925)	(1,913)	1,760	(60)	(2,806)	11,827	-	5,346

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2020
(In Thousands)

	Royal Oaks	White Sands La Jolla	Windsor	Regents Point	Westminster Gardens	Redwood Terrace	SoCal Community Support Center	Eliminations	HumanGood SoCal
Changes in Net Assets Without Donor Restrictions (Continued)									
Other changes in net assets without donor restrictions:									
Change in minimum pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (875)	\$ -	\$ (875)
Other affiliate distributions and equity transfers	104	327	3	214	80	42	(1,576)	-	(806)
Unrealized gains on interest rate swaps and caps	-	49	-	-	5	-	-	-	54
Change in net assets without donor restrictions	(2,433)	(549)	(1,910)	1,974	25	(2,764)	9,376	-	3,719
Changes in Net Assets With Donor Restrictions									
Dividend and interest income	-	-	-	-	-	-	-	-	-
Unrealized gains on investment with donor restrictions, net	-	-	-	-	-	-	-	-	-
Restricted equity contributions	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for benevolence	-	-	-	-	-	-	-	-	-
Contractual payments to beneficiaries	-	-	-	-	-	-	-	-	-
Realized losses on investments, net	-	-	-	-	-	-	-	-	-
Contractual liability adjustments	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for special project funds	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-
Change in net assets	(2,433)	(549)	(1,910)	1,974	25	(2,764)	9,376	-	3,719
Net Assets (Deficit), Beginning	<u>(4,607)</u>	<u>(21,681)</u>	<u>(1,306)</u>	<u>38,245</u>	<u>6,772</u>	<u>(14,510)</u>	<u>13,241</u>	<u>-</u>	<u>16,154</u>
Net Assets (Deficit), Ending	<u>\$ (7,040)</u>	<u>\$ (22,230)</u>	<u>\$ (3,216)</u>	<u>\$ 40,219</u>	<u>\$ 6,797</u>	<u>\$ (17,274)</u>	<u>\$ 22,617</u>	<u>\$ -</u>	<u>\$ 19,873</u>

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2020
(In Thousands)

	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions								
Operating revenues:								
Residential living	\$ 11,301	\$ -	\$ 107,674	\$ -	\$ -	\$ -	\$ -	\$ 107,674
Assisted living	3,880	-	34,053	-	-	-	-	34,053
Health center	7,292	-	85,293	-	-	-	-	85,293
Memory care	2,238	-	13,854	-	-	-	-	13,854
Other residential services	69	-	3,757	-	-	-	-	3,757
Amortization of entrance fees	3,839	-	44,275	-	-	-	-	44,275
COVID relief funding	936	-	8,338	-	-	-	-	8,338
Other operating revenues	182	(2,162)	7,692	-	-	-	-	7,692
Net assets released from restrictions	-	-	-	2,515	1,610	4,125	-	4,125
Unrestricted contributions	-	-	-	1,338	(5)	1,333	-	1,333
Foundation community benefit	255	-	1,361	-	-	-	(1,361)	-
Total operating revenues	29,992	(2,162)	306,297	3,853	1,605	5,458	(1,361)	310,394
Operating expenses:								
Salaries and wages	9,243	-	128,744	206	155	361	-	129,105
Employee benefits	2,347	-	34,497	50	45	95	-	34,592
Supplies	2,492	-	23,095	1	17	18	-	23,113
Ancillary services	1,416	-	12,178	-	-	-	-	12,178
Repairs and maintenance	387	-	4,682	-	-	-	-	4,682
Marketing and advertising	575	-	3,916	-	-	-	-	3,916
Purchased services	1,023	-	15,765	40	14	54	-	15,819
Corporate allocations	2,162	(2,162)	-	-	-	-	-	-
Utilities	1,445	-	12,311	1	1	2	-	12,313
Travel and related	35	-	1,017	12	1	13	-	1,030
Leases and rents	148	-	1,884	-	-	-	-	1,884
Insurance	368	-	4,072	-	-	-	-	4,072
Foundation community distributions	-	-	-	1,096	265	1,361	(1,361)	-
Other operating expenses	587	-	4,732	2,312	1,112	3,424	-	8,156
Total operating expenses	22,228	(2,162)	246,893	3,718	1,610	5,328	(1,361)	250,860
Income (loss) before other operating income (expense)	7,764	-	59,404	135	(5)	130	-	59,534
Other operating income (expense):								
Realized (losses) gains on investments, net	356	-	(132)	(2,072)	(339)	(2,411)	-	(2,543)
Change in unrealized gains (losses) on investments, net	(94)	-	15,315	3,876	626	4,502	-	19,817
Unrealized losses on investment in HumanGood Nevada Bonds	-	-	(535)	-	-	-	-	(535)
Investment income, net	284	(4,150)	5,384	1,043	185	1,228	-	6,612
Mortgage interest	(3,806)	1,406	(12,946)	-	-	-	-	(12,946)
Depreciation	(4,758)	-	(42,461)	-	-	-	-	(42,461)
Losses on early retirement of debt	(5,846)	-	(7,620)	-	-	-	-	(7,620)
Income (loss) from operations	(6,100)	(2,744)	16,409	2,982	467	3,449	-	19,858

