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

Combined Financial Statements and
Combining Supplementary Information

December 31, 2023 and 2022

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December 31, 2023 and 2022

Independent Auditors' Report

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

Opinion

We have audited the combined financial statements of HumanGood California Obligated Group & Foundation Affiliates (the Corporations), which comprise the combined balance sheets as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Corporations as of December 31, 2023 and 2022, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Corporations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporations' abilities to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information, as identified in the table of contents, is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it 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 combining information has been subjected to the auditing procedures applied in the audit 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 auditing standards generally accepted in the United States of America. In our opinion, the combining 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 26, 2024

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

Combined Balance Sheets
December 31, 2023 and 2022
(In Thousands)

Assets	2023	2022
Current Assets		
Cash and cash equivalents	$ 33,481	$ 43,460
Resident accounts receivable, less allowance for credit losses of $4,300 in 2023 and $4,406 in 2022	13,472	13,642
Other receivables	12,156	7,313
Current portion of restricted investments	5,901	5,504
Intercompany advances due	34,311	24,637
Prepaid expenses, deposits and other assets	13,707	8,502
Total current assets	113,028	103,058
Restricted Cash	5,295	5,140
Investments	267,944	215,820
Designated Investments	83,234	121,964
Investment in Affiliate Bonds	86,841	28,814
Restricted Investments	168,122	175,387
Subordinated Notes Receivable, Net	15,383	15,495
Land, Buildings and Equipment, Net	476,377	473,178
Interest and Management Fees Due From Affiliates	1,456	1,070
Other Noncurrent Assets	29,388	32,064
Total assets	$ 1,247,068	$ 1,171,990

Liabilities and Net Assets	2023	2022
Current Liabilities		
Accounts payable and accrued expenses	$ 42,844	$ 41,535
Deposits	4,738	3,558
Accrued interest	3,505	3,811
Current portion of notes and bonds payable	11,135	10,581
Total current liabilities	62,222	59,485
Notes and Bonds Payable, Net	448,819	461,199
Rebatable Entrance Fees Due	175,023	174,730
Entrance Fees Subject to Refund	104,076	93,163
Entrance Fees Nonrefundable	221,735	212,725
Obligations Under Annuity Agreements	3,545	3,301
Retirement Liabilities	4,768	5,167
Workers' Compensation Liability	16,867	17,049
Other Liabilities	3,807	2,813
Total liabilities	1,040,862	1,029,632
Net Assets		
Without donor restrictions	165,050	105,135
With donor restrictions	41,156	37,223
Total net assets	206,206	142,358
Total liabilities and net assets	$ 1,247,068	$ 1,171,990

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, 2023 and 2022
(In Thousands)

	2023	2022
Changes in Net Assets Without Donor Restrictions		
Operating revenues:		
Residential living	$ 123,309	$ 117,252
Assisted living	39,952	38,627
Health center	102,684	97,699
Memory support	17,206	15,438
Other residential services	5,285	4,091
Amortization of entrance fees	51,979	43,494
COVID relief funding	613	21,060
Other operating revenues	10,462	9,184
Net assets released from restrictions	5,184	4,702
Unrestricted contributions	1,176	1,370
Total operating revenues	357,850	352,917
Operating expenses:		
Salaries and wages	160,249	154,473
Employee benefits	37,643	39,013
Supplies	24,525	23,794
Ancillary services	11,597	11,977
Repairs and maintenance	4,356	4,955
Marketing and advertising	4,105	4,640
Purchased services	21,208	20,837
Utilities	15,739	15,159
Travel and related	2,037	1,956
Leases and rents	994	1,134
Insurance	6,316	5,218
Other operating expenses	6,380	8,489
Total operating expenses	295,149	291,645
Income before other operating income (expense)	62,701	61,272
Other operating income (expense):		
Realized gains (losses) on investments, net	4,181	(3,094)
Change in unrealized gains (losses) on investments, net	16,254	(38,164)
Unrealized loss on investment in affiliate bonds	-	(14,805)
Realized gain on investment in affiliate bonds	14,805	-
Investment income, net	20,596	10,794
Interest expense	(16,642)	(14,639)
Depreciation and amortization	(44,449)	(41,990)
Gain on early retirement of debt	-	5,256
Gains on disposal of fixed assets, net	8,304	87
Nonrecurring operating expenses	(2,043)	(2,185)
Income (loss) from operations	63,707	(37,468)

See notes to combined financial statements

Combined Statements of Operations and Changes in Net Assets
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
Changes in Net Assets Without Donor Restrictions (Continued)		
Other changes in net assets without donor restrictions:		
Change in minimum pension liability	$ 1,512	$ 7,985
Other affiliate distributions and equity transfers	(3,538)	(2,058)
Unrealized (losses) gains on interest rate swaps and caps	(1,766)	12,859
Change in net assets without donor restrictions	59,915	(18,682)
Changes in Net Assets With Donor Restrictions		
Investment income, net	988	999
Change in unrealized gains (losses) on investments with donor restrictions, net	2,966	(5,140)
Contributions	5,972	5,881
Net assets released from restrictions for benevolence	(512)	(461)
Contractual payments to beneficiaries	(1,133)	(1,606)
Realized gains on investments, net	81	238
Contractual liability adjustments	243	668
Net assets released from restrictions for special project funds	(4,672)	(4,241)
Change in net assets with donor restrictions	3,933	(3,662)
Change in net assets	63,848	(22,344)
Net Assets, Beginning	142,358	164,702
Net Assets, Ending	$ 206,206	$ 142,358

See notes to combined financial statements

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

Combined Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
Cash Flows From Operating Activities		
Cash received for resident services	$ 287,379	$ 270,180
Cash received from nonrebatable entrance fees from reoccupancy	78,788	77,488
Cash received from COVID relief funding	613	-
Cash received from other operating activities	8,231	10,430
Cash received from bequests and trust maturities	1,176	1,370
Cash earnings realized from investments	20,596	10,794
Cash paid for employee salaries	(143,208)	(141,226)
Cash paid for employee benefits	(36,201)	(36,973)
Cash paid for temporary labor	(15,268)	(17,068)
Cash paid to vendors	(98,006)	(87,879)
Cash paid for interest	(18,125)	(15,332)
Net cash provided by operating activities	85,975	71,784
Cash Flows From Investing Activities		
Acquisition of land, buildings and equipment	(53,252)	(47,952)
Proceeds from sale of fixed assets	14,457	-
Net sales (purchases) of unrestricted investments	7,249	(36,213)
Net (purchases) sales of restricted investments	(2,955)	2,168
Cash paid for investment in affiliate bonds	(43,430)	-
Cash paid for intercompany and affiliate transactions	(9,674)	(15,993)
Net cash used in investing activities	(87,605)	(97,990)
Cash Flows From Financing Activities		
Proceeds from rebatable entrance fees	9,415	17,476
Refunds of deposits and entrance fees	(17,299)	(24,645)
Proceeds from issuance of notes and bonds payable	-	31,645
Principal payments on notes and bonds payable	(10,819)	(23,670)
Cash paid for bond issuance costs	-	(206)
Cash paid for other trust activity	(4,762)	(5,463)
Affiliate cash distributions	(3,538)	(2,058)
Cash received from restricted contributions	5,972	5,881
Net cash used in financing activities	(21,031)	(1,040)
Decrease in cash, cash equivalents and restricted cash	(22,661)	(27,246)
Cash, Cash Equivalents and Restricted Cash, Beginning	192,927	220,173
Cash, Cash Equivalents and Restricted Cash, Ending	$ 170,266	$ 192,927

See notes to combined financial statements

Combined Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
Noncash Disclosures		
Senior secured interaffiliate note from HumanGood Nevada retired and reissued	$ (43,411)	$ -
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Combined Balance Sheets		
Cash and cash equivalents	$ 33,481	$ 43,460
Restricted cash included in restricted investments	131,490	144,327
Restricted cash	5,295	5,140
Total cash, cash equivalents and restricted cash	$ 170,266	$ 192,927

See notes to combined financial statements

1. Business and Organization

HumanGood (Parent Organization) is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for seniors 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 form the HumanGood California Obligated Group (COG) 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, 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 seniors. 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, 2023, the following LPCs were owned and operated by NorCal:

- Terraces at Los Altos
- Piedmont Gardens
- Plymouth Village
- Grand Lake Gardens (closed and delicensed in 2023, Note 5)
- Valle Verde
- Rosewood
- Terraces of Los Gatos

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 seniors. 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, 2023, the following LPCs were owned and operated by SoCal:

- Royal Oaks
- White Sands La Jolla
- Regents Point
- Westminster Gardens
- Redwood Terrace
- Windsor (sold in 2023, Note 5)

HumanGood Fresno

TSJG is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for seniors 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 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 provides a limited guaranty on the NorCal Series 2015 bond obligation, with the obligation 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), HumanGood Properties, HumanGood East, HumanGood Affordable Housing, and West Valley Nursing Homes, Inc., (dba The Terraces at Summitview). On May 1, 2023, Hillside, a life plan community in McMinneville, Oregon, was acquired by a newly formed subsidiary of West Valley Nursing Homes, Inc., HG Hillside LLC.

Effective February 1, 2024, HumanGood Cornerstone affiliated with Pleasant Spring Communities, the parent entity of Springhouse, Inc. (Springhouse Senior Living Community, Springhouse) and Mount Pleasant Home (MPH), both located in Boston, Massachusetts. Effective August 15, 2023, NorCal entered into a consulting agreement with Springhouse that transitioned into a management agreement at a base fee of 5% of total budgeted revenues on August 28, 2023. Effective February 1, 2024, NorCal entered into a management agreement with MPH at a base fee of 5% of total budgeted revenues. The agreements automatically renew annually unless terminated.

HumanGood and HumanGood Cornerstone's Boards are composed of the same seven directors.

