

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

Continuing Care Liquid Reserve Schedules  
and Supplementary Information

December 31, 2023

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

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

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## **Independent Auditors' Report**

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

### **Report on the Continuing Care Liquid Reserve Schedules**

#### ***Opinion***

We have audited the accompanying continuing care liquid reserve schedules, Form 5-1 through Form 5-5 (the Schedules) of the HumanGood California Obligated Group & Foundation Affiliates (Members of HumanGood) (the Corporations), which comprise the continuing care liquid reserve schedules, as of and for the year ended December 31, 2023, and the related notes to the continuing care liquid reserve schedules.

In our opinion, the Schedules referred to above present fairly, in all material respects, the continuing care reserves of the Corporations as of and for the year ended December 31, 2023 in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792 as described below.

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter - Basis of Accounting***

We draw attention to Note 2 to the Schedules, which describes the basis of accounting used to prepare the Schedules. The Schedules are prepared by the Corporations 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.

#### ***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.

#### ***Auditors' Responsibility for the Audit of the Schedules***

Our objectives are to obtain reasonable assurance about whether the Schedules 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 Schedules.

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 Schedules, 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 Schedules.
- 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 Schedules.
- 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.

***Restriction on Use***

Our report is intended solely for the information and use of management and the board of directors of the Corporations and the State of California, Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the Schedules, as a whole.

The accompanying supplementary information, as identified on the table of contents, is presented for the purpose of additional analysis and is not a required part of the 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 the 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.



Philadelphia, Pennsylvania  
April 29, 2024

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

Form 5-1 Long-Term Debt Incurred in a Prior Fiscal Year (Including Balloon Debt)

Year Ended December 31, 2023

**FORM 5-1  
LONG-TERM DEBT INCURRED  
IN A PRIOR FISCAL YEAR  
(Including Balloon Debt)**

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid in Fiscal Year	Total Paid (columns (b) + (c) + (d))
1	5/28/2015	\$2,465,000	\$1,905,000	\$0	\$4,370,000
2	12/17/2015	\$1,110,000	\$2,337,000	\$0	\$3,447,000
3	12/1/2016	\$539,000	\$12,000	\$0	\$551,000
4	8/1/2019	\$3,050,000	\$6,632,000	\$0	\$9,682,000
5	10/1/2020	\$3,455,000	\$3,513,000	\$0	\$6,968,000
6	9/29/2021	\$0	\$3,577,000	\$0	\$3,577,000
7	Other	\$200,000	(\$16,000)	\$0	\$184,000
		<b>TOTAL:</b>	\$17,960,000	\$0	\$28,779,000

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

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

Form 5-2 Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt)

Year Ended December 31, 2023

**FORM 5-2  
LONG-TERM DEBT INCURRED  
DURING FISCAL YEAR  
(Including Balloon Debt)**

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 Months	Reserve Requirement (see instruction 5) (columns (c) x (d))
N/A					\$0
<b>TOTAL:</b>			\$0	-	\$0

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

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

Form 5-3 Calculation of Long-Term Debt Reserve Amount  
Year Ended December 31, 2023

**FORM 5-3  
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

Line		Total
1	Total from Form 5-1 bottom of Column (e)	<u>\$28,779,000</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>994,000</u>
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<u><u>\$29,773,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)



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

Form 5-4 Calculation of Net Operating Expenses (Terraces at Los Altos)  
Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$25,669,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$1,765,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$4,026,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$8,302,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$14,093,000</u>
4	Net Operating Expenses		<u>\$11,576,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$32,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$2,400,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Terraces at Los Altos

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

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

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$34,213,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$477,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$2,735,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$13,641,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$16,853,000</u>
4	Net Operating Expenses		<u>\$17,360,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$48,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$3,600,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Piedmont Gardens

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

Form 5-4 Calculation of Net Operating Expenses (Plymouth Village)

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$20,535,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$332,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$3,010,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$4,322,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$7,664,000</u>
4	Net Operating Expenses		<u>\$12,871,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$35,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$2,625,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Plymouth Village

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

Form 5-4 Calculation of Net Operating Expenses (Valle Verde)

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$37,309,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$1,411,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$4,953,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$10,633,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$16,997,000</u>
4	Net Operating Expenses		<u>\$20,312,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$56,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$4,200,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Valle Verde

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

Form 5-4 Calculation of Net Operating Expenses (Rosewood)  
Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$20,991,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$337,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$1,484,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$12,907,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$14,728,000</u>
4	Net Operating Expenses		<u>\$6,263,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$17,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$1,275,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Rosewood

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

Form 5-4 Calculation of Net Operating Expenses (Terraces of Los Gatos)