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2020

(In Thousands)

	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions (Continued)								
Other changes in net assets without donor restrictions:								
Change in minimum pension liability	\$ -	\$ -	\$ (875)	\$ -	\$ -	\$ -	\$ -	\$ (875)
Other affiliate distributions and equity transfers	6	-	(4,686)	-	(456)	(456)	-	(5,142)
Unrealized gains on interest rate swaps and caps	-	-	808	-	-	-	-	808
Change in net assets without donor restrictions	(6,094)	(2,744)	11,656	2,982	11	2,993	-	14,649
Changes in Net Assets With Donor Restrictions								
Dividend and interest income	-	-	-	224	474	698	-	698
Unrealized gains on investments with donor restrictions, net	-	-	-	577	1,462	2,039	-	2,039
Restricted equity contributions	-	-	-	-	456	456	-	456
Contributions	-	-	-	2,914	2,961	5,875	-	5,875
Net assets released from restrictions for benevolence	-	-	-	-	(227)	(227)	-	(227)
Contractual payments to beneficiaries	-	-	-	(359)	(1,199)	(1,558)	-	(1,558)
Realized losses on investments, net	-	-	-	(35)	(653)	(688)	-	(688)
Contractual liability adjustments	-	-	-	151	347	498	-	498
Net assets released from restrictions for special project funds	-	-	-	(2,515)	(1,383)	(3,898)	-	(3,898)
Change in net assets with donor restrictions	-	-	-	957	2,238	3,195	-	3,195
Change in net assets	(6,094)	(2,744)	11,656	3,939	2,249	6,188	-	17,844
Net Assets (Deficit), Beginning	<u>(34,426)</u>	<u>9,944</u>	<u>13,185</u>	<u>66,975</u>	<u>33,394</u>	<u>100,369</u>	<u>-</u>	<u>113,554</u>
Net Assets (Deficit), Ending	<u>\$ (40,520)</u>	<u>\$ 7,200</u>	<u>\$ 24,841</u>	<u>\$ 70,914</u>	<u>\$ 35,643</u>	<u>\$ 106,557</u>	<u>\$ -</u>	<u>\$ 131,398</u>

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Combining Balance Sheet Schedule

December 31, 2019

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Assets										
Current Assets										
Cash and cash equivalents	\$ 18,428	\$ 5,644	\$ 8,338	\$ -	\$ 32,410	\$ 229	\$ 581	\$ 810	\$ -	\$ 33,220
Resident accounts receivable, net	9,349	4,539	1,138	-	15,026	-	-	-	-	15,026
Other receivables	2,357	3,098	164	-	5,619	521	15	536	-	6,155
Current portion of restricted investments	5,169	-	4,607	-	9,776	-	-	-	-	9,776
Intercompany advances due	8,269	369	(72)	-	8,566	95	59	154	-	8,720
Prepaid expenses, deposits and other assets	4,645	1,303	284	-	6,232	-	-	-	-	6,232
Total current assets	48,217	14,953	14,459	-	77,629	845	655	1,500	-	79,129
Restricted Cash	-	5,088	-	-	5,088	-	-	-	-	5,088
Investments	88,433	87,748	15,484	-	191,665	-	9,262	9,262	-	200,927
Designated Investments	50,925	13,936	-	-	64,861	56,185	-	56,185	-	121,046
Investments in HumanGood Nevada Bonds	5,018	-	-	-	5,018	-	-	-	-	5,018
Restricted Investments	35,812	-	-	-	35,812	12,327	25,031	37,358	-	73,170
Subordinated Notes Receivable, Net	42,560	-	-	(29,775)	12,785	-	-	-	-	12,785
Land, Buildings and Equipment, Net	230,655	168,740	82,956	-	482,351	-	-	-	-	482,351
Interest and Management Fees Due From Affiliates	12,885	-	-	(9,944)	2,941	-	-	-	-	2,941
Other Noncurrent Assets	1,224	1,013	-	-	2,237	-	-	-	-	2,237
Total assets	\$ 515,729	\$ 291,478	\$ 112,899	\$ (39,719)	\$ 880,387	\$ 69,357	\$ 34,948	\$ 104,305	\$ -	\$ 984,692

