

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Continuing Care Liquid Reserve Schedules
and Supplementary Information

December 31, 2018

HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

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Independent Auditor's Report

To the Members of the Board of Directors of
HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)

Report on the Schedules

We have audited the accompanying continuing care liquid reserve schedules, Form 5-1 through Form 5-5 (the "Schedules") of HumanGood NorCal and Foundation Affiliate (a Member of HumanGood), which comprise the continuing care liquid reserve schedules, as of and for the year ended December 31, 2018, and the related note.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the Schedules referred to above present fairly, in all material respects, the continuing care reserves of HumanGood NorCal and Foundation Affiliate as of and for the year ended December 31, 2018, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the Schedules. The Schedules are prepared by HumanGood NorCal and Foundation Affiliate on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the Schedules, as a whole. The accompanying supplementary information on pages 15 through 21 is presented for the purpose of additional analysis and is not a required part of the basic Schedules. 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 Schedules. The information has been subjected to the auditing procedures applied in the audit of Schedules, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Schedules, or to the Schedules themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the Schedules, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of HumanGood NorCal and Foundation Affiliate and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Baker Tilly Virchow Krause, LLP

Philadelphia, Pennsylvania
April 30, 2019

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-1 Long-Term Debt Incurred in a Prior Fiscal Year (Including Balloon Debt)
Year Ended December 31, 2018

Form 5-1

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	05/28/15	\$ 1,975,000	\$ 2,259,000	\$ -	\$ 4,234,000
2	02/16/10	\$ 945,000	\$ 6,234,000	\$ -	\$ 7,179,000
3	01/05/12	\$ 625,000	\$ 502,000	\$ -	\$ 1,127,000
4	02/01/13	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
5	02/02/13	\$ 448,000	\$ 13,000	\$ -	\$ 461,000
6	12/01/16	\$ 471,000	\$ 82,000	\$ -	\$ 553,000
7	Other	\$ 200,000	\$ (34,000)	\$ -	\$ 166,000
8					
TOTAL:			\$ 10,056,000	\$ -	\$ 14,720,000

*(Transfer this amount to
Form 5-3, Line 1)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-2 Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt)
Year Ended December 31, 2018

Form 5-2

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$ -	\$ -	\$ -	\$ -

(Transfer this amount to Form 5-3, Line 2)

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-3 Calculation of Long-Term Debt Reserve Amount
Year Ended December 31, 2018

	Form 5-3	TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ 14,720,000
2	Total from Form 5-2 bottom of Column (e)	\$ -
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$ 1,318,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$ 16,038,000

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Terraces at Los Altos)
Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 22,803,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 2,392,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 3,729,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 2,640,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 8,761,000
4	Net Operating Expenses			\$ 14,042,000
5	Divide Line 4 by 365 and enter the result.			\$ 38,471
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			<u>\$ 2,885,342</u>

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Terraces at Los Altos

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Grand Lake Gardens)

Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 5,097,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 207,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 759,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 1,087,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 2,053,000
4	Net Operating Expenses			\$ 3,044,000
5	Divide Line 4 by 365 and enter the result.			\$ 8,340
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			<u>\$ 625,479</u>

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Grand Lake Gardens

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Piedmont Gardens)
Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 27,440,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 626,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 1,839,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 3,542,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 6,007,000
4	Net Operating Expenses			\$ 21,433,000
5	Divide Line 4 by 365 and enter the result.			\$ 58,721
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			\$ 4,404,041

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Piedmont Gardens

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Plymouth Village)
Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 16,965,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 395,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 2,364,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 1,183,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 3,942,000
4	Net Operating Expenses			\$ 13,023,000
5	Divide Line 4 by 365 and enter the result.			\$ 35,679
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			<u>\$ 2,675,959</u>

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Plymouth Village

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Valle Verde)
Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 29,545,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 1,220,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 4,936,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 1,653,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 7,809,000
4	Net Operating Expenses			\$ 21,736,000
5	Divide Line 4 by 365 and enter the result.			\$ 59,551
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			<u>\$ 4,466,301</u>

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Valle Verde

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Rosewood)
Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 19,602,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 592,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 1,320,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 3,454,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 5,366,000
4	Net Operating Expenses			\$ 14,236,000
5	Divide Line 4 by 365 and enter the result.			\$ 39,003
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			<u>\$ 2,925,205</u>

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Rosewood

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-4 Calculation of Net Operating Expenses (Terraces of Los Gatos)
Year Ended December 31, 2018