HumanGood Affordable Housing

HumanGood Affordable Housing (HGAH) is a California nonprofit public benefit tax-exempt corporation. HGAH serves as the sole or majority General Partner and controlling organization for 28 tax-credit affordable housing communities, serves as the sole or majority member and controlling organization for 25 additional affordable housing communities and provides management services to twelve additional affordable housing communities, including one for whom HGAH serves as the minority General Partner.

On January 1, 2015, NorCal purchased Beacon Development Group (BDG) for a combination of cash and a $2,000,000 note 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 transferred all operational activities, assets and liabilities associated with NorCal's affordable housing line of business to HGAH in exchange for a noninterest bearing affiliate note with NorCal for $2,242,000 and a noninterest bearing contingent note with NorCal for $1,364,000, which is payable upon HGAH's ability to achieve certain operating performance metrics. The current value of these notes receivable are included in subordinated notes receivable, net on NorCal's balance sheet included in the combining balance sheets.

HumanGood Arizona, Inc.

HumanGood Arizona, Inc. is an Arizona nonprofit tax-exempt corporation providing housing, health care and supportive services for seniors 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, 2023 and 2022.

NorCal manages TOP under a multiyear management agreement at a management fee of 8.5% of budgeted cash revenues, with half of this amount subject to subordination upon noncompliance with certain covenants. The agreement automatically renews annually unless terminated.

HumanGood Washington

HumanGood Washington is a Washington nonprofit tax-exempt corporation providing housing, health care and supportive services for seniors 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% of budgeted cash revenues, with half of this amount subject to subordination upon noncompliance with certain covenants. The agreement automatically renews unless terminated.

HumanGood Nevada

HumanGood Nevada is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for seniors 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% 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% 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.

On February 19, 2019, HumanGood Nevada filed a voluntary public disclosure announcing its intent to explore various options related to tendering, purchasing, refinancing or restructuring all, or portions, of its Series 2012 Bonds. 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 of $7,230,000.

On November 16, 2021, HumanGood Nevada filed a public disclosure informing bondholders that it intended to call for redemption the entirety of its outstanding Series 2012 Bonds. On December 16, 2021, using a combination of $22,540,000 of NorCal cash, $11,851,000 of HumanGood Nevada cash and an exchange of $28,262,000 of Series 2012 Bonds held by NorCal, HumanGood Nevada retired, at a 1.0% premium, its Series 2012 Bonds in exchange for the issuance to NorCal of a CUSIP-bearing $43,819,000 Series 2021 senior secured note bearing interest at a fixed rate of 4.0% over 35 years, which is included in investment in affiliate bonds on the accompanying combined balance sheets. In December 2023, the original Series 2021 senior secured note was retired and a new Series 2021 senior secured note was reissued with identical terms except that the interest rate was converted to the twelve-month SOFR rate (subject to a 1% floor) plus 1.4% in exchange for HumanGood NorCal amending the management agreement to maintain the current 3% management fee until August 31, 2025, then increasing the fee to 5% for the period between September 1, 2025 and August 31, 2026, with the management agreement renewing thereafter on a monthly basis.

HumanGood Idaho

HumanGood Idaho is a California nonprofit public benefit tax-exempt corporation, which has been providing housing, health care and supportive services for seniors in Boise, Idaho, through its LPC, the Terraces of Boise, since 2015.

To support Boise's Series 2014 financing, NorCal provided $3,000,000 in equity 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 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 caused NorCal to fund its remaining liquidity support obligation of $1,250,000 with the Master Trustee on March 31, 2020.

Effective February 2021, NorCal entered into a management agreement with Boise, whereby NorCal receives a base fee of 5% of budgeted cash revenues, with 3% deferred and payable only from cash balances greater than 150 days. In June 2023, a payment of $250,000 was received towards the deferred portion. No such payment was received in 2022. Deferred amounts of $1,305,000 and $963,000 are included in interest and management fees due from affiliates on the accompanying combined balance sheets at December 31, 2023 and 2022, respectively.

On July 26, 2021, HumanGood Idaho filed an EMMA notice stating that the company had entered into a debt restructuring term sheet agreement with the majority of the holders of its 2014 Bonds. On October 6, 2021, HumanGood Idaho issued $75,045,000 of Series 2021A Bonds and $4,170,000 of Series 2021B Bonds in exchange for the outstanding Series 2014 Bonds. NorCal provided an unfunded liquidity support agreement of $1,500,000, contributed $6,500,000 in working capital in exchange for subordinated Series 2021C Bonds and forgave previous unsecured amounts owing in exchange for $2,250,000 of junior subordinated Series 2021 Direct Obligation No. 4, both included in subordinated notes receivable, net in the accompanying combined balance sheets.

West Valley Nursing Homes, Inc. and Affiliate

West Valley Nursing Homes, Inc. (dba The Terraces at Summitview) is a Washington nonprofit tax-exempt corporation providing housing, health care and supportive services for seniors in Washington through its LPC, The Terraces at Summitview. Effective February 1, 2022, NorCal entered into a management agreement with The Terraces at Summitview at a base fee of 3% of budgeted cash revenues, with year-end adjustments allowing for an increase in management fees of 50% of net income available for debt service exceeding $1,572,000, with annual management fee amounts not to exceed 6.5% of budgeted cash revenues. The agreement automatically renews annually unless terminated.

On May 1, 2023, West Valley Nursing Homes, Inc., through a newly formed subsidiary, HG Hillside LLC, acquired a life plan community in McMinneville, Oregon (Hillside). HG Hillside, LLC was assigned and assumed the purchase and sale agreement of the life plan community from NorCal for $43,340,000 in exchange for a senior secured promissory note. This note is included in investment in affiliate bonds in the accompanying combined balance sheet as of December 31, 2023. Effective May 1, 2023, NorCal entered into a consulting and financial services agreement with Hillside at a base fee of 5% of budgeted cash revenues. The agreement automatically renews annually unless terminated. In conjunction with the acquisition, NorCal issued a revolving line of credit to Hillside for a maximum amount of $8,000,000, with $6,500,000 designated to meet statutory reserve requirements and the remaining $1,500,000 designated to support working capital needs. The line of credit bears interest at the twelve-month SOFR rate (subject to a 1% floor) plus 1.4%. No amounts have been drawn as of December 31, 2023.

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% equity interest, and later, through a purchase option, an additional 1% interest in a memory support senior housing community in Oklahoma. On February 6, 2023, the Oklahoma community was sold and HumanGood Properties exited its ownership interest.

HumanGood East

HumanGood East is a Pennsylvania nonprofit tax-exempt corporation providing housing, health care and supportive services for seniors through its three LPCs, 18 owned and managed affordable housing communities and 18 additional affordable housing communities managed for unrelated entities.

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) and were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (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.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of the combined financial statements in conformity with 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; 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

Accounts receivable are reported net of an allowance for credit losses, which represents the Corporations’ estimate of expected losses at the balance sheet date. Accounts are written off when they are determined to be uncollectible. The adequacy of the Corporations’ allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, and expected future economic conditions and market trends. Adjustments are made to the allowance as necessary.

Investments

Investments include certain cash equivalents held by investment managers, mutual funds, equity securities, exchange-traded funds and closed-end funds, domestic corporate debt, U.S. and foreign government securities, municipal bonds, and alternative investments 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 changes in unrealized gains and losses on investments are included in income (loss) 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.

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 (Note 4).

Designated Investments

Designated investments of $83,234,000 and $121,964,000 as of December 31, 2023 and 2022, 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 (Note 4).

Investment in Affiliate Bonds

Investment in affiliate bonds consists of the Series 2021 senior secured note due from HumanGood Nevada bearing interest at a fixed rate of 4.0% over 35 years and the Series 2023 senior secured note due from Hillside bearing interest at the twelve month SOFR rate (subject to a 1% floor) plus 1.4% over 35 years. In December 2023, the original Series 2021 senior secured note due from HumanGood Nevada was retired and a new Series 2021 senior secured note was reissued with identical terms except that the interest rate was converted to the twelve-month SOFR (subject to a 1% floor) plus 1.4% in exchange for HumanGood NorCal amending the existing management agreement to lock in the current management fee of 3% of revenue until August 31, 2025 and a 5% management fee for the period between September 1, 2025 and August 31, 2026.

These investments are recorded at fair market value as of December 31, 2023 and 2022, in the accompanying combined balance sheets.

Changes in fair market value, resulting primarily from changes in the interest rate environment, are included in unrealized gain and loss on investment in affiliate 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, 2023 and 2022 are comprised of the following (in thousands):

	2023	2022
Subordinated note receivable from the Terraces of Phoenix	$ 4,315	$ 4,315
Subordinated note receivable from the Terraces of Boise	6,500	6,500
Junior subordinated note receivable from the Terraces of Boise	2,250	2,250
Notes receivable related to HGAH and BDG acquisition	2,318	2,430
Total	$ 15,383	$ 15,495

All subordinated notes receivable are further described in HumanGood Cornerstone and Related Enterprises subsection in Note 1.

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 three to 50 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, 2023 and 2022.

Other Noncurrent Assets

Other noncurrent assets are primarily comprised of membership interests in Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), limited partner interests in three Ziegler Link-Age Funds, capitalized contract acquisition costs, the fair market value of interest rate cap and swap agreements and amounts recognized related to funded pension assets.

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 interest expense, in the accompanying combined statements of operations and changes in net assets was $307,000 in 2023 and $320,000 in 2022.

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.

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 2012 Individual Annuity Reserving Mortality Table, with an interest assumption at 2.75% 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% 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, ranging from 5% to 7% 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 health care services to current contracted residents, adjusted for certain noncash items, exceeds the present value of future cash in-flows, a liability is recognized. Management engages an actuary to periodically calculate the obligation to provide future health care services to current contracted residents. Based upon the last calculations performed using a discount rate of 5%, the present value of future outflows to provide future services, adjusted for certain noncash items, did not exceed the present value of future cash in-flows. Based upon these calculations, and analysis of management, no liability for the obligation to provide future services has been recorded at December 31, 2023 and 2022.