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combining Balance Sheet Schedule
December 31, 2019
(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Liabilities and Net Assets (Deficit)										
Current Liabilities										
Accounts payable and accrued expenses	\$ 27,030	\$ 5,230	\$ 7,680	\$ (6,396)	\$ 33,544	\$ 164	\$ 95	\$ 259	\$ -	\$ 33,803
Deposits	1,530	723	110	-	2,363	-	-	-	-	2,363
Accrued interest	2,594	193	4,146	(3,548)	3,385	-	-	-	-	3,385
Current portion of notes and bonds payable	5,645	2,201	705	-	8,551	-	-	-	-	8,551
Entrance fee rebates payable	184	1,366	13	-	1,563	-	-	-	-	1,563
Total current liabilities	36,983	9,713	12,654	(9,944)	49,406	164	95	259	-	49,665
Notes and Bonds Payable, Net	193,519	108,934	73,659	(29,775)	346,337	-	-	-	-	346,337
Rebatable Entrance Fees Due	91,082	52,712	35,339	-	179,133	-	-	-	-	179,133
Entrance Fees Subject to Refund	38,793	42,194	8,824	-	89,811	-	-	-	-	89,811
Entrance Fees Nonrefundable	110,649	53,721	16,810	-	181,180	-	-	-	-	181,180
Revocable Trusts	-	-	-	-	-	315	-	315	-	315
Obligations Under Annuity Agreements	-	-	-	-	-	1,903	1,459	3,362	-	3,362
Retirement Liabilities	2,506	214	-	-	2,720	-	-	-	-	2,720
Workers' Compensation Liability	6,811	7,568	-	-	14,379	-	-	-	-	14,379
Other Liabilities	13,873	268	39	(9,944)	4,236	-	-	-	-	4,236
Total liabilities	494,216	275,324	147,325	(49,663)	867,202	2,382	1,554	3,936	-	871,138
Net Assets (Deficit)										
Without donor restrictions	21,513	16,154	(34,426)	9,944	13,185	56,186	9,769	65,955	-	79,140
With donor restrictions	-	-	-	-	-	10,789	23,625	34,414	-	34,414
Total net assets (deficit)	21,513	16,154	(34,426)	9,944	13,185	66,975	33,394	100,369	-	113,554
Total liabilities and net assets (deficit)	\$ 515,729	\$ 291,478	\$ 112,899	\$ (39,719)	\$ 880,387	\$ 69,357	\$ 34,948	\$ 104,305	\$ -	\$ 984,692

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2019

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions										
Operating revenues:										
Residential living	\$ 55,438	\$ 40,227	\$ 11,016	\$ -	\$ 106,681	\$ -	\$ -	\$ -	\$ -	\$ 106,681
Assisted living	16,210	13,219	3,935	-	33,364	-	-	-	-	33,364
Health center	59,356	26,311	8,074	-	93,741	-	-	-	-	93,741
Memory care	9,307	2,874	1,908	-	14,089	-	-	-	-	14,089
Other residential services	1,487	129	11	-	1,627	-	-	-	-	1,627
Amortization of entrance fees	22,729	16,589	3,811	-	43,129	-	-	-	-	43,129
Other operating revenue	7,795	2,292	464	(1,020)	9,531	-	-	-	-	9,531
Net assets released from restrictions	-	-	-	-	-	2,905	1,580	4,485	-	4,485
Unrestricted contributions	-	-	-	-	-	2,633	-	2,633	-	2,633
Foundation community benefit	702	286	196	-	1,184	-	-	-	(1,184)	-
Total operating revenues	173,024	101,927	29,415	(1,020)	303,346	5,538	1,580	7,118	(1,184)	309,280
Operating expenses:										
Salaries and wages	73,880	48,285	9,761	-	131,926	473	262	735	-	132,661
Employee benefits	17,498	12,038	2,348	-	31,884	72	61	133	-	32,017
Supplies	11,080	8,008	2,457	-	21,545	1	2	3	-	21,548
Ancillary services	10,300	3,067	1,881	-	15,248	-	-	-	-	15,248
Repairs and maintenance	2,260	1,800	380	-	4,440	3	-	3	-	4,443
Marketing and advertising	1,485	1,292	575	-	3,352	-	-	-	-	3,352
Purchased services	7,099	6,359	842	-	14,300	35	13	48	-	14,348
Corporate allocations	-	-	2,040	(2,040)	-	-	-	-	-	-
Utilities	5,585	5,049	1,267	-	11,901	2	2	4	-	11,905
Travel and related	1,631	962	91	-	2,684	28	23	51	-	2,735
Leases and rents	1,239	401	148	-	1,788	10	-	10	-	1,798
Insurance	1,959	1,398	320	-	3,677	-	-	-	-	3,677
Foundation community distributions	-	-	-	-	-	898	286	1,184	(1,184)	-
Other operating expenses	696	1,815	309	-	2,820	2,709	932	3,641	-	6,461
Total operating expenses	134,712	90,474	22,419	(2,040)	245,565	4,231	1,581	5,812	(1,184)	250,193
Income (loss) before other operating income (expense)	38,312	11,453	6,996	1,020	57,781	1,307	(1)	1,306	-	59,087
Other operating income (expense):										
Realized gains (losses) on investments, net	1,172	3,000	86	-	4,258	501	(8)	493	-	4,751
Change in unrealized gains (losses) on investments, net	7,374	6,234	143	-	13,751	5,577	1,255	6,832	-	20,583
Unrealized gains on investment in HumanGood Nevada Bonds	412	-	-	-	412	-	-	-	-	412
Investment income, net	3,491	3,236	340	-	7,067	1,182	263	1,445	-	8,512
Mortgage interest	(8,155)	(5,557)	(4,383)	684	(17,411)	-	-	-	-	(17,411)
Depreciation	(20,377)	(16,755)	(4,501)	-	(41,633)	-	-	-	-	(41,633)
Losses on early retirement of debt	(4,155)	(3,409)	-	-	(7,564)	-	-	-	-	(7,564)
Gains (losses) on disposal of fixed assets	480	(570)	-	-	(90)	-	-	-	-	(90)
Income (loss) from operations	18,554	(2,368)	(1,319)	1,704	16,571	8,567	1,509	10,076	-	26,647

