

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/2024

PROVIDER(S):

O'Connor Woods Housing Corporation

CCRC(S):

O'Connor Woods

PROVIDER CONTACT PERSON:

Carey Howell

TELEPHONE NUMBER:

(916) 334-0810

E-MAIL ADDRESS:

Carey.Howell@eskaton.org

A complete annual report must consist of 3 copies of all of the following:

- ☒ Annual Report Checklist.
- ☒ Annual Provider Fee in the amount of: \$ 8,860
 - ☐ If applicable, late fee in the amount of: \$ _____
- ☒ Certification by the provider's **Chief Executive Officer** that:
 - ☒ The reports are correct to the best of his/her knowledge.
 - ☒ Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - ☒ The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- ☒ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☒ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- ☒ "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- ☒ Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- ☐ Form 9-1, "Calculation of Refund Reserve Amount", if applicable.
- ☐ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

PART 1
RESIDENT POPULATION AND ANNUAL
PROVIDER FEE

FORM 1-1:RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	107
[2]	Number at end of fiscal year	107
[3]	Total Lines 1 and 2	214 x.50
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	
[5]	Mean number of continuing care residents	107
All Residents		
[6]	Number at beginning of fiscal year	405
[7]	Number at end of fiscal year	401
[8]	Total Lines 6 and 7	806 x.50
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	
[10]	Mean number of <i>all</i> residents	403
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	27

O'Connor Woods
Calculation of Non-Contract Resident Reimbursement
December 31, 2024

	Independent	Assisted	Skilled	Total
Contract Residents @ 12/31/23	99	7	1	107
Contract Residents @ 12/31/24	98	8	1	107
Total	197	15	2	214
Mean	98.5	7.5	1.0	107.0
All Residents @ 12/31/23	243	97	65	405
All Residents @ 12/31/24	233	114	54	401
Total	476	211	119	806
Mean	238.0	105.5	59.5	403.0
% Contract Residents to Total Residents	41.39%	7.11%	1.68%	26.55%
% Non-Contract Residents to Total Residents	58.61%	92.89%	98.32%	73.45%

2024 CASH RECEIPTS

Independent Living (Contract Residents)	4,941,000	
Net Independent Living (Non-Contract Residents)	6,997,000	
Total Independent Living Cash Receipts	11,938,000	
Assisted Living (Contract Residents)	653,000	
Net Assisted Living (Non-Contract Residents)	8,536,000	
Total Assisted Living Cash Receipts	9,189,000	
Skilled Nursing (Contract Residents)	205,000	
Net Skilled Nursing (Non-Contract Residents)	12,007,000	
Total Skilled Nursing Cash Receipts	12,212,000	
Total Non-Contract Resident Cash Receipts		27,540,000

FORM 1-2: ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	39,079,000.00
[a] Depreciation	4,883,000.00
[b] Debt Service (Interest Only)	1,380,000.00
[2] Subtotal (add Line 1a and 1b)	6,263,000.00
[3] Subtract Line 2 from Line 1 and enter result.	32,816,000.00
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.27
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	8,860,000.00
[6] Total Amount Due (multiply Line 5 by .001)	\$ 8,860.00

PROVIDER: O'Connor Woods Housing Corporation**COMMUNITY:** O'Connor Woods

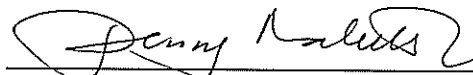
PART 2
CERTIFICATION BY CHIEF EXECUTIVE OFFICER

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

As required by the Continuing Care Contract Statutes, I hereby certify that:

- The annual reserve reports and any amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the Department.
- As of the date of my certification, the provider is maintaining the required liquid reserve and, if applicable, the required refund reserve.

Dated: 4/21/2025



Penny Mallette, Executive Director

PART 3
EVIDENCE OF FIDELITY BOND



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
6/22/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

PRODUCER (WC) Heffernan Insurance Brokers 1350 Carlbach Avenue Walnut Creek CA 94596 License#: 0564249	CONTACT NAME:	
	PHONE (A/C, No, Ext): 925-934-8500	FAX (A/C, No): 925-934-8278
INSURED O'Connor Woods Housing Corporation 3400 Wagner Heights Rd Stockton CA 95209	E-MAIL ADDRESS:	
	PRODUCER CUSTOMER ID: OCONWOO-01	
	INSURER(S) AFFORDING COVERAGE	
	NAIC #	
	INSURER A: Axis Insurance Company	
	INSURER B:	
INSURER C:		
INSURER D:		
INSURER E:		
INSURER F:		