		Form 5-4	Amounts	TOTAL
1	Total operating expenses from financial statements			\$ 28,619,000
2	Deductions:			
	a. Interest paid on long-term debt (see instructions)		\$ 2,082,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		\$ -	
	c. Depreciation		\$ 3,678,000	
	d. Amortization		\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		\$ 2,629,000	
	f. Extraordinary expenses approved by the Department		\$ -	
3	Total Deductions			\$ 8,389,000
4	Net Operating Expenses			\$ 20,230,000
5	Divide Line 4 by 365 and enter the result.			\$ 55,425
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.			<u>\$ 4,156,849</u>

PROVIDER: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)

COMMUNITY: Terraces of Los Gatos

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-5 Annual Reserve Certification
Year Ended December 31, 2018

FORM 5-5

Provider Name: HumanGood NorCal and Foundation Affiliate (a Member of HumanGood)
Fiscal Year Ended: 12/31/2018

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2018 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 2018 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$ <u>16,038,000</u>
[2] Operating Expense Reserve Amount	\$ <u>22,139,176</u>
[3] Total Liquid Reserve Amount:	\$ <u>38,177,176</u>

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ -	\$ 21,860,000
[5] Investment Securities	\$ 19,343,377	\$ 26,869,361
[6] Equity Securities	\$ -	\$ 131,179,918
[7] Unused/Available Lines of Credit	\$ -	\$ -
[8] Unused/Available Letters of Credit	\$ -	\$ -
[9] Debt Service Reserve	\$ 11,297,623	(not applicable)
[10] Other:	\$ -	\$ -
<hr/>		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$ 30,641,000 [12]	\$ 179,909,279
Reserve Obligation Amount: [13]	\$ 16,038,000 [14]	\$ 22,139,176
Surplus/(Deficiency): [15]	\$ 14,603,000 [16]	\$ 157,770,103

Signature:

Sam A. Carson

(Authorized Representative)

Date: 4/30/19

Chief Financial Officer

(Title)

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Note to Continuing Care Liquid Reserve Schedules
December 31, 2018

1. Basis of Accounting

The accompanying reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of HumanGood NorCal and Foundation Affiliate's assets, liabilities, revenues, and expenses.

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Attachment I to Form 5-1: Principal Paid During Fiscal Year
State of California, Department of Social Services
Year Ended December 31, 2018

Total principal paid, from financial statements	<u>\$ 4,664,000</u>
Total principal paid during fiscal year per Form 5-1	
Long-term debt obligation #1	\$ 1,975,000
Long-term debt obligation #2	945,000
Long-term debt obligation #3	625,000
Long-term debt obligation #4	-
Long-term debt obligation #5	448,000
Long-term debt obligation #6	471,000
Long-term debt obligation #7	<u>200,000</u>
Total principal paid during fiscal year	<u>\$ 4,664,000</u>

HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)

Attachment II to Form 5-1: Interest Paid During Fiscal Year
State of California, Department of Social Services
Year Ended December 31, 2018

Total interest paid, net of amounts capitalized, from financial statements	\$ 9,343,000
Subtract:	
Loan fees	27,000
Amortization of bond issuance costs, premiums, and discounts 2015	61,000
Add:	
Capitalized interest, Piedmont Gardens Loan	82,000
Interest payments received from affiliate on subordinated debt	<u>719,000</u>
Total interest paid during fiscal year per Form 5-1	<u><u>\$ 10,056,000</u></u>

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Attachment I to Form 5-4: Operating Expenses from Financial Statements
State of California, Department of Social Services
Year Ended December 31, 2018

	<u>Terraces at Los Altos</u>	<u>Grand Lake Gardens</u>	<u>Piedmont Gardens</u>	<u>Plymouth Village</u>	<u>Valle Verde</u>	<u>Rosewood</u>	<u>Terraces of Los Gatos</u>	<u>Total</u>
Line 1, Total Operating Expenses from Financial Statements:								
Total operating expenses from financial statements as reported	\$ 16,682,000	\$ 4,131,000	\$ 24,975,000	\$ 14,206,000	\$ 23,389,000	\$ 17,690,000	\$ 22,859,000	\$ 123,932,000
Add:								
Depreciation	3,729,000	759,000	1,839,000	2,364,000	4,936,000	1,320,000	3,678,000	18,625,000
Mortgage interest	<u>2,392,000</u>	<u>207,000</u>	<u>626,000</u>	<u>395,000</u>	<u>1,220,000</u>	<u>592,000</u>	<u>2,082,000</u>	<u>7,514,000</u>
Total	<u>\$ 22,803,000</u>	<u>\$ 5,097,000</u>	<u>\$ 27,440,000</u>	<u>\$ 16,965,000</u>	<u>\$ 29,545,000</u>	<u>\$ 19,602,000</u>	<u>\$ 28,619,000</u>	<u>\$ 150,071,000</u>

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Attachment II to Form 5-4: Deductions from Operating Expenses
State of California, Department of Social Services
Year Ended December 31, 2018