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2019
(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions (Continued)										
Other changes in net assets without donor restrictions:										
Change in minimum pension liability	\$ -	\$ (2,567)	\$ -	\$ -	\$ (2,567)	\$ -	\$ -	\$ -	\$ -	\$ (2,567)
Other affiliate distributions and equity transfers	(7,309)	(3,107)	12	-	(10,404)	2,980	(1,919)	1,061	-	(9,343)
Unrealized losses on interest rate caps	-	(157)	-	-	(157)	-	-	-	-	(157)
Change in net assets without donor restrictions	11,245	(8,199)	(1,307)	1,704	3,443	11,547	(410)	11,137	-	14,580
Changes in Net Assets With Donor Restrictions										
Dividend and interest income	-	-	-	-	-	779	552	1,331	-	1,331
Unrealized gains on investments with donor restrictions, net	-	-	-	-	-	574	2,295	2,869	-	2,869
Restricted equity contributions	-	-	-	-	-	-	2,033	2,033	-	2,033
Contributions	-	-	-	-	-	2,479	3,183	5,662	-	5,662
Net assets released from restrictions for benevolence	-	-	-	-	-	-	(286)	(286)	-	(286)
Contractual payments to beneficiaries	-	-	-	-	-	(364)	(1,298)	(1,662)	-	(1,662)
Realized gains on investments, net	-	-	-	-	-	16	119	135	-	135
Contractual liability adjustments	-	-	-	-	-	209	235	444	-	444
Net assets released from restrictions for special project funds	-	-	-	-	-	(2,905)	(1,294)	(4,199)	-	(4,199)
Change in net assets with donor restrictions	-	-	-	-	-	788	5,539	6,327	-	6,327
Change in net assets	11,245	(8,199)	(1,307)	1,704	3,443	12,335	5,129	17,464	-	20,907
Net Assets (Deficit), Beginning	10,268	24,353	(33,119)	8,240	9,742	54,640	28,265	82,905	-	92,647
Net Assets (Deficit), Ending	\$ 21,513	\$ 16,154	\$ (34,426)	\$ 9,944	\$ 13,185	\$ 66,975	\$ 33,394	\$ 100,369	\$ -	\$ 113,554

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Combining Statement of Cash Flows Schedule