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.

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 2.0% for each month of residency for 41 months after an initial reduction to the original fee after 90 days of the contract, under certain circumstances. In certain cases, upon the move out of a resident, the unamortized balance of the entrance fee on a contractual basis is payable to the resident.

The Corporations had nonrefundable entrance fees of $221,735,000 and $212,725,000 as of December 31, 2023 and 2022, 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 $104,076,000 and $93,163,000 as of December 31, 2023 and 2022, respectively, which will be recognized as revenues in future years unless refunded.

The Corporations have offered contract options whereby a specified percentage between 50% and 100% of the entrance fee is rebatable at termination of the contract and subsequent reoccupancy of their apartment. As of December 31, 2023 and 2022, respectively, $175,023,000 and $174,730,000 of the entrance fees related to these types of contracts are contractually rebatable and are included in rebatable entrance fees due in the accompanying combined balance sheets.

Actual refunds and rebates of entrance fees were $17,299,000 and $24,645,000 for the years ended December 31, 2023 and 2022, respectively. Based on historical experience, management expects to pay refunds in future years of approximately $20,000,000 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 and are included in noncurrent assets in the accompanying 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 and are included in net assets released from restrictions in the accompanying combined statements of operations and changes in net assets.

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, 2023 and 2022 are comprised of the following (in thousands):

	2023	2022
Benevolence	$ 13,719	$ 12,331
Purpose restricted	17,039	15,539
Funds held by trustee	4,704	4,189
Restricted in perpetuity	5,694	5,164
Total	$ 41,156	$ 37,223

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, 2023 and 2022, are as follows (in thousands):

Endowment net assets, December 31, 2021	$ 8,710
Net investment loss	(1,143)
Endowment net assets, December 31, 2022	7,567
Contributions	530
Disbursements	(60)
Net investment returns	188
Endowment net assets, December 31, 2023	$ 8,225

The endowment net assets with donor restrictions were comprised of the following as of December 31, 2023 and 2022 (in thousands):

	2023	2022
Endowment gains with donor restrictions	$ 2,531	$ 2,403
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	5,694	5,164
Total	$ 8,225	$ 7,567

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, 2023 and 2022.

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. 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.

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 2023 or 2022.

Assisted Living and Memory Support

Assisted living and memory support 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 support 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 $51,979,000 and $43,494,000 in 2023 and 2022, 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.

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.

Benevolence

The Corporations provide services to residents who meet certain criteria under their benevolence policy without charge or at amounts less than its established rates. Partial payments to which the Corporations are entitled from public assistance programs on behalf of residents that meet the Corporations' benevolence criteria are reported as revenues. Because the Corporations do not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenues. For the years ended December 31, 2023 and 2022, benevolence recorded was $2,666,000 and $2,463,000, respectively.

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 $3,337,000 and $1,999,000 for the years ended December 31, 2023 and 2022, respectively.

COVID Relief Funding

COVID relief funding in the accompanying combined statements of operations and changes in net assets is comprised of amounts received from federal and state funding sources related to the COVID-19 pandemic. The Corporations account for this funding in accordance with FASB ASC 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.

Included in COVID Relief Funding for 2023 were COVID relief funding payments received of $613,000 related to the California COVID-19 worker retention payments for hospital and skilled nursing workers program, all of which were passed through to eligible team members and are included as operating expenses in employee benefits in the accompanying combined statement of operations and changes in net assets for the year ended December 31, 2023. No COVID relief funds were received during 2022.

COVID relief funding revenues for 2022 of $21,060,000 are comprised of funds received during 2021 under the Paycheck Protection Program (PPP) (as further described below). These amounts were recognized and included in COVID relief funding in the accompanying statements of operations and changes in net assets.

The majority of the funding received is subject to future reporting and audit requirements. Noncompliance with the terms and conditions of the funding sources could result in repayment of some or all of the support, which can be subject to government review and interpretation. An estimate of the possible effects of these matters cannot be made as of the date these combined financial statements were issued.

Paycheck Protection Program

In May 2021, the Corporations received proceeds in the amount of $21,060,000 under the PPP which was established as part of the CARES Act (as amended by the Economic Aid Act (EAA) on December 27, 2020) and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (of eight to 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Corporations initially recorded the funds as an advance subject to refund for the year ended December 31, 2021. During 2022, after written notification of forgiveness had been received, and in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions are explicitly waived, the full balance of the PPP loan was recognized and included in COVID relief funding in the accompanying combined statement of operations and changes in net assets for the year ended December 31, 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act (as amended by the EAA), the Corporations are required to maintain their PPP loan documentation for six years after the PPP loan is forgiven or repaid in full and to provide that documentation to the SBA upon request. The Corporations do not believe the results of any audits or reviews by the SBA would have a material impact on the combined financial statements.

Performance Indicator

Income (loss) from operations as reflected in the accompanying combined statements of operations and changes in net assets is the performance indicator. Income (loss) 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 or losses on interest rate swaps 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 (IRC) and have been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

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% 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, 2023 and 2022, and for the year ended December 31, 2023, there were no such uncertain tax positions.

New Accounting Standard Adopted

During March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting.* ASU No. 2020-04 provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform, if certain criteria are met. Entities could elect the optional expedients and exceptions included in ASU No. 2020-04 as of March 12, 2020 and through December 31, 2022. During December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848.* These amendments defer the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The guidance may be elected over time and the Corporations elected the optional practical expedient provided by ASU 2020-04 for debt contract modifications related to the discontinuation of reference rates. The adoption of the optional expedient has not had and is not expected to have a material impact on the Corporations' combined financial statements.

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, 2023 and 2022 (in thousands):

	2023	2022
Cash and cash equivalents	$ 33,481	$ 43,460
Resident accounts receivable	13,472	13,642
Entrance fee notes receivable	3,656	1,127
Investments	267,944	215,820
Total	$ 318,553	$ 274,049

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.

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):

	2023	2022
Investments (including designated investments and investment in affiliate bonds):		
Cash and cash equivalents	$ 6,562	$ 31,035
Mutual funds	93,480	82,819
Equity securities	33,264	59,845
Exchange-traded funds and closed-end funds	75,481	56,366
Domestic corporate debt	35,290	37,342
U.S. government securities	52,061	41,172
Municipal bonds	15,279	13,706
Foreign government securities	24,941	2,589
Alternative investments	14,820	12,910
Investment in affiliate bonds	86,841	28,814
Total investments (including designated investments and investment in affiliate bonds):	438,019	366,598
Restricted investments:		
Cash and cash equivalents	131,490	144,327
Mutual funds	10,453	9,506
Equity securities	1,207	722
Exchange-traded funds and closed-end funds	17,406	15,019
Domestic corporate debt	3,001	2,207
U.S. government securities	6,250	5,101
Municipal bonds	1,084	1,188
Foreign government securities	218	95
Alternative investments	2,914	2,726
Total restricted investments	174,023	180,891
Total investments, designated investments and restricted investments	$ 612,042	$ 547,489

Investments held as of December 31, 2023 and 2022 are comprised of the following (at fair value) (in thousands):

	2023	2022
Restricted investments:		
Principal, interest and other reserves held in trust under bond indenture or mortgage agreements	$ 7,769	$ 8,686
Undrawn funds held for LPC construction projects	123,965	133,728
Donor-restricted investments, including investments held in trust under revocable trust, gift annuity, annuity trust or unitrust agreements	42,289	38,477
Total restricted investments	174,023	180,891
Investment in affiliate bonds	86,841	28,814
Investments, unrestricted	267,944	215,820
Investments, designated	83,234	121,964
Total investments, designated investments and restricted investments	$ 612,042	$ 547,489

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 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):

	2023	2022
Designated for Benevolence	$ 66,793	$ 59,613
Designated for Retirement	5,091	4,549
Designated for Innovation	-	10,000
Designated for Capital Projects	11,350	47,802
Total designations	$ 83,234	$ 121,964

Formal designations for certain ongoing initiatives were reevaluated and released as of December 31, 2023.

Investment Returns

Investment returns for the years ended December 31, 2023 and 2022 are as follows (in thousands):

	2023	2022
Total dividend, interest and other investment income, net of expense	$ 21,584	$ 11,793
Total realized gains (losses) on investments	4,262	(2,856)
Total net change in unrealized gains (losses) on investments	19,220	(43,304)
Unrealized loss on investment in affiliate bonds	-	(14,805)
Realized gain on investment in affiliate bonds	14,805	-
Total	$ 59,871	$ (49,172)

Investment income is net of investment expenses of $1,122,000 and $1,155,000 for the years ended December 31, 2023 and 2022, respectively.

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 U.S. 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.

Investment in affiliate 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 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.