Line	Description	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	Total
2e	Total Revenues Received During the Fiscal Year for Services to Resident Who Did Not Have a Continuing Care Contract:								
Sum of (A)	Monthly fees, private (noncontract)	\$ 2,613,000	\$ 1,087,000	\$ 3,523,000	\$ 1,138,000	\$ 1,628,000	\$ 3,383,000	\$ 2,595,000	\$ 15,967,000
(D)	Monthly fees, wellness, private (noncontract)	1,000	-	-	5,000	-	51,000	-	57,000
(F)	Physical therapy, private (noncontract)	1,000	-	-	-	-	-	-	1,000
(G)	Occupational therapy, private (noncontract)	5,000	-	4,000	21,000	-	11,000	7,000	48,000
(H)	Speech therapy, private (noncontract)	5,000	-	3,000	13,000	1,000	4,000	5,000	31,000
Sum of (E)	Chargeable supplies, private (noncontract)	12,000	-	11,000	5,000	12,000	4,000	21,000	65,000
Sum of (C)	Drugs, private (noncontract)	3,000	-	1,000	1,000	1,000	1,000	1,000	8,000
(J)	Oxygen, private (noncontract)	-	-	-	-	11,000	-	-	11,000
	Total for Line 2e	\$ 2,640,000	\$ 1,087,000	\$ 3,542,000	\$ 1,183,000	\$ 1,653,000	\$ 3,454,000	\$ 2,629,000	\$ 16,188,000
	Residential Living Fees Reconciliation								
(A)	Monthly fees, private (noncontract)	\$ -	\$ 1,087,000	\$ -	\$ 258,000	\$ -	\$ 1,186,000	\$ -	\$ 2,531,000
	Total (noncontract)	-	1,087,000	-	258,000	-	1,186,000	-	2,531,000
	Contract	6,475,000	2,445,000	7,942,000	6,450,000	12,508,000	2,743,000	10,453,000	49,016,000
	Total residential living fees	\$ 6,475,000	\$ 3,532,000	\$ 7,942,000	\$ 6,708,000	\$ 12,508,000	\$ 3,929,000	\$ 10,453,000	\$ 51,547,000
	Assisted Living Fees Reconciliation								
(A)	Monthly fees, private (noncontract)	\$ 1,243,000	\$ -	\$ 1,412,000	\$ 252,000	\$ 104,000	\$ 1,167,000	\$ 1,030,000	\$ 5,208,000
(C)	Drugs, private (noncontract)	-	-	-	1,000	-	-	1,000	2,000
	Total (noncontract)	1,243,000	-	1,412,000	253,000	104,000	1,167,000	1,031,000	5,210,000
	Contract	1,223,000	-	2,307,000	1,677,000	1,952,000	731,000	2,272,000	10,162,000
	Total assisted living fees	\$ 2,466,000	\$ -	\$ 3,719,000	\$ 1,930,000	\$ 2,056,000	\$ 1,898,000	\$ 3,303,000	\$ 15,372,000
	Health Center Fees Reconciliation								
(A)	Monthly fees, private (noncontract)	\$ 538,000	\$ -	\$ 1,401,000	\$ 477,000	\$ 1,465,000	\$ 401,000	\$ 1,094,000	\$ 5,376,000
(F)	Physical therapy, private (noncontract)	1,000	-	-	-	-	-	-	1,000
(G)	Occupational therapy, private (noncontract)	5,000	-	4,000	21,000	-	11,000	7,000	48,000
(H)	Speech therapy, private (noncontract)	5,000	-	3,000	13,000	1,000	4,000	5,000	31,000
(E)	Chargeable supplies, private (noncontract)	12,000	-	11,000	5,000	12,000	4,000	15,000	59,000
(C)	Drugs, private (noncontract)	3,000	-	1,000	-	1,000	1,000	-	6,000
(J)	Oxygen, private (noncontract)	-	-	-	-	11,000	-	-	11,000
	Total (noncontract)	564,000	-	1,420,000	516,000	1,490,000	421,000	1,121,000	5,532,000
	Contract	6,199,000	-	9,995,000	3,777,000	8,227,000	10,073,000	10,969,000	49,240,000
	Total health center fees reconciliation	\$ 6,763,000	\$ -	\$ 11,415,000	\$ 4,293,000	\$ 9,717,000	\$ 10,494,000	\$ 12,090,000	\$ 54,772,000
	Memory Support Reconciliation								
(A)	Monthly fees, private (noncontract)	\$ 832,000	\$ -	\$ 710,000	\$ 151,000	\$ 59,000	\$ 629,000	\$ 471,000	\$ 2,852,000
(E)	Chargeable supplies, private (noncontract)	-	-	-	-	-	-	6,000	6,000
	Total (noncontract)	832,000	-	710,000	151,000	59,000	629,000	477,000	2,858,000
	Contract	938,000	-	532,000	274,000	1,656,000	629,000	1,346,000	5,375,000
	Total memory support fees	\$ 1,770,000	\$ -	\$ 1,242,000	\$ 425,000	\$ 1,715,000	\$ 1,258,000	\$ 1,823,000	\$ 8,233,000
	Other Residential Services Reconciliation								
(D)	Monthly fees, wellness, private (noncontract)	\$ 1,000	\$ -	\$ -	\$ 5,000	\$ -	\$ 51,000	\$ -	\$ 57,000
	Total (noncontract)	1,000	-	-	5,000	-	51,000	-	57,000
	Contract	104,000	111,000	629,000	101,000	356,000	127,000	138,000	1,566,000
	Total other residential services fees	\$ 105,000	\$ 111,000	\$ 629,000	\$ 106,000	\$ 356,000	\$ 178,000	\$ 138,000	\$ 1,623,000