Year Ended December 31, 2019

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Cash Flows From Operating Activities										
Cash received for resident services	\$ 138,662	\$ 81,367	\$ 24,633	\$ -	\$ 244,662	\$ -	\$ -	\$ -	\$ -	\$ 244,662
Cash received from nonrebatable entrance fees from reoccupancy	23,527	22,781	7,851	-	54,159	-	-	-	-	54,159
Cash received from other operating activities	9,251	2,591	659	(1,019)	11,482	119	-	119	(1,186)	10,415
Cash received from bequests and trust maturities	-	-	-	-	-	2,633	-	2,633	-	2,633
Cash earnings realized from investments	4,663	6,234	425	-	11,322	1,683	254	1,937	-	13,259
Cash paid for employee salaries	(63,421)	(45,650)	(9,239)	-	(118,310)	(355)	(203)	(558)	-	(118,868)
Cash paid for employee benefits	(14,492)	(12,768)	(2,348)	-	(29,608)	(72)	(61)	(133)	-	(29,741)
Cash paid for temporary labor	(5,914)	(4,811)	(550)	-	(11,275)	-	-	-	-	(11,275)
Cash paid to vendors	(42,801)	(31,591)	(9,870)	1,019	(83,243)	(756)	324	(432)	1,186	(82,489)
Cash paid for interest	(7,713)	(6,041)	(3,624)	-	(17,378)	-	-	-	-	(17,378)
Net cash provided by operating activities	41,762	12,112	7,937	-	61,811	3,252	314	3,566	-	65,377
Cash Flows From Investing Activities										
Acquisition of land, buildings and equipment	(15,988)	(13,235)	(3,695)	-	(32,918)	-	-	-	-	(32,918)
Net sales (purchases) of unrestricted investments	(16,193)	2,850	(3,286)	-	(16,629)	(6,104)	2,164	(3,940)	-	(20,569)
Net sales (purchases) of restricted investments	3,532	4,606	(87)	-	8,051	(1,302)	(900)	(2,202)	-	5,849
Cash received from (paid to) intercompany and affiliate transactions	1,930	2,092	(220)	-	3,802	(34)	(81)	(115)	-	3,687
Net cash (used in) provided by investing activities	(26,719)	(3,687)	(7,288)	-	(37,694)	(7,440)	1,183	(6,257)	-	(43,951)
Cash Flows From Financing Activities										
Proceeds from rebatable entrance fees	6,295	3,329	3,060	-	12,684	-	-	-	-	12,684
Refunds of deposits and refundable entrance fees	(4,013)	(6,709)	(2,465)	-	(13,187)	-	-	-	-	(13,187)
Proceeds from issuance of notes and bonds payable	14,577	(1,169)	-	-	13,408	-	-	-	-	13,408
Principal payments on notes and bonds payable	(3,834)	(970)	(675)	-	(5,479)	-	-	-	-	(5,479)
Cash paid for bond issuance costs	(2,211)	-	-	-	(2,211)	-	-	-	-	(2,211)
Cash paid for other trust activity	-	-	-	-	-	(2,154)	(2,173)	(4,327)	-	(4,327)
Affiliate cash distributions	(7,309)	(3,108)	12	-	(10,405)	2,980	(1,919)	1,061	-	(9,344)
Cash received from restricted contributions	-	-	-	-	-	2,452	3,183	5,635	-	5,635
Net cash provided by (used in) financing activities	3,505	(8,627)	(68)	-	(5,190)	3,278	(909)	2,369	-	(2,821)
Increase (decrease) in cash, cash equivalents and restricted cash	18,548	(202)	581	-	18,927	(910)	588	(322)	-	18,605
Cash, Cash Equivalents and Restricted Cash, Beginning	37,462	10,934	8,778	-	57,174	1,769	1,030	2,799	-	59,973
Cash, Cash Equivalents and Restricted Cash, Ending	\$ 56,010	\$ 10,732	\$ 9,359	\$ -	\$ 76,101	\$ 859	\$ 1,618	\$ 2,477	\$ -	\$ 78,578

HumanGood California Obligated Group & Foundation Affiliates

(Members of HumanGood)

Combining Statement of Cash Flows Schedule

Year Ended December 31, 2019

(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Noncash Disclosures										
Long-term debt repaid with proceeds from Series 2019 Bonds	\$ 100,130	\$ 67,980	\$ -	\$ -	\$ 168,110	\$ -	\$ -	\$ -	\$ -	\$ 168,110
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Combining Balance Sheet										
Cash and cash equivalents	\$ 18,428	\$ 5,644	\$ 8,338	\$ -	\$ 32,410	\$ 229	\$ 581	\$ 810	\$ -	\$ 33,220
Restricted cash included in restricted investments	37,582	-	1,021	-	38,603	630	1,037	1,667	-	40,270
Restricted cash	-	5,088	-	-	5,088	-	-	-	-	5,088
Total cash, cash equivalents and restricted cash	\$ 56,010	\$ 10,732	\$ 9,359	\$ -	\$ 76,101	\$ 859	\$ 1,618	\$ 2,477	\$ -	\$ 78,578

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2019

(In Thousands)