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$37,489,000</u>
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	<u>\$1,572,000</u>
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>
	c. Depreciation	<u>\$4,238,000</u>
	d. Amortization	<u>-</u>
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$13,874,000</u>
	f. Extraordinary expenses approved by the Department	<u>-</u>
3	Total Deductions	<u>\$19,684,000</u>
4	Net Operating Expenses	<u>\$17,805,000</u>
5	Divide Line 4 by 365 and enter the result	<u>\$49,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.	<u><u>\$3,675,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Terraces of Los Gatos

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

Form 5-4 Calculation of Net Operating Expenses (Terraces at San Joaquin Gardens)  
Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$35,223,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$2,329,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$5,364,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$10,267,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$17,960,000</u>
4	Net Operating Expenses		<u>\$17,263,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$47,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$3,525,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Terraces at San Joaquin Gardens

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

Form 5-4 Calculation of Net Operating Expenses (Royal Oaks)  
Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$25,571,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$399,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$3,658,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$4,410,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$8,467,000</u>
4	Net Operating Expenses		<u>\$17,104,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$47,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$3,525,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Royal Oaks



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

Form 5-4 Calculation of Net Operating Expenses (White Sands La Jolla)

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$31,025,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$2,686,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$5,337,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$6,194,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$14,217,000</u>
4	Net Operating Expenses		<u>\$16,808,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$46,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$3,450,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** White Sands La Jolla

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

Form 5-4 Calculation of Net Operating Expenses (Regents Point)

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$29,531,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$679,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$4,171,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$5,925,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$10,775,000</u>
4	Net Operating Expenses		<u>\$18,756,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$51,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$3,825,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Regents Point

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

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

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$9,960,000</u>
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	<u>\$264,000</u>
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>
	c. Depreciation	<u>\$1,472,000</u>
	d. Amortization	<u>-</u>
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$1,603,000</u>
	f. Extraordinary expenses approved by the Department	<u>-</u>
3	Total Deductions	<u>\$3,339,000</u>
4	Net Operating Expenses	<u>\$6,621,000</u>
5	Divide Line 4 by 365 and enter the result	<u>\$18,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.	<u><u>\$1,350,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Westminster Gardens

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

Form 5-4 Calculation of Net Operating Expenses (Redwood Terrace)

Year Ended December 31, 2023

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$23,359,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$140,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>-</u>	
	c. Depreciation	<u>\$2,406,000</u>	
	d. Amortization	<u>-</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$9,966,000</u>	
	f. Extraordinary expenses approved by the Department	<u>-</u>	
3	Total Deductions		<u>\$12,512,000</u>
4	Net Operating Expenses		<u>\$10,847,000</u>
5	Divide Line 4 by 365 and enter the result		<u>\$30,000</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$2,250,000</u></u>

**PROVIDER:** HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)

**COMMUNITY:** Redwood Terrace

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

Form 5-5 Annual Reserve Certification  
Year Ended December 31, 2023

**FORM 5-5  
ANNUAL RESERVE CERTIFICATION**

Provider Name: HumanGood California Obligated Group and Foundation Affiliates (Members of HumanGood)  
Fiscal Year Ended: 12/31/2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2023 and are in compliance with those requirements.

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

[1] Debt Service Reserve Amount	<u>\$29,773,000</u>
[2] Operating Expense Reserve Amount	<u>\$35,700,000</u>
<b>[3] Total Liquid Reserve Amount:</b>	<b><u>\$65,473,000</u></b>

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

<u>Qualifying Asset Description</u>	<b>Amount (market value at end of quarter)</b>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	<u>\$8,370,000</u>	<u>\$25,111,000</u>
[5] Investment Securities	<u>\$87,795,000</u>	<u>\$263,383,000</u>
[6] Equity Securities	<u></u>	<u></u>
[7] Unused/Available Lines of Credit	<u></u>	<u></u>
[8] Unused/Available Letters of Credit	<u></u>	<u></u>
[9] Debt Service Reserve	<u>\$5,901,000</u>	<u>(not applicable)</u>
[10] Other:	<u></u>	<u></u>
<u></u> (describe qualifying asset)		
<b>Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]</b>	<b><u>\$102,066,000</u></b>	<b>[12] <u>\$288,494,000</u></b>
<b>Reserve Obligation Amount: [13]</b>	<b><u>\$29,773,000</u></b>	<b>[14] <u>\$35,700,000</u></b>
<b>Surplus/ (Deficiency): [15]</b>	<b><u>\$72,293,000</u></b>	<b>[16] <u>\$252,794,000</u></b>

Signature: 

\_\_\_\_\_  
(Authorized Representative)

Date: 4/30/2024

\_\_\_\_\_  
Chief Financial Officer  
(Title)

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

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Notes to Continuing Care Liquid Reserve Schedules  
December 31, 2023

## 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, collectively form the HumanGood California Obligated Group, and together with Foundation West and Foundation South, constitute the HumanGood California Obligated Group & Foundation Affiliates (collectively, the Corporations).