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, 2023 and 2022 (in thousands):

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, designated investments and restricted investments:				
Mutual funds:				
Equity	$ 22,538	$ -	$ -	$ 22,538
Fixed income	42,478	-	-	42,478
Open funds	38,917	-	-	38,917
Equity securities	34,471	-	-	34,471
Exchange-traded funds and closed-end funds	92,887	-	-	92,887
Domestic corporate debt	-	38,291	-	38,291
U.S. government securities	-	58,311	-	58,311
Municipal bonds	-	16,363	-	16,363
Foreign government securities	-	25,159	-	25,159
Investment in affiliate bonds	-	-	86,841	86,841
Total investments, designated investments and restricted investments measured at fair value	$ 231,291	$ 138,124	$ 86,841	456,256
Alternative investments valued at NAV				17,734
Cash and cash equivalents				138,052
Total investments, designated investments and restricted investments				$ 612,042
Interest rate swaps and caps measured at fair value	$ -	$ 15,751	$ -	$ 15,751

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments, designated investments and restricted investments:				
Mutual funds:				
Equity	$ 20,597	$ -	$ -	$ 20,597
Fixed income	40,007	-	-	40,007
Open funds	31,721	-	-	31,721
Equity securities	60,567	-	-	60,567
Exchange-traded funds and closed-end funds	71,385	-	-	71,385
Domestic corporate debt	-	39,549	-	39,549
U.S. government securities	-	46,273	-	46,273
Municipal bonds	-	14,894	-	14,894
Foreign government securities	-	2,684	-	2,684
Investment in affiliate bonds	-	-	28,814	28,814
Total investments, designated investments and restricted investments measured at fair value	$ 224,277	$ 103,400	$ 28,814	356,491
Alternative investments valued at NAV				15,636
Cash and cash equivalents				175,362
Total investments, designated investments and restricted investments				$ 547,489
Interest rate swaps and caps measured at fair value	$ -	$ 17,517	$ -	$ 17,517

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, 2021	$ 43,819
Purchases, issuances and settlements	(200)
Unrealized loss on investment in affiliate bonds	(14,805)
Balance, December 31, 2022	28,814
Purchases, issuances and settlements	43,222
Unrealized gain on investment in affiliate bonds	14,805
Balance, December 31, 2023	$ 86,841

5. Land, Buildings and Equipment, Net

Land, buildings and equipment, net at cost as of December 31, 2023 and 2022, consist of the following (in thousands):

	2023	2022
Land	$ 17,527	$ 18,108
Land improvements	20,371	19,301
Buildings and improvements	811,892	790,794
Furnishings, equipment and automotive	98,544	88,716
Total	948,334	916,919
Accumulated depreciation	(501,583)	(470,416)
Total	446,751	446,503
Construction in progress	29,626	26,675
Land, buildings and equipment, net	$ 476,377	$ 473,178

Depreciation expense for the years ended December 31, 2023 and 2022, respectively, was $44,216,000 and $41,722,000.

Assets that were primarily fully depreciated of $13,049,000 and $21,784,000 were disposed of during the years ended December 31, 2023 and 2022, respectively.

On October 14, 2022, a fire broke out in a resident's unit and quickly spread across the 5th floor at Grand Lake Gardens, a Life Plan Community in Oakland, California, part of HumanGood NorCal. No residents were injured but the building sustained material damage. All of the residents were permanently relocated into alternate affiliate or third-party senior care facilities. On April 6, 2023, Grand Lake Gardens was decertified as a Residential Care Facility for the Elderly in California. The fire resulted in a loss from disposal of fixed assets of $245,000 and other resident relocation and remediation costs of $1,580,000 in 2022, which are included in nonrecurring operating expenses. During 2023, an additional $5,226,000 was spent mitigating the damage sustained in the building while simultaneously preparing it for sale. Insurance recoveries of $3,500,000 were received during 2023. The Corporations are actively negotiating with their insurance provider to finalize remaining cost recoveries and a payout related to anticipated restoration costs as allowed under the insurance agreement.

During 2023, the Corporations engaged a broker and are currently in negotiations for the sale of the community and its assets to an unrelated party. Management evaluated the accounting treatment of the land and building based on ASC Topic 360, *Property, Plant and Equipment*, and determined that it met the criteria for assets held for sale and thus accounts for these assets at the lower of cost or net realizable value as of December 31, 2023. No impairment loss has been recorded in the accompanying combined statements of operations for the year ended December 31, 2023, as the fair value exceeds the net book value of the property. The carrying amount of the assets held for sale was approximately $4,411,000 as of December 31, 2023 and is included land, buildings and equipment, net in the accompanying combined balance sheets.

During 2021, the Corporations have entered into negotiations to sell one of its LPCs, Windsor, to an unrelated party. Management evaluated the accounting treatment of the land and building based on ASC Topic 360, *Property, Plant and Equipment*, and determined that it met the criteria for assets held for sale as of December 31, 2022 and accounted for them at the lower of cost or net realizable value. No impairment loss has been recorded in the accompanying combined statements of operations for the year ended December 31, 2022, as the fair value exceeds the net book value of the property. The carrying amount of the assets held for sale was approximately $5,949,000 as of December, 31, 2022 and is included land, buildings and equipment, net in the accompanying combined balance sheets. On March 1, 2023, the Corporation closed on the sale of Windsor for a gain. The transaction, which was 0approved by California's Attorney General, was made for fair market value pursuant to an agreement between both parties.

The Corporations have entered into construction contracts totaling approximately $27,764,000 at December 31, 2023 with approximately $10,680,000 incurred through December 31, 2023.

6. Notes and Bonds Payable, Net

A summary of the Corporations' notes and bonds payable as of December 31, 2023 and 2022, is as follows (in thousands):

	2023	2022
Secured		
Bonds used to refinance existing debt and renovate HumanGood California Obligated Group communities, all secured under a Master Trust Indenture by HumanGood California Obligated Group's gross revenues pledged and by a deed of trust on certain 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. Foundation West provides a limited guaranty on the NorCal Series 2015 bond obligation (Note 1).	$ 35,635	$ 38,100

	2023	2022
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%, and effective May 1, 2023, interest at a variable rate of 65.1% of a 3-month SOFR rate plus a spread adjustment of 0.26% plus 1.5%, which was 5.17% at December 31, 2023.	$ 40,025	$ 41,135
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
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.	13,735	16,785
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 79% of the sum of one-month SOFR rate plus 1.5%. Interest rate at December 31, 2023 was 5.41%. 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.	12,995	13,860

		2023		2022
Series 2020B 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 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, converted to a tax-exempt variable rate mode in September 2022 with interest payable monthly based on 79% of the sum of one-month SOFR rate plus 1.5%. Interest rate at December 31, 2023 was 5.41%. 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 and expiring November 1, 2035 (see Note 7 for details).	$	60,205	$	61,715
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 SOFR rate plus 1.5%, converted to a Term Loan effective December 1, 2022. 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 and expiring November 1, 2035 (see Note 7 for details). Interest rate at December 31, 2023 was 6.85%.		32,495		33,575
Series 2021 Tax-Exempt Revenue Bonds issued by the California Municipal Finance Authority (dated September 1, 2021) and maturing in 2049 with annual principal payable in varying amounts ranging from $85 in 2024 to $26,610 in 2049; interest at fixed rates ranging from 3% to 5% for the various tranches of the debt, payable annually on October 1.		100,780		100,780

	2023	2022
Other Secured Obligations		
Piedmont Gardens Elevator Construction Loan issued in December 2016 and matured 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.	$ -	$ 539
Total	437,575	448,194
Unsecured		
Note payable bearing interest at 4.5%	400	600
Total	437,975	448,794
Less current portion of notes and bonds payable	(11,135)	(10,581)
Add unamortized bond premium	27,586	28,900
Less unamortized bond issuance costs, net	(5,607)	(5,914)
Notes and bonds payable, net	$ 448,819	$ 461,199

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

Years ending December 31:	
2024	$ 11,135
2025	11,520
2026	11,705
2027	12,105
2028	12,510
Thereafter	379,000
Total	$ 437,975

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

In September 2022, because the since defeased 2012A and 2013A bonds were within three months of their respective call dates, HumanGood California Obligated Group was able to convert its Series 2020B Taxable Revenue and Refunding Bonds to tax exempt variable rate bonds as planned for during the initial financing event.

In November 2022, HumanGood California Obligated Group drew the remaining $31,645,000 of its Series 2020 Taxable Bank Loan, dated October 1, 2020 and completed its conversion to a Term Loan as scheduled effective December 1, 2022.

During 2022, HumanGood California Obligated Group purchased $19,220,000 of its Series 2021 Bonds in the open market at a discount, which resulted in a gain on early retirement of debt of $5,256,000 which is included in the accompanying combined statement of operations and changes in net assets for the year ended December 31, 2022. The repurchased 2021 Bonds are held as treasury bonds reducing the senior external debt amounts in the accompanying combined balance sheet at December 31, 2022.

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 original agreement established that when 65.1% of the one-month LIBOR rate exceeds 2.5%, SoCal is reimbursed for the excess by the counterparty to the transaction. During 2023, the agreement was amended with modified terms that establish that when 65.1% of the one-month SOFR rate plus a spread of 0.11448% exceed 2.5%, SoCal is reimbursed for the excess by the counterparty to the transaction.

On October 16, 2020, in conjunction with the 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 original agreement established that when 79% of the one-month LIBOR rate exceeds 2.394%, NorCal is reimbursed for the excess by the counterparty to the transaction. During 2023, the agreement was amended with modified terms that establish that when 79% of the one-month SOFR rate plus a spread of 0.11448% exceed 2.394%, NorCal is reimbursed for the excess by the counterparty to the transaction. The second agreement was an interest rate cap agreement with a counterparty that extended 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 established that when the one-month LIBOR rate exceeded 1.6%, NorCal was 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 original agreement established that when 79% of the one-month LIBOR rate exceeds 0.768%, NorCal is reimbursed for the excess by the counterparty to the transaction and conversely when 79% of the one-month LIBOR rate is less than 0.768%, 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 original agreement established that when the one-month LIBOR rate exceeds 0.9957%, 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%, NorCal pays the shortfall to the counterparty. In October 2022, HumanGood California Obligated Group modified the terms of their two existing interest rate swaps related to the Series 2020 bonds to tie the receive leg of the swap to 10 Year SOFR on a 6 month forward starting basis such that the $63,270,000 Series 2020B bonds receive 74.779% of 10 Year SOFR and the $33,755,000 Series 2020 taxable variable rate bank loan receives 95.229% of 10 Year SOFR.