	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	NorCal Community Support Center	Eliminations	HumanGood NorCal
Changes in Net Assets Without Donor Restrictions										
Operating revenues:										
Residential living	\$ 6,888	\$ 4,112	\$ 8,708	\$ 7,085	\$ 13,483	\$ 4,191	\$ 10,971	\$ -	\$ -	\$ 55,438
Assisted living	2,821	-	3,847	2,024	2,089	1,891	3,538	-	-	16,210
Health center	6,976	-	12,731	4,838	10,767	10,891	13,153	-	-	59,356
Memory care	2,034	-	1,473	688	1,834	1,368	1,910	-	-	9,307
Other residential services	81	101	627	96	232	229	121	-	-	1,487
Amortization of entrance fees	3,025	397	3,080	2,433	6,882	710	6,202	-	-	22,729
Other operating revenues	165	138	273	262	990	237	333	16,530	(11,133)	7,795
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-
Unrestricted contributions	-	-	-	-	-	-	-	-	-	-
Foundation community benefit	66	18	88	178	250	97	5	-	-	702
Total operating revenues	22,056	4,766	30,827	17,604	36,527	19,614	36,233	16,530	(11,133)	173,024
Operating expenses:										
Salaries and wages	8,389	1,953	13,158	7,381	11,643	7,988	11,704	11,664	-	73,880
Employee benefits	1,800	444	3,264	1,581	2,835	1,976	2,644	2,954	-	17,498
Supplies	1,249	482	1,853	1,255	2,605	1,420	1,918	298	-	11,080
Ancillary services	1,392	1	1,594	989	1,398	2,514	2,412	-	-	10,300
Repairs and maintenance	173	24	423	500	558	206	375	1	-	2,260
Marketing and advertising	234	130	220	339	201	203	124	34	-	1,485
Purchased services	860	275	1,009	805	976	970	1,239	965	-	7,099
Corporate allocations	1,493	325	2,270	1,273	2,166	1,559	2,047	-	(11,133)	-
Utilities	414	404	1,004	744	1,200	578	1,040	201	-	5,585
Travel and related	54	39	89	84	191	65	117	992	-	1,631
Leases and rents	57	22	116	151	101	55	56	681	-	1,239
Insurance	202	65	344	257	358	272	328	133	-	1,959
Foundation community distributions	-	-	-	-	-	-	-	-	-	-
Other operating expenses	217	118	429	855	519	270	591	(2,303)	-	696
Total operating expenses	16,534	4,282	25,773	16,214	24,751	18,076	24,595	15,620	(11,133)	134,712
Income (loss) before other operating income (expense)	5,522	484	5,054	1,390	11,776	1,538	11,638	910	-	38,312
Other operating income (expense):										
Realized (losses) gains on investments, net	-	-	-	-	-	-	-	1,172	-	1,172
Change in unrealized gains (losses) on investments, net	-	-	-	-	-	-	-	7,374	-	7,374
Unrealized gains on investment in HumanGood Nevada Bonds	-	-	-	-	-	-	-	412	-	412
Investment income, net	-	-	-	-	-	-	-	3,491	-	3,491
Mortgage interest	(1,228)	(176)	(573)	(354)	(1,038)	(520)	(1,754)	(2,512)	-	(8,155)
Depreciation	(3,892)	(828)	(2,234)	(2,795)	(5,087)	(1,392)	(3,786)	(363)	-	(20,377)
Losses on early retirement of debt	-	-	-	-	-	-	-	(4,155)	-	(4,155)
Gains (losses) on disposal of fixed assets	-	-	-	-	-	-	-	480	-	480
Income (loss) from operations	402	(520)	2,247	(1,759)	5,651	(374)	6,098	6,809	-	18,554

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2019

(In Thousands)

	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	NorCal Community Support Center	Eliminations	HumanGood NorCal
Changes in Net Assets Without Donor Restrictions (Continued)										
Other changes in net assets without donor restrictions:										
Change in minimum pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other affiliate distributions and equity transfers	-	-	99	12	-	21	-	(7,441)	-	(7,309)
Unrealized gains on interest rate caps	-	-	-	-	-	-	-	-	-	-
Change in net assets without donor restrictions	402	(520)	2,346	(1,747)	5,651	(353)	6,098	(632)	-	11,245
Changes in Net Assets With Donor Restrictions										
Dividend and interest income	-	-	-	-	-	-	-	-	-	-
Unrealized gains on investments with donor restrictions, net	-	-	-	-	-	-	-	-	-	-
Restricted equity contributions	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for benevolence	-	-	-	-	-	-	-	-	-	-
Contractual payments to beneficiaries	-	-	-	-	-	-	-	-	-	-
Realized losses on investments, net	-	-	-	-	-	-	-	-	-	-
Contractual liability adjustments	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for special project funds	-	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-
Change in net assets	402	(520)	2,346	(1,747)	5,651	(353)	6,098	(632)	-	11,245
Net Assets (Deficit), Beginning	66	(9,635)	35,644	5,705	52,279	(19,221)	40,343	(94,913)	-	10,268
Net Assets (Deficit), Ending	\$ 468	\$ (10,155)	\$ 37,990	\$ 3,958	\$ 57,930	\$ (19,574)	\$ 46,441	\$ (95,545)	\$ -	\$ 21,513

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2019

(In Thousands)