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Attachment I to Form 5-5 Schedule of Qualifying Assets, Investments and Debt Service Reserve
State of California, Department of Social Services
Year Ended December 31, 2018

Total Cash and Cash Equivalents from Financial Statements	
Cash and cash equivalents, HumanGood NorCal	\$ 21,439,000
Cash and cash equivalents, Foundation West	<u>421,000</u>
Total operating reserve, cash and cash equivalents	<u>\$ 21,860,000</u>
Total Investments from Financial Statements	
Investments, HumanGood NorCal	\$ 70,615,000
Designated Investments, HumanGood NorCal	45,241,000
Designated Investments, Foundation West	44,504,000
Subtract,	
Securities collateral required to back letters of credit	<u>2,310,721</u>
Total investments from financial statements	<u>\$ 158,049,279</u>
Total Investments Securities and Equity Securities from Form 5-5	
Investment securities	\$ 26,869,361
Equity securities	<u>131,179,918</u>
Total investments securities and equity securities from Form 5-5	<u>\$ 158,049,279</u>
Operating Reserve Reconciliation	
Total operating reserve, cash and cash equivalents	\$ 21,860,000
Total investments from financial statements	<u>158,049,279</u>
Total listed for operating reserve obligation	<u>\$ 179,909,279</u>
Debt Service Reserve Reconciliation	
Investment securities Form 5-5	\$ 19,343,377
Debt service reserve Form 5-5	<u>11,297,623</u>
Total listed for debt service reserve obligation	<u>\$ 30,641,000</u>

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-5 Supplemental Schedule: Description of Reserves Under SB 1212

Year Ended December 31, 2018

Total Qualifying Assets as Filed:		Comments in Consistency with Tax Exempt Status Under AB 1169
Cash and cash equivalents	\$ 21,860,000	
Unrestricted investment securities	70,615,000	
Designated Investments	<u>89,745,000</u>	
Total cash, unrestricted, and designated investment securities	182,220,000	
Reserved for workers compensation	<u>(2,310,721)</u>	Securities collateral required to back letters of credit supporting partially self-insured workers compensation program as described in Note 9 to the audited financial statements.
Total qualifying assets	<u>\$ 179,909,279</u>	
Reservations and Designations:		
Designated for Claims	\$ 1,800,000	Claims and legal actions in the ordinary course of business as described in Note 2 to the audited financial statements.
Designated for Endowment	44,600,000	Foundation unrestricted endowment funds that qualify for liquid reserves but are not available for operations. The foundation does provide a guarantee for debt service as described in Note 6 to the audited financial statements. Earnings from the endowment funds are distributed to the communities for assistance with benevolence needs of residents.
Designated for Retirement	3,800,000	Assets included in non-qualified retirement plan that is subject to the claims of creditors as discussed in Note 8 to the audited financial statements.
Designated for Innovation	9,000,000	Anticipated funds to be utilized to fund innovation initiatives at HumanGood.
Designated for Capital Projects	33,600,000	
Designated for Foundation	1,300,000	
Designated for Growth and Liability Reduction	<u>1,100,000</u>	
Total reservations and designations	<u>95,200,000</u>	
Remaining liquid reserves	<u>\$ 84,709,279</u>	Reserves needed for general liquidity consistent with maintaining a credit rating of BBB with a positive effect on aggregate capital costs.

**HumanGood NorCal and Foundation Affiliate
(a Member of HumanGood)**

Form 5-5 Supplemental Schedule: Per Capita Cost of Operations
Year Ended December 31, 2018

Per Capita Cost of Operations

Operating expenses (Form 5-4, line 1)	\$ 150,071,000
Mean Number of CCRC Residents	<u>1,491</u>
Per Capita Cost of Operations	<u>\$ 100,651</u>