Interest rate cap and swap payments in the amount of $2,550,000 and $678,000 were received to reduce interest expense for the year ended December 31, 2023 and 2022, respectively.

The fair value of the interest rate caps and swaps was $15,751,000 and $17,517,000 as of December 31, 2023 and 2022, respectively. The unrealized (loss) gain from mark-to-market adjustments of floating to fixed rate interest rate caps was a loss of $1,766,000 and a gain of $12,859,000 for the years ended December 31, 2023 and 2022, respectively.

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. In December 2022, board approval was obtained to terminate the Plan and notification letters were mailed to plan participants. Pursuant to the termination, active and term vested participants were provided the opportunity to elect their accrued benefits be paid in lump sums during a special window election period. All active and term vested participants who did not elect lump sums and current retirees under the Plan were paid their accrued benefits in the form of annuities purchased from an unrelated insurance company. The annuity purchases from the unrelated insurance company occurred in January 2024. As a result of this plan termination, management anticipates receiving approximately $6,000,000 in 2024 as a final distribution upon completion of the process.

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, 2023 and 2022 is as follows (in thousands):

	2023	2022
Changes in projected benefit obligation:		
Projected benefit obligation, January 1	$ 28,891	$ 42,370
Interest cost	1,250	1,086
Settlement (gain) loss	(189)	249
Benefits paid	(1,258)	(1,240)
Settlement payments	(12,200)	(1,285)
Actuarial loss (gain)	992	(12,289)
Projected benefit obligation, December 31	17,486	28,891
Changes in plan assets:		
Fair value of plan assets, January 1	35,586	41,061
Actual return on plan assets	1,602	(3,950)
Employer contributions	-	1,000
Settlement payments	(12,200)	(1,285)
Benefits paid	(1,258)	(1,240)
Fair value of plan assets, December 31	23,730	35,586
Funded status	$ 6,244	$ 6,695
Accumulated benefit obligation	$ (17,486)	$ (28,891)
Amounts recognized in other noncurrent assets in the accompanying combined balance sheets	$ 6,244	$ 6,695

	2023	2022
Components of net periodic benefit cost:		
Interest cost	$ 1,250	$ 1,086
Expected return on plan assets	(1,379)	(1,580)
Net loss amortization	126	1,284
Net periodic benefit (gain) cost	(3)	790
Settlement charge	1,965	192
Total benefit expense	$ 1,962	$ 982
Net gain recognized in net assets without donor restrictions	$ 1,512	$ 7,985
Amounts not yet reflected in periodic benefit costs and recognized in accumulated net assets without donor restrictions, net actuarial loss	$ 2,816	$ 4,328
Total accumulated charge to net assets without donor restrictions	$ 2,816	$ 4,328

The actuarial loss (gain) in 2023 and 2022 were primarily attributable to changes in the discount rate, experience adjustments, and demographic assumptions.

In 2023 and 2022, SoCal offered lump sum payouts for certain terminated vested participants. Approximately $12,200,000 and $1,285,000 was paid out during the 2023 and 2022 plan years, respectively, under this program.

Weighted-average assumptions used to determine benefit obligations as of December 31, 2023 and 2022, are as follows:

	2023	2022
Discount rate	4.25 %	4.50 %
Rate of compensation	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
Discount rate	4.50 %	2.66 %
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, 2023 and 2022, the expected long-term rate of return used in determining net periodic pension cost was 4%.

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 policy target allocations for equity and fixed income are 20% and 80%, respectively, for the years ended December 31, 2023 and 2022; however, the policy allows for flexibility within approved ranges for each listed asset class. Upon reaching certain milestones in the pension termination process, management, with investment committee approval, departed from the target allocations in November 2022 and moved to a 100% fixed income investment allocation in order to remove interest rate risk exposure prior to plan termination. During 2023, management moved to a liability-driven investment portfolio, also 100% fixed income, to match the liabilities of the plan as a hedge against moving rates. 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 investment policy guidelines as of December 31, 2023 and 2022.

No contributions to the Plan are expected to be made during the year ending December 31, 2024.

Supplemental Retirement Income Plan Agreements

Certain retirees of NorCal participate in a frozen supplemental retirement income plan whereby the retired employees are being provided specific amounts of annual retirement income for the balance of their lifetime. The present value of these future payments to participants of $1,345,000 and $1,421,000 as of December 31, 2023 and 2022, respectively, are included in retirement liabilities in the accompanying combined balance sheets.

In 2020, a IRC 457(f) plan was established for certain key executive leadership whereby the plan will fund based on predetermined annual contributions and earn a return equal to the Consumer Price Index rate plus 2.5% with a cap of 6.0%, with a present value of future anticipated participant distributions of $1,691,000 and $1,508,000 as of December 31, 2023 and 2022, respectively, which is included in retirement liabilities in the accompanying combined balance sheets.

Assets available for benefits to these two pools of participants are subject to the claims of NorCal's creditors. The assets are included in designated investments in the accompanying combined balance sheets and amounted to $5,091,000 and $4,549,000 as of December 31, 2023 and 2022, respectively.

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% of eligible earnings in a calendar year. Annual expenses incurred under the plan for the years ended December 31, 2023 and 2022, respectively, were approximately $4,624,000 and $3,757,000.

9. Self-Insured Programs

Workers' Compensation Plan

The Corporations are self-insured to a stipulated retention amount followed by a commercial policy with a major insurance company providing benefits up to state statutory limits for 2023 and 2022. 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 $16,867,000 and $17,049,000, including an estimate of incurred but not reported claims as of December 31, 2023 and 2022, respectively. The estimated insurance recovery receivables of $3,705,000 and $4,512,000 are recorded under other receivables in the accompanying combined balance sheets as of December 31, 2023 and 2022, respectively. As required by the insurer, the Corporations have obtained a letter of credit for $1,108,000 in connection with this program. In January 2024, the letter of credit agreement was amended to $629,000 and has no termination date.

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 believes that the recorded liability is adequate.

Health Insurance Plan

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 $2,704,000 and $2,450,000 is included in accounts payable and accrued expenses in the accompanying combined balance sheets as of December 31, 2023 and 2022, 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 believes that the recorded liability has been properly accounted for and accrued at December 31, 2023 and 2022.

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 $1,879,000 and $4,661,000 as their best estimate of the cost of known claims incurred prior to December 31, 2023 and 2022, respectively. There were no related insurance recovery receivables as of December 31, 2023 and 2022 in the accompanying combined balance sheets. In addition, the Corporations have accrued liabilities of $2,297,000 and $2,047,000 as of December 31, 2023 and 2022, respectively, as their 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.

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, 2023 and 2022 (in thousands):

	2023				
	Residential Living	Assisted Living	Health Center	Memory Support	Total
Private (contract)	$ 119,077	$ 27,115	$ 13,879	$ 11,806	$ 171,877
Private (noncontract)	4,232	12,837	10,998	5,400	33,467
Medicare (Part A)	-	-	43,935	-	43,935
Medicare (Part B)	-	-	1,565	-	1,565
MediCal	-	-	21,306	-	21,306
Managed care	-	-	11,001	-	11,001
Subtotal	$ 123,309	$ 39,952	$ 102,684	$ 17,206	283,151
Amortization of entrance fees					51,979
Total					$ 335,130

	2022				
	Residential Living	Assisted Living	Health Center	Memory Support	Total
Private (contract)	$ 110,052	$ 25,156	$ 13,351	$ 10,438	$ 158,997
Private (noncontract)	7,200	13,471	10,550	5,000	36,221
Medicare (Part A)	-	-	42,730	-	42,730
Medicare (Part B)	-	-	1,680	-	1,680
MediCal	-	-	18,802	-	18,802
Managed care	-	-	10,586	-	10,586
Subtotal	$ 117,252	$ 38,627	$ 97,699	$ 15,438	269,016
Amortization of entrance fees					43,494
Total					$ 312,510

11. Functional Expenses

The Corporations provide housing, health care 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, 2023 and 2022 (in thousands):

	2023		
	Residential Services	General and Administrative	Total
Salaries and wages	$ 132,877	$ 27,372	$ 160,249
Employee benefits	31,244	6,399	37,643
Supplies	23,401	1,124	24,525
Ancillary services	11,597	-	11,597
Repairs and maintenance	4,343	13	4,356
Marketing and advertising	4,052	53	4,105
Purchased services	13,219	7,989	21,208
Utilities	14,411	1,328	15,739
Travel and related	1,101	936	2,037
Leases and rents	446	548	994
Insurance	6,316	-	6,316
Other operating expenses	5,932	448	6,380
Depreciation and amortization	44,449	-	44,449
Interest expense	16,642	-	16,642
Nonrecurring operating expenses	2,043	-	2,043
Total expenses	$ 312,073	$ 46,210	$ 358,283

	2022		
	Residential Services	General and Administrative	Total
Salaries and wages	$ 127,605	$ 26,868	$ 154,473
Employee benefits	32,247	6,766	39,013
Supplies	22,856	938	23,794
Ancillary services	11,977	-	11,977
Repairs and maintenance	4,941	14	4,955
Marketing and advertising	4,607	33	4,640
Purchased services	11,787	9,050	20,837
Utilities	13,784	1,375	15,159
Travel and related	1,250	706	1,956
Leases and rents	483	651	1,134
Insurance	5,218	-	5,218
Other operating expenses	5,972	2,517	8,489
Depreciation and amortization	41,990	-	41,990
Interest expense	14,639	-	14,639
Nonrecurring operating expenses	2,185	-	2,185
Total expenses	$ 301,541	$ 48,918	$ 350,459

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 and related fees for providing these services for the years ended December 31, 2023 and 2022, 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):

	2023	2022
HumanGood LPCs Management Fee:		
Terraces of Phoenix	$ 1,946	$ 1,865
Judson Park	2,045	1,920
Las Ventanas	561	539
Terraces of Boise	644	365
Terraces at Summitview	297	301
HGAH Cost Allocation Fee	-	300
Hillside Consulting Fee	351	-
Springhouse Management Fee (managed community)	159	-
Total	$ 6,003	$ 5,290

Interest and management fees due from affiliates in the accompanying combined balance sheets include deferred management fees due from the Terraces of Boise in the amounts of $1,305,000 and $963,000, as well as interest income receivable from Beacon Development Group, related to the outstanding purchase note described further in Note 1, in the amounts of $151,000 and $107,000 as of December 31, 2023 and 2022, respectively. Interest receivable amounts of $1,924,000 and $92,000 related to accrued interest income from the investments in affiliate bonds due from Hillside and Las Ventanas, respectively, are included in other receivables as of December 31, 2023. No interest receivable amounts from these instruments were outstanding as of December 31, 2022.