	Royal Oaks	White Sands La Jolla	Windsor	Regents Point	Westminster Gardens	Redwood Terrace	SoCal Community Support Center	Eliminations	HumanGood SoCal
Changes in Net Assets Without Donor Restrictions									
Operating revenues:									
Residential living	\$ 7,207	\$ 10,291	\$ 2,845	\$ 10,860	\$ 4,497	\$ 4,527	\$ -	\$ -	\$ 40,227
Assisted living	1,906	2,547	2,604	3,184	1,531	1,447	-	-	13,219
Health center	5,893	3,986	2,588	6,417	-	7,427	-	-	26,311
Memory care	-	860	-	690	565	759	-	-	2,874
Other residential services	54	29	-	46	-	-	-	-	129
Amortization of entrance fees	2,840	4,893	718	4,755	1,561	1,822	-	-	16,589
Other operating revenues	298	489	100	316	160	327	6,853	(6,251)	2,292
Net assets released from restrictions	-	-	-	-	-	-	-	-	-
Unrestricted contributions	-	-	-	-	-	-	-	-	-
Foundation community benefit	24	32	12	30	33	155	-	-	286
Total operating revenues	18,222	23,127	8,867	26,298	8,347	16,464	6,853	(6,251)	101,927
Operating expenses:									
Salaries and wages	7,646	8,316	4,587	10,262	3,192	8,116	6,166	-	48,285
Employee benefits	2,044	2,118	1,154	2,533	711	2,109	1,369	-	12,038
Supplies	1,499	1,693	835	2,081	554	1,180	166	-	8,008
Ancillary services	430	61	200	822	12	1,542	-	-	3,067
Repairs and maintenance	477	537	248	282	151	90	15	-	1,800
Marketing and advertising	245	311	153	158	242	166	17	-	1,292
Purchased services	1,448	1,196	530	1,220	333	1,078	554	-	6,359
Corporate allocations	1,192	1,604	610	1,472	393	980	-	(6,251)	-
Utilities	955	1,108	398	1,088	389	938	173	-	5,049
Travel and related	103	42	74	91	28	135	489	-	962
Leases and rents	39	10	19	28	7	77	221	-	401
Insurance	233	317	140	305	146	238	19	-	1,398
Foundation community distributions	-	-	-	-	-	-	-	-	-
Other operating expenses	(309)	164	454	420	210	413	463	-	1,815
Total operating expenses	16,002	17,477	9,402	20,762	6,368	17,062	9,652	(6,251)	90,474
Income (loss) before other operating income (expense)	2,220	5,650	(535)	5,536	1,979	(598)	(2,799)	-	11,453
Other operating income (expense):									
Realized (losses) gains on investments, net	-	-	-	-	-	-	3,000	-	3,000
Change in unrealized gains (losses) on investments, net	-	-	-	-	-	-	6,234	-	6,234
Unrealized gains on investment in HumanGood Nevada Bonds	-	-	-	-	-	-	-	-	-
Investment income, net	-	25	1	-	2	1	3,207	-	3,236
Mortgage interest	(1,296)	(2,960)	(96)	(938)	(257)	-	(10)	-	(5,557)
Depreciation	(2,610)	(5,759)	(769)	(3,005)	(1,450)	(2,326)	(836)	-	(16,755)
Losses on early retirement of debt	-	-	-	-	-	-	(3,409)	-	(3,409)
Gains (losses) on disposal of fixed assets	-	-	-	-	(34)	-	(536)	-	(570)
Income (loss) from operations	(1,686)	(3,044)	(1,399)	1,593	240	(2,923)	4,851	-	(2,368)

HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2019

(In Thousands)

	Royal Oaks	White Sands La Jolla	Windsor	Regents Point	Westminster Gardens	Redwood Terrace	SoCal Community Support Center	Eliminations	HumanGood SoCal
Changes in Net Assets Without Donor									
Restrictions (Continued)									
Other changes in net assets without donor restrictions:									
Change in minimum pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,567)	\$ -	\$ (2,567)
Other affiliate distributions and equity transfers	111	682	3	19	111	81	(4,114)	-	(3,107)
Unrealized losses on interest rate caps	-	(144)	-	-	(13)	-	-	-	(157)
Change in net assets without donor restrictions	(1,575)	(2,506)	(1,396)	1,612	338	(2,842)	(1,830)	-	(8,199)
Changes in Net Assets With Donor Restrictions									
Dividend and interest income	-	-	-	-	-	-	-	-	-
Unrealized gains on investment with donor restrictions, net	-	-	-	-	-	-	-	-	-
Restricted equity contributions	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for benevolence	-	-	-	-	-	-	-	-	-
Contractual payments to beneficiaries	-	-	-	-	-	-	-	-	-
Realized losses on investments, net	-	-	-	-	-	-	-	-	-
Contractual liability adjustments	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for special project funds	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-
Change in net assets	(1,575)	(2,506)	(1,396)	1,612	338	(2,842)	(1,830)	-	(8,199)
Net Assets (Deficit), Beginning	(3,032)	(19,175)	90	36,633	6,434	(11,668)	15,071	-	24,353
Net Assets (Deficit), Ending	\$ (4,607)	\$ (21,681)	\$ (1,306)	\$ 38,245	\$ 6,772	\$ (14,510)	\$ 13,241	\$ -	\$ 16,154

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2019
(In Thousands)