### HumanGood California Obligated Group

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

#### 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	Valle Verde
Piedmont Gardens	Rosewood
Plymouth Village	Terraces of Los Gatos
Grand Lake Gardens (closed and delicensed in 2023)	

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. Grand Lake Gardens is excluded from the accompanying 2023 continuing care liquid reserve schedules.

#### 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	Regents Point
White Sands La Jolla	Westminster Gardens
Windsor (sold in 2023)	Redwood Terrace

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

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Notes to Continuing Care Liquid Reserve Schedules  
December 31, 2023

During 2021, the Corporations entered into negotiations to sell one of its LPCs, Windsor, to unrelated parties. On March 1, 2023, the Corporations closed on the sale of Windsor. The transaction, which was approved by California's Attorney General, was made for fair market value pursuant to an agreement between both parties. Windsor is excluded from the accompanying 2023 continuing care liquid reserve schedules.

### **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. Foundation West guarantees a certain NorCal bond obligation. Foundation West's obligations under the guaranty agreement are limited to Foundation West's income earned on its net assets without donor restrictions.

### **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.

## **2. Basis of Accounting**

The accompanying continuing care liquid reserve schedules 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 the HumanGood California Obligated Group & Foundation Affiliates' assets, liabilities, revenues and expenses.

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

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Attachment I To Form 5-1: Principal Paid During Fiscal Year  
State of California - Department of Social Services  
Year Ended December 31, 2023

**Description**

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Total principal paid from combining financial statements	<u><u>\$ 10,819,000</u></u>
Total principal paid during fiscal year per Form 5-1	
Long-term debt obligation #1	\$ 2,465,000
Long-term debt obligation #2	1,110,000
Long-term debt obligation #3	539,000
Long-term debt obligation #4	3,050,000
Long-term debt obligation #5	3,455,000
Long-term debt obligation #6	-
Long-term debt obligation #7	<u>200,000</u>
Total principal paid during fiscal year	<u><u>\$ 10,819,000</u></u>



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

Attachment II to Form 5-1: Interest Paid on Long-Term Debt Incurred During Prior Fiscal Year  
State of California - Department of Social Services  
Year Ended December 31, 2023

**Description**

Total interest paid from combining financial statements	\$ 18,125,000
Subtract:	
Loan Fees	<u>165,000</u>
Total interest paid during fiscal year	17,960,000
Interest paid related to long-term debt incurred during fiscal year (Form 5-2)	<u>-</u>
Interest paid related to long-term debt incurred during a prior fiscal year (Form 5-1)	<u><u>\$ 17,960,000</u></u>

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

Attachment I to Form 5-4: Operating Expenses From Combining Financial Statements  
State of California - Department of Social Services  
Year Ended December 31, 2023

Description	Terraces at Los Altos	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	Terraces at San Joaquin Gardens	Royal Oaks	White Sands La Jolla	Regents Point	Westminster Gardens	Redwood Terrace	Total
<b>Line 1, Total Operating Expenses from Combining Financial Statements:</b>													
Total operating expenses from combining financial statements as reported	\$ 19,878,000	\$ 31,001,000	\$ 17,193,000	\$ 30,945,000	\$ 19,170,000	\$ 31,679,000	\$ 27,530,000	\$ 21,514,000	\$ 23,002,000	\$ 24,681,000	\$ 8,224,000	\$ 20,813,000	\$ 275,630,000
Add:													
Depreciation and amortization	4,026,000	2,735,000	3,010,000	4,953,000	1,484,000	4,238,000	5,364,000	3,658,000	5,337,000	4,171,000	1,472,000	2,406,000	42,854,000
Interest expense	1,765,000	477,000	332,000	1,411,000	337,000	1,572,000	2,329,000	399,000	2,686,000	679,000	264,000	140,000	12,391,000
<b>Total</b>	<b>\$ 25,669,000</b>	<b>\$ 34,213,000</b>	<b>\$ 20,535,000</b>	<b>\$ 37,309,000</b>	<b>\$ 20,991,000</b>	<b>\$ 37,489,000</b>	<b>\$ 35,223,000</b>	<b>\$ 25,571,000</b>	<b>\$ 31,025,000</b>	<b>\$ 29,531,000</b>	<b>\$ 9,960,000</b>	<b>\$ 23,359,000</b>	<b>\$ 330,875,000</b>