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, 2023 and 2022 in the accompanying combined balance sheets, and are as follows (in thousands):

	2023	2022
Due from HumanGood Affordable Housing and Affiliates	$ 3,736	$ 2,553
Due from HumanGood SoCal Affordable Housing Communities	1,102	798
Due from HumanGood Washington	18,084	16,544
Due from HumanGood Arizona, Inc.	3,509	1,359
Due from HumanGood Idaho	254	473
Due from HumanGood Nevada	264	422
Due from HumanGood East	4,814	465
Due from Terraces at Summitview and affiliate	1,131	1,231
Due from HumanGood Hillside, LLC	107	-
Due from HumanGood Cornerstone and certain affiliates	1,310	792
Total	$ 34,311	$ 24,637

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

Other affiliate distributions and equity transfers in the accompanying combined statements of operations and changes in net assets is primarily comprised of cash distributions of $4,177,000 and $2,600,000 from NorCal and SoCal to Cornerstone for the years ended December 31, 2023 and 2022, respectively.

13. Commitments and Contingencies

Legal and Other

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.

For the tax-credit financed affordable housing communities in which HGAH serves as a General Partner (Note 1), NorCal and HGAH, as co-guarantors, have previously 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, have previously issued, 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 health care 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.

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.

The Corporations have evaluated subsequent events through April 26, 2024, 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, 2023
(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	$ 16,018	$ 9,389	$ 7,355	$ -	$ 32,762	$ 383	$ 336	$ 719	$ -	$ 33,481
Resident accounts receivable, net	7,427	4,956	1,089	-	13,472	-	-	-	-	13,472
Other receivables	8,566	2,579	364	-	11,509	647	-	647	-	12,156
Current portion of restricted investments	5,901	-	-	-	5,901	-	-	-	-	5,901
Intercompany advances due	37,805	(1,292)	(72)	-	36,441	(1,474)	(656)	(2,130)	-	34,311
Prepaid expenses, deposits and other assets	11,709	1,751	247	-	13,707	-	-	-	-	13,707
Total current assets	87,426	17,383	8,983	-	113,792	(444)	(320)	(764)	-	113,028
Restricted Cash	-	5,295	-	-	5,295	-	-	-	-	5,295
Investments	139,232	114,450	2,151	-	255,833	-	12,111	12,111	-	267,944
Designated Investments	16,441	-	-	-	16,441	66,793	-	66,793	-	83,234
Investment in Affiliate Bonds	86,841	-	-	-	86,841	-	-	-	-	86,841
Restricted Investments	125,833	-	-	-	125,833	14,093	28,196	42,289	-	168,122
Subordinated Notes Receivable, Net	15,383	-	-	-	15,383	-	-	-	-	15,383
Land, Buildings and Equipment, Net	231,930	169,086	75,361	-	476,377	-	-	-	-	476,377
Interest and Management Fees Due From Affiliates	1,456	-	-	-	1,456	-	-	-	-	1,456
Other Noncurrent Assets	18,461	10,758	169	-	29,388	-	-	-	-	29,388
Total assets	$ 723,003	$ 316,972	$ 86,664	$ -	$ 1,126,639	$ 80,442	$ 39,987	$ 120,429	$ -	$ 1,247,068

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

Combining Balance Sheet Schedule
December 31, 2023
(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	$ 33,702	$ 7,367	$ 1,623	$ -	$ 42,692	$ 66	$ 86	$ 152	$ -	$ 42,844
Deposits	3,511	988	239	-	4,738	-	-	-	-	4,738
Accrued interest	3,505	-	-	-	3,505	-	-	-	-	3,505
Current portion of notes and bonds payable	4,549	4,280	2,306	-	11,135	-	-	-	-	11,135
Total current liabilities	45,267	12,635	4,168	-	62,070	66	86	152	-	62,222
Notes and Bonds Payable, Net	280,855	106,526	61,438	-	448,819	-	-	-	-	448,819
Rebatable Entrance Fees Due	98,246	47,282	29,495	-	175,023	-	-	-	-	175,023
Entrance Fees Subject to Refund	53,223	41,642	9,211	-	104,076	-	-	-	-	104,076
Entrance Fees Nonrefundable	125,148	75,891	20,696	-	221,735	-	-	-	-	221,735
Obligations Under Annuity Agreements	-	-	-	-	-	2,275	1,270	3,545	-	3,545
Retirement Liabilities	4,320	448	-	-	4,768	-	-	-	-	4,768
Workers' Compensation Liability	11,102	5,765	-	-	16,867	-	-	-	-	16,867
Other Liabilities	3,683	82	42	-	3,807	-	-	-	-	3,807
Total liabilities	621,844	290,271	125,050	-	1,037,165	2,341	1,356	3,697	-	1,040,862
Net Assets (Deficit)										
Without donor restrictions	101,159	26,701	(38,386)	-	89,474	64,493	11,083	75,576	-	165,050
With donor restrictions	-	-	-	-	-	13,608	27,548	41,156	-	41,156
Total net assets (deficit)	101,159	26,701	(38,386)	-	89,474	78,101	38,631	116,732	-	206,206
Total liabilities and net assets (deficit)	$ 723,003	$ 316,972	$ 86,664	$ -	$ 1,126,639	$ 80,442	$ 39,987	$ 120,429	$ -	$ 1,247,068

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

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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	$ 63,137	$ 46,868	$ 13,304	$ -	$ 123,309	$ -	$ -	$ -	$ -	$ 123,309
Assisted living	19,359	15,868	4,725	-	39,952	-	-	-	-	39,952
Health center	63,251	30,588	8,845	-	102,684	-	-	-	-	102,684
Memory support	10,968	3,614	2,624	-	17,206	-	-	-	-	17,206
Other residential services	1,744	3,463	78	-	5,285	-	-	-	-	5,285
Amortization of entrance fees	25,738	21,890	4,351	-	51,979	-	-	-	-	51,979
COVID relief funding	347	203	63	-	613	-	-	-	-	613
Other operating revenues	10,696	1,678	355	(2,267)	10,462	-	-	-	-	10,462
Net assets released from restrictions	-	-	-	-	-	3,313	1,871	5,184	-	5,184
Unrestricted contributions	-	-	-	-	-	1,176	-	1,176	-	1,176
Foundation community benefit	1,608	540	389	-	2,537	-	-	-	(2,537)	-
Total operating revenues	196,848	124,712	34,734	(2,267)	354,027	4,489	1,871	6,360	(2,537)	357,850
Operating expenses:										
Salaries and wages	91,123	55,980	12,603	-	159,706	280	263	543	-	160,249
Employee benefits	19,719	15,074	2,759	-	37,552	45	46	91	-	37,643
Supplies	12,952	8,450	3,114	-	24,516	6	3	9	-	24,525
Ancillary services	7,264	3,028	1,305	-	11,597	-	-	-	-	11,597
Repairs and maintenance	2,226	1,714	415	-	4,355	1	-	1	-	4,356
Marketing and advertising	1,643	1,792	652	-	4,087	12	6	18	-	4,105
Purchased services	11,132	8,867	1,165	-	21,164	38	6	44	-	21,208
Corporate allocations	-	-	2,267	(2,267)	-	-	-	-	-	-
Utilities	7,477	6,293	1,966	-	15,736	2	1	3	-	15,739
Travel and related	1,279	645	72	-	1,996	29	12	41	-	2,037
Leases and rents	691	226	77	-	994	-	-	-	-	994
Insurance	3,345	2,389	582	-	6,316	-	-	-	-	6,316
Foundation community distributions	-	-	-	-	-	1,997	540	2,537	(2,537)	-
Other operating expenses	927	761	553	-	2,241	3,145	994	4,139	-	6,380
Total operating expenses	159,778	105,219	27,530	(2,267)	290,260	5,555	1,871	7,426	(2,537)	295,149
Income (loss) before other operating income (expense)	37,070	19,493	7,204	-	63,767	(1,066)	-	(1,066)	-	62,701