	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions								
Operating revenues:								
Residential living	\$ 11,016	\$ -	\$ 106,681	\$ -	\$ -	\$ -	\$ -	\$ 106,681
Assisted living	3,935	-	33,364	-	-	-	-	33,364
Health center	8,074	-	93,741	-	-	-	-	93,741
Memory care	1,908	-	14,089	-	-	-	-	14,089
Other residential services	11	-	1,627	-	-	-	-	1,627
Amortization of entrance fees	3,811	-	43,129	-	-	-	-	43,129
Other operating revenues	464	(1,020)	9,531	-	-	-	-	9,531
Net assets released from restrictions	-	-	-	2,905	1,580	4,485	-	4,485
Unrestricted contributions	-	-	-	2,633	-	2,633	-	2,633
Foundation community benefit	196	-	1,184	-	-	-	(1,184)	-
Total operating revenues	29,415	(1,020)	303,346	5,538	1,580	7,118	(1,184)	309,280
Operating expenses:								
Salaries and wages	9,761	-	131,926	473	262	735	-	132,661
Employee benefits	2,348	-	31,884	72	61	133	-	32,017
Supplies	2,457	-	21,545	1	2	3	-	21,548
Ancillary services	1,881	-	15,248	-	-	-	-	15,248
Repairs and maintenance	380	-	4,440	3	-	3	-	4,443
Marketing and advertising	575	-	3,352	-	-	-	-	3,352
Purchased services	842	-	14,300	35	13	48	-	14,348
Corporate allocations	2,040	(2,040)	-	-	-	-	-	-
Utilities	1,267	-	11,901	2	2	4	-	11,905
Travel and related	91	-	2,684	28	23	51	-	2,735
Leases and rents	148	-	1,788	10	-	10	-	1,798
Insurance	320	-	3,677	-	-	-	-	3,677
Foundation community distribution	-	-	-	898	286	1,184	(1,184)	-
Other operating expenses	309	-	2,820	2,709	932	3,641	-	6,461
Total operating expenses	22,419	(2,040)	245,565	4,231	1,581	5,812	(1,184)	250,193
Income (loss) before other operating income (expense)	6,996	1,020	57,781	1,307	(1)	1,306	-	59,087
Other operating income (expense):								
Realized gains (losses) on investments, net	86	-	4,258	501	(8)	493	-	4,751
Change in unrealized gains (losses) on investments, net	143	-	13,751	5,577	1,255	6,832	-	20,583
Unrealized gains on investment in HumanGood Nevada Bonds	-	-	412	-	-	-	-	412
Investment income, net	340	-	7,067	1,182	263	1,445	-	8,512
Mortgage interest	(4,383)	684	(17,411)	-	-	-	-	(17,411)
Depreciation	(4,501)	-	(41,633)	-	-	-	-	(41,633)
Losses on early retirement of debt	-	-	(7,564)	-	-	-	-	(7,564)
Gains (losses) on disposal of fixed assets	-	-	(90)	-	-	-	-	(90)
Income (loss) income from operations	(1,319)	1,704	16,571	8,567	1,509	10,076	-	26,647

**HumanGood California Obligated Group & Foundation Affiliates
(Members of HumanGood)**

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2019
(In Thousands)

	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Changes in Net Assets Without Donor Restrictions (Continued)								
Other changes in net assets without donor restrictions:								
Change in minimum pension liability	\$ -	\$ -	\$ (2,567)	\$ -	\$ -	\$ -	\$ -	\$ (2,567)
Other affiliate distributions and equity transfers	12	-	(10,404)	2,980	(1,919)	1,061	-	(9,343)
Unrealized losses on interest rate caps	-	-	(157)	-	-	-	-	(157)
Change in net assets without donor restrictions	(1,307)	1,704	3,443	11,547	(410)	11,137	-	14,580
Changes in Net Assets With Donor Restrictions								
Dividend and interest income	-	-	-	779	552	1,331	-	1,331
Unrealized gains on investments with donor restrictions, net	-	-	-	574	2,295	2,869	-	2,869
Restricted equity contributions	-	-	-	-	2,033	2,033	-	2,033
Contributions	-	-	-	2,479	3,183	5,662	-	5,662
Net assets released from restrictions for benevolence	-	-	-	-	(286)	(286)	-	(286)
Contractual payments to beneficiaries	-	-	-	(364)	(1,298)	(1,662)	-	(1,662)
Realized gains on investments, net	-	-	-	16	119	135	-	135
Contractual liability adjustments	-	-	-	209	235	444	-	444
Net assets released from restrictions for special project funds	-	-	-	(2,905)	(1,294)	(4,199)	-	(4,199)
Change in net assets without donor restrictions	-	-	-	788	5,539	6,327	-	6,327
Change in net assets	(1,307)	1,704	3,443	12,335	5,129	17,464	-	20,907
Net Assets (Deficit), Beginning	<u>(33,119)</u>	<u>8,240</u>	<u>9,742</u>	<u>54,640</u>	<u>28,265</u>	<u>82,905</u>	<u>-</u>	<u>92,647</u>
Net Assets (Deficit), Ending	<u>\$ (34,426)</u>	<u>\$ 9,944</u>	<u>\$ 13,185</u>	<u>\$ 66,975</u>	<u>\$ 33,394</u>	<u>\$ 100,369</u>	<u>\$ -</u>	<u>\$ 113,554</u>