**HumanGood California Obligated Group & Foundation Affiliates  
(Members 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, 2023

**Total Cash and Cash Equivalents From Combining Financial Statements**

Cash and cash equivalents (p.3) \$ 33,481,000

**Cash and Cash Equivalents Reconciliation From Form 5-5**

Debt service reserve, cash and cash equivalents \$ 8,370,000

Operating reserve, cash and cash equivalents 25,111,000

Total cash and cash equivalents listed on Form 5-5 \$ 33,481,000

**Total Investment From Combining Financial Statements**

Investments (p.3) \$ 267,944,000

Designated investments (p.3) 83,234,000

Total investments from combining financial statements \$ 351,178,000

**Investment Securities Reconciliation From Form 5-5**

Debt service reserve, investments \$ 87,795,000

Operating reserve, investments 263,383,000

Total investments listed on Form 5-5 \$ 351,178,000

**Debt Service Reserve From Combining Financial Statements**

Current portion of restricted investments (p.3) \$ 5,901,000

**Debt Service Reserve Reconciliation From Form 5-5**

Debt service reserve \$ 5,901,000

**Debt Service Reserve Reconciliation**

Cash and cash equivalents, Form 5-5 \$ 8,370,000

Investment securities, Form 5-5 87,795,000

HumanGood California Obligated Group debt service reserve 5,901,000

Total listed for debt service reserve \$ 102,066,000

**Operating Reserve Reconciliation**

Cash and cash equivalents, Form 5-5 \$ 25,111,000

Investment securities, Form 5-5 263,383,000

Total listed for operating reserve \$ 288,494,000

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

Form 5-5 Supplemental Schedule: Description of Reserves Under SB 1212  
State of California - Department of Social Services  
Year Ended December 31, 2023

**Total Qualifying Assets as Filed:**

**Comments in Consistency with Tax Exempt Status Under AB 1169**

Cash and cash equivalents	\$ 33,481,000
Unrestricted investment securities	267,944,000
Designated investments	83,234,000
Debt service reserve	<u>5,901,000</u>
 Total qualifying assets	 <u>390,560,000</u>

**Reservations and Designations:**

Designated for Benevolence	66,793,000	Foundation West unrestricted endowment funds qualify for liquid reserves but are not generally available for operations. Foundation West provides a limited guarantee for certain debt service obligations as described in Note 6 to the audited combined financial statements. Earnings from the Foundation West unrestricted endowment funds are distributed to the communities for assistance with benevolence needs of residents but could be made available if necessary.
Designated for Retirement	5,091,000	Assets included in non-qualified retirement plan that is subject to claims of creditors as discussed in Note 8 to the audited financial statements. Funds could be made available if necessary.
Designated for Capital Projects	<u>11,350,000</u>	Anticipated funds to be utilized to fund certain capital project initiatives at HumanGood. Funds could be made available if necessary.
 Total reservations and designations	 <u>\$ 83,234,000</u>	

**Note:** 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. Additionally, certain other board-designated assets are internally designated for long-term purposes and an operating reserve. These investments are not used for general expenditure within the next year; however, the board-designated amounts could be made available, if necessary, and as such are included above. Total qualifying assets exclude any amounts with external donor restrictions.

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

Form 5-5 Supplemental Schedule: Per Capita Cost of Operations  
State of California - Department of Social Services  
Year Ended December 31, 2023

Description	Terraces at Los Altos	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	Terraces at San Joaquin Gardens	Royal Oaks	White Sands La Jolla	Regents Point	Westminster Gardens	Redwood Terrace	Total
<b>Per Capita Cost of Operations</b>													
Operating expenses (Form 5-4, line 1)	\$ 25,669,000	\$ 34,213,000	\$ 20,535,000	\$ 37,309,000	\$ 20,991,000	\$ 37,489,000	\$ 35,223,000	\$ 25,571,000	\$ 31,025,000	\$ 29,531,000	\$ 9,960,000	\$ 23,359,000	\$ 330,875,000
Mean Number of CCRC Residents	154	232	238	375	102	266	341	228	233	309	150	136	2,762
Per Capita Cost of Operations	<u>\$ 167,225</u>	<u>\$ 147,788</u>	<u>\$ 86,282</u>	<u>\$ 99,491</u>	<u>\$ 205,794</u>	<u>\$ 140,936</u>	<u>\$ 103,293</u>	<u>\$ 112,400</u>	<u>\$ 133,441</u>	<u>\$ 95,570</u>	<u>\$ 66,622</u>	<u>\$ 171,757</u>	<u>\$ 119,817</u>