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

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Other operating income (expense):										
Realized gains on investments, net	$ 3,090	$ 273	$ 6	$ -	$ 3,369	$ 681	$ 131	$ 812	$ -	$ 4,181
Change in unrealized gains on investments, net	6,070	4,802	17	-	10,889	4,549	816	5,365	-	16,254
Realized gain on investment in affiliate bonds	14,805	-	-	-	14,805	-	-	-	-	14,805
Investment income, net	14,496	4,303	254	-	19,053	1,300	243	1,543	-	20,596
Interest expense	(10,059)	(4,254)	(2,329)	-	(16,642)	-	-	-	-	(16,642)
Depreciation and amortization	(21,758)	(17,327)	(5,364)	-	(44,449)	-	-	-	-	(44,449)
Gain on early retirement of debt	-	-	-	-	-	-	-	-	-	-
Gains on disposal of fixed assets	52	8,252	-	-	8,304	-	-	-	-	8,304
Nonrecurring operating expenses	(2,043)	-	-	-	(2,043)	-	-	-	-	(2,043)
Income (loss) from operations	41,723	15,542	(212)	-	57,053	5,464	1,190	6,654	-	63,707
Other changes in net assets without donor restrictions:										
Change in minimum pension liability	-	1,512	-	-	1,512	-	-	-	-	1,512
Other affiliate distributions and equity transfers	(2,558)	(980)	-	-	(3,538)	-	-	-	-	(3,538)
Unrealized losses on interest rate swaps and caps	(1,592)	(174)	-	-	(1,766)	-	-	-	-	(1,766)
Change in net assets without donor restrictions	37,573	15,900	(212)	-	53,261	5,464	1,190	6,654	-	59,915
Changes in Net Assets With Donor Restrictions										
Investment income, net	-	-	-	-	-	395	593	988	-	988
Change in unrealized gains on investments with donor restrictions, net	-	-	-	-	-	867	2,099	2,966	-	2,966
Contributions	-	-	-	-	-	4,353	1,619	5,972	-	5,972
Net assets released from restrictions for benevolence	-	-	-	-	-	-	(512)	(512)	-	(512)
Contractual payments to beneficiaries	-	-	-	-	-	(696)	(437)	(1,133)	-	(1,133)
Realized gains on investments, net	-	-	-	-	-	6	75	81	-	81
Contractual liability adjustments	-	-	-	-	-	26	217	243	-	243
Net assets released from restrictions for special project funds	-	-	-	-	-	(3,313)	(1,359)	(4,672)	-	(4,672)
Change in net assets with donor restrictions	-	-	-	-	-	1,638	2,295	3,933	-	3,933
Change in net assets (deficit)	37,573	15,900	(212)	-	53,261	7,102	3,485	10,587	-	63,848
Net Assets (Deficit), Beginning	63,586	10,801	(38,174)	-	36,213	70,999	35,146	106,145	-	142,358
Net Assets (Deficit), Ending	$ 101,159	$ 26,701	$ (38,386)	$ -	$ 89,474	$ 78,101	$ 38,631	$ 116,732	$ -	$ 206,206

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

Combining Statement of Cash Flows Schedule
Year Ended December 31, 2023
(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	$ 157,094	$ 101,091	$ 29,194	$ -	$ 287,379	$ -	$ -	$ -	$ -	$ 287,379
Cash received from nonrebatable entrance fees from reoccupancy	40,121	30,725	7,942	-	78,788	-	-	-	-	78,788
Cash received from COVID relief funding	347	203	63	-	613	-	-	-	-	613
Cash received from other operating activities	10,048	2,245	736	(2,267)	10,762	6	-	6	(2,537)	8,231
Cash received from bequests and trust maturities	-	-	-	-	-	1,176	-	1,176	-	1,176
Cash earnings realized from investments	14,496	4,303	254	-	19,053	1,300	243	1,543	-	20,596
Cash paid for employee salaries	(79,471)	(51,395)	(11,703)	-	(142,569)	(331)	(308)	(639)	-	(143,208)
Cash paid for employee benefits	(19,364)	(13,987)	(2,759)	-	(36,110)	(45)	(46)	(91)	-	(36,201)
Cash paid for temporary labor	(9,663)	(4,828)	(777)	-	(15,268)	-	-	-	-	(15,268)
Cash paid to vendors	(54,775)	(34,013)	(12,410)	2,267	(98,931)	(1,938)	326	(1,612)	2,537	(98,006)
Cash paid for interest	(10,766)	(5,004)	(2,355)	-	(18,125)	-	-	-	-	(18,125)
Net cash provided by operating activities	48,067	29,340	8,185	-	85,592	168	215	383	-	85,975
Cash Flows From Investing Activities										
Acquisition of land, buildings and equipment	(25,177)	(23,121)	(4,954)	-	(53,252)	-	-	-	-	(53,252)
Proceeds from sale of fixed assets	-	14,457	-	-	14,457	-	-	-	-	14,457
Net sales (purchases) of unrestricted investments	10,771	(3,780)	2,898	-	9,889	(1,950)	(690)	(2,640)	-	7,249
Net sales (purchases) of restricted investments	(20)	-	(4)	-	(24)	(2,730)	(201)	(2,931)	-	(2,955)
Cash paid for investment in affiliate bonds	(43,430)	-	-	-	(43,430)	-	-	-	-	(43,430)
Cash (paid for) received from intercompany and affiliate transactions	(13,227)	341	1,950	-	(10,936)	1,154	108	1,262	-	(9,674)
Net cash used in investing activities	(71,083)	(12,103)	(110)	-	(83,296)	(3,526)	(783)	(4,309)	-	(87,605)
Cash Flows From Financing Activities										
Proceeds from rebatable entrance fees	4,022	3,071	2,322	-	9,415	-	-	-	-	9,415
Refunds of deposits and entrance fees	(7,220)	(7,671)	(2,408)	-	(17,299)	-	-	-	-	(17,299)
Principal payments on notes and bonds payable	(4,784)	(4,160)	(1,875)	-	(10,819)	-	-	-	-	(10,819)
Cash paid for other trust activity	-	-	-	-	-	(3,121)	(1,641)	(4,762)	-	(4,762)
Affiliate cash distributions	(2,558)	(980)	-	-	(3,538)	-	-	-	-	(3,538)
Cash received from restricted contributions	-	-	-	-	-	4,353	1,619	5,972	-	5,972
Net cash (used in) provided by financing activities	(10,540)	(9,740)	(1,961)	-	(22,241)	1,232	(22)	1,210	-	(21,031)
(Decrease) increase in cash, cash equivalents and restricted cash	(33,556)	7,497	6,114	-	(19,945)	(2,126)	(590)	(2,716)	-	(22,661)
Cash, Cash Equivalents and Restricted Cash, Beginning	179,990	7,187	1,241	-	188,418	3,181	1,328	4,509	-	192,927
Cash, Cash Equivalents and Restricted Cash, Ending	$ 146,434	$ 14,684	$ 7,355	$ -	$ 168,473	$ 1,055	$ 738	$ 1,793	$ -	$ 170,266

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

Combining Statement of Cash Flows Schedule
Year Ended December 31, 2023
(In Thousands)

	HumanGood NorCal	HumanGood SoCal	HumanGood Fresno	Eliminations	COG	HumanGood Foundation West	HumanGood Foundation South	Combined Foundations	Eliminations	Total
Reconciliation of Cash, Cash Equivalents and Restricted Cash to Combining Balance Sheet										
Cash and cash equivalents	$ 16,018	$ 9,389	$ 7,355	$ -	$ 32,762	$ 383	$ 336	$ 719	$ -	$ 33,481
Restricted cash included in restricted investments	130,416	-	-	-	130,416	672	402	1,074	-	131,490
Restricted cash	-	5,295	-	-	5,295	-	-	-	-	5,295
Total cash, cash equivalents and restricted cash	$ 146,434	$ 14,684	$ 7,355	$ -	$ 168,473	$ 1,055	$ 738	$ 1,793	$ -	$ 170,266

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

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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	$ 8,519	$ -	$ 11,666	$ 8,975	$ 16,337	$ 4,222	$ 13,418	$ -	$ -	$ 63,137
Assisted living	3,465	-	5,244	2,383	2,442	1,655	4,170	-	-	19,359
Health center	7,850	-	12,892	5,192	11,739	10,479	15,099	-	-	63,251
Memory support	2,336	-	1,843	927	2,150	1,463	2,249	-	-	10,968
Other residential services	42	-	567	261	641	99	134	-	-	1,744
Amortization of entrance fees	3,299	179	3,439	3,088	7,495	921	7,317	-	-	25,738
COVID relief funding	27	-	90	35	68	66	54	7	-	347
Other operating revenues	182	-	197	284	1,258	279	208	20,266	(11,978)	10,696
Foundation community benefit	177	18	343	332	323	135	130	150	-	1,608
Total operating revenues	25,897	197	36,281	21,477	42,453	19,319	42,779	20,423	(11,978)	196,848
Operating expenses:										
Salaries and wages	10,336	336	16,052	8,544	15,860	9,214	16,390	14,391	-	91,123
Employee benefits	1,709	84	3,705	1,722	3,462	2,154	3,215	3,668	-	19,719
Supplies	1,502	16	2,307	1,568	3,198	1,493	2,362	506	-	12,952
Ancillary services	1,203	-	1,159	377	1,151	1,298	2,076	-	-	7,264
Repairs and maintenance	226	1	558	279	316	238	607	1	-	2,226
Marketing and advertising	199	8	322	399	246	254	200	15	-	1,643
Purchased services	1,199	493	1,317	846	1,220	1,198	1,573	3,286	-	11,132
Corporate allocations	1,685	-	2,463	1,235	2,645	1,511	2,649	(210)	(11,978)	-
Utilities	891	104	1,602	923	1,772	770	1,216	199	-	7,477
Travel and related	67	10	62	99	145	52	96	748	-	1,279
Leases and rents	78	8	81	103	104	50	69	198	-	691
Insurance	401	83	616	448	649	480	668	-	-	3,345
Other operating expenses	382	108	757	650	177	458	558	(2,163)	-	927
Total operating expenses	19,878	1,251	31,001	17,193	30,945	19,170	31,679	20,639	(11,978)	159,778
Income (loss) before other operating income (expense)	6,019	(1,054)	5,280	4,284	11,508	149	11,100	(216)	-	37,070
Other operating income (expense):										
Realized gains on investments, net	-	-	-	-	-	-	-	3,090	-	3,090
Change in unrealized gains on investments, net	-	-	-	-	-	-	-	6,070	-	6,070
Realized gain on investment in affiliate bonds	-	-	-	-	-	-	-	14,805	-	14,805
Investment income, net	-	-	-	-	-	-	-	14,496	-	14,496
Interest expense	(1,765)	(45)	(477)	(332)	(1,411)	(337)	(1,572)	(4,120)	-	(10,059)
Depreciation and amortization	(4,026)	(3)	(2,735)	(3,010)	(4,953)	(1,484)	(4,238)	(1,309)	-	(21,758)
Gain on disposal of fixed assets	-	-	-	-	-	-	-	52	-	52
Nonrecurring operating expenses	-	(2,043)	-	-	-	-	-	-	-	(2,043)
Income (loss) from operations	228	(3,145)	2,068	942	5,144	(1,672)	5,290	32,868	-	41,723

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

Supplemental Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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:										
Other affiliate distributions and equity transfers	$ 13	$ -	$ 11	$ 10	$ 111	$ -	$ 34	$ (2,737)	$ -	$ (2,558)
Unrealized losses on interest rate swaps and caps	-	-	-	-	-	-	-	(1,592)	-	(1,592)
Change in net assets without donor restrictions	241	(3,145)	2,079	952	5,255	(1,672)	5,324	28,539	-	37,573
Net Assets (Deficit), Beginning	5,916	(14,844)	46,152	751	75,680	(23,601)	61,763	(88,231)	-	63,586
Net Assets (Deficit), Ending	$ 6,157	$ (17,989)	$ 48,231	$ 1,703	$ 80,935	$ (25,273)	$ 67,087	$ (59,692)	$ -	$ 101,159

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

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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	$ 9,377	$ 12,447	$ 570	$ 12,968	$ 5,971	$ 5,535	$ -	$ -	$ 46,868
Assisted living	2,663	3,813	576	3,526	2,036	3,254	-	-	15,868
Health center	7,557	5,483	741	7,139	-	9,668	-	-	30,588
Memory support	-	990	-	868	765	991	-	-	3,614
Other residential services	1,866	1,444	5	148	-	-	-	-	3,463
Amortization of entrance fees	3,775	6,871	890	5,822	2,425	2,107	-	-	21,890
COVID relief funding	52	47	24	38	-	42	-	-	203
Other operating revenues	295	339	14	423	185	421	7,475	(7,474)	1,678
Foundation community benefit	32	158	19	23	167	141	-	-	540
Total operating revenues	25,617	31,592	2,839	30,955	11,549	22,159	7,475	(7,474)	124,712
Operating expenses:									
Salaries and wages	10,505	10,861	1,418	11,402	4,076	9,953	7,765	-	55,980
Employee benefits	2,790	2,980	384	3,239	993	2,482	2,206	-	15,074
Supplies	1,778	2,027	154	2,399	656	1,386	50	-	8,450
Ancillary services	779	54	79	402	7	1,707	-	-	3,028
Repairs and maintenance	679	496	55	181	180	123	-	-	1,714
Marketing and advertising	330	399	49	434	248	325	7	-	1,792
Purchased services	1,022	2,087	101	2,117	498	985	2,057	-	8,867
Corporate allocations	1,548	1,786	138	2,041	637	1,324	-	(7,474)	-
Utilities	966	1,508	155	1,549	670	1,352	93	-	6,293
Travel and related	47	47	22	94	20	50	365	-	645
Leases and rents	49	6	5	9	(94)	93	158	-	226
Insurance	721	520	36	525	178	398	11	-	2,389
Other operating expenses	300	231	61	289	155	635	(910)	-	761
Total operating expenses	21,514	23,002	2,657	24,681	8,224	20,813	11,802	(7,474)	105,219
Income (loss) before other operating income (expense)	4,103	8,590	182	6,274	3,325	1,346	(4,327)	-	19,493
Other operating income (expense):									
Realized gains on investments, net	-	-	-	-	-	-	273	-	273
Change in unrealized (losses) gains on investments, net	(16)	-	-	-	-	-	4,818	-	4,802
Investment income, net	1	152	-	-	13	-	4,137	-	4,303
Interest expense	(399)	(2,686)	(13)	(679)	(264)	(140)	(73)	-	(4,254)
Depreciation and amortization	(3,658)	(5,337)	(140)	(4,171)	(1,472)	(2,406)	(143)	-	(17,327)
Gain on disposal of fixed assets	-	-	8,252	-	-	-	-	-	8,252
Income (loss) from operations	31	719	8,281	1,424	1,602	(1,200)	4,685	-	15,542

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

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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	$ -	$ -	$ -	$ -	$ -	$ -	1,512	$ -	$ 1,512
Other affiliate distributions and equity transfers	102	543	-	5	7	2	(1,639)	-	(980)
Unrealized losses on interest rate swaps and caps	-	(159)	-	-	(15)	-	-	-	(174)
Change in net assets without donor restrictions	133	1,103	8,281	1,429	1,594	(1,198)	4,558	-	15,900
Net Assets (Deficit), Beginning	(11,157)	(24,433)	(7,885)	41,934	8,174	(20,978)	25,146	-	10,801
Net Assets (Deficit), Ending	$ (11,024)	$ (23,330)	$ 396	$ 43,363	$ 9,768	$ (22,176)	$ 29,704	$ -	$ 26,701

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

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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	$ 13,304	$ -	$ 123,309	$ -	$ -	$ -	$ -	$ 123,309
Assisted living	4,725	-	39,952	-	-	-	-	39,952
Health center	8,845	-	102,684	-	-	-	-	102,684
Memory support	2,624	-	17,206	-	-	-	-	17,206
Other residential services	78	-	5,285	-	-	-	-	5,285
Amortization of entrance fees	4,351	-	51,979	-	-	-	-	51,979
COVID relief funding	63	-	613	-	-	-	-	613
Other operating revenues	355	(2,267)	10,462	-	-	-	-	10,462
Net assets released from restrictions	-	-	-	3,313	1,871	5,184	-	5,184
Unrestricted contributions	-	-	-	1,176	-	1,176	-	1,176
Foundation community benefit	389	-	2,537	-	-	-	(2,537)	-
Total operating revenues	34,734	(2,267)	354,027	4,489	1,871	6,360	(2,537)	357,850
Operating expenses:								
Salaries and wages	12,603	-	159,706	280	263	543	-	160,249
Employee benefits	2,759	-	37,552	45	46	91	-	37,643
Supplies	3,114	-	24,516	6	3	9	-	24,525
Ancillary services	1,305	-	11,597	-	-	-	-	11,597
Repairs and maintenance	415	-	4,355	1	-	1	-	4,356
Marketing and advertising	652	-	4,087	12	6	18	-	4,105
Purchased services	1,165	-	21,164	38	6	44	-	21,208
Corporate allocations	2,267	(2,267)	-	-	-	-	-	-
Utilities	1,966	-	15,736	2	1	3	-	15,739
Travel and related	72	-	1,996	29	12	41	-	2,037
Leases and rents	77	-	994	-	-	-	-	994
Insurance	582	-	6,316	-	-	-	-	6,316
Foundation community distributions	-	-	-	1,997	540	2,537	(2,537)	-
Other operating expenses	553	-	2,241	3,145	994	4,139	-	6,380
Total operating expenses	27,530	(2,267)	290,260	5,555	1,871	7,426	(2,537)	295,149
Income (loss) before other operating income (expense)	7,204	-	63,767	(1,066)	-	(1,066)	-	62,701
Other operating income (expense):								
Realized gains on investments, net	6	-	3,369	681	131	812	-	4,181
Change in unrealized gains on investments, net	17	-	10,889	4,549	816	5,365	-	16,254
Realized gain on investment in affiliate bonds	-	-	14,805	-	-	-	-	14,805
Investment income, net	254	-	19,053	1,300	243	1,543	-	20,596
Interest expense	(2,329)	-	(16,642)	-	-	-	-	(16,642)
Depreciation and amortization	(5,364)	-	(44,449)	-	-	-	-	(44,449)
Gain on disposal of fixed assets	-	-	8,304	-	-	-	-	8,304
Nonrecurring operating expenses	-	-	(2,043)	-	-	-	-	(2,043)
Income (loss) from operations	(212)	-	57,053	5,464	1,190	6,654	-	63,707

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

Combining Statement of Operations and Changes in Net Assets Schedule
Year Ended December 31, 2023
(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	$ -	$ -	$ 1,512	$ -	$ -	$ -	$ -	$ 1,512
Other affiliate distributions and equity transfers	-	-	(3,538)	-	-	-	-	(3,538)
Unrealized losses on interest rate swaps and caps	-	-	(1,766)	-	-	-	-	(1,766)
Change in net assets without donor restrictions	(212)	-	53,261	5,464	1,190	6,654	-	59,915
Changes in Net Assets With Donor Restrictions								
Dividend and interest income	-	-	-	395	593	988	-	988
Change in unrealized gains on investments with donor restrictions, net	-	-	-	867	2,099	2,966	-	2,966
Contributions	-	-	-	4,353	1,619	5,972	-	5,972
Net assets released from restrictions for benevolence	-	-	-	-	(512)	(512)	-	(512)
Contractual payments to beneficiaries	-	-	-	(696)	(437)	(1,133)	-	(1,133)
Realized losses on investments, net	-	-	-	6	75	81	-	81
Contractual liability adjustments	-	-	-	26	217	243	-	243
Net assets released from restrictions for special project funds	-	-	-	(3,313)	(1,359)	(4,672)	-	(4,672)
Change in net assets with donor restrictions	-	-	-	1,638	2,295	3,933	-	3,933
Change in net (deficit) assets	(212)	-	53,261	7,102	3,485	10,587	-	63,848
Net (Deficit) Assets, Beginning	(38,174)	-	36,213	70,999	35,146	106,145	-	142,358
Net (Deficit) Assets, Ending	$ (38,386)	$ -	$ 89,474	$ 78,101	$ 38,631	$ 116,732	$ -	$ 206,206