COVERAGES**CERTIFICATE NUMBER:** 1015525712**REVISION NUMBER:**

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR		TYPE OF INSURANCE		POLICY NUMBER		POLICY EFFECTIVE DATE (MM/DD/YYYY)		POLICY EXPIRATION DATE (MM/DD/YYYY)		COVERED PROPERTY		LIMITS	
		PROPERTY								BUILDING	\$		
	CAUSES OF LOSS		DEDUCTIBLES							PERSONAL PROPERTY	\$		
	BASIC		BUILDING							BUSINESS INCOME	\$		
	BROAD		CONTENTS							EXTRA EXPENSE	\$		
	SPECIAL									RENTAL VALUE	\$		
	EARTHQUAKE		BLANKET BUILDING							\$			
	WIND		BLANKET PERS PROP							\$			
	FLOOD		BLANKET BLDG & PP							\$			
										\$			
										\$			
										\$			
			INLAND MARINE							TYPE OF POLICY			
CAUSES OF LOSS			\$										
NAMED PERILS		POLICY NUMBER	\$										
			\$										
A		CRIME	P001000595946-03	6/15/2023	6/16/2024	X	Fidelity Bond	\$ \$5,000,000					
	TYPE OF POLICY					X	Deductible	\$ \$25,000					
	Fidelity/Dishonesty							\$					
		BOILER & MACHINERY / EQUIPMENT BREAKDOWN						\$					
								\$					
								\$					
								\$					

SPECIAL CONDITIONS / OTHER COVERAGES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: As respects Meadowood.

CERTIFICATE HOLDER**CANCELLATION**Eskaton Properties, Inc.
5105 Manzanita Ave.
Carmichael, CA 95608

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

4/22/2025

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must have **ADDITIONAL INSURED** provisions or be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER (WC) Heffernan Insurance Brokers 1350 Carback Avenue Walnut Creek CA 94596	CONTACT NAME: Walnut Creek AMS Team PHONE (A/C, No, Ext): 925-934-8500 E-MAIL ADDRESS: WalnutCreekAMS@heffins.com	FAX (A/C, No): 925-934-8278
INSURED O'Connor Woods Housing Corporation 3400 Wagner Heights Rd Stockton CA 95209	License#: 0564249 OCOWOO-01	
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A: StarStone Specialty Insurance Company		44776
INSURER B: Nationwide Mutual Insurance Company		
INSURER C: Insurance Company of the West		27847
INSURER D: Palomar Excess and Surplus Insurance Company		16754
INSURER E: Axis Insurance Company		37273
INSURER F:		

COVERAGES**CERTIFICATE NUMBER:** 178639692**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			ACP3078321723	6/16/2024	6/16/2025	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 \$
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			ACP3078321723	6/16/2024	6/16/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DED <input checked="" type="checkbox"/> RETENTION \$ 0			18742Z240AHL	6/16/2024	6/16/2025	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000 \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y / N <input type="checkbox"/>	N / A	WPL 5052693 05	1/1/2025	1/1/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B D E	PROFESSIONAL LIABILITY CYBER LIABILITY CRIME			ACP3078321723 PLM-CB-S8GRC2PHI002 P-001-000595946-04	6/16/2024 1/1/2025 6/16/2024	6/16/2025 1/1/2026 6/16/2025	EACH OCC/AGGREGATE \$1M/\$3M AGGREGATE/DEDUCTIBLE \$2M/\$10K THEFT/DEDUCTIBLE \$5M/\$25K

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: As respects Meadowood.

CERTIFICATE HOLDER**CANCELLATION**Eskaton Properties, Inc.
5105 Manzanita Ave.
Carmichael, CA 95608

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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PART 4
AUDITED FINANCIAL STATEMENTS



Report of Independent Auditors and
Financial Statements

O'Connor Woods Housing Corporation

December 31, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
O'Connor Woods Housing Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of O'Connor Woods Housing Corporation, which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of O'Connor Woods Housing Corporation as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of O'Connor Woods Housing Corporation 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about O'Connor Woods Housing Corporation's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 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 O'Connor Woods Housing Corporation's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about O'Connor Woods Housing Corporation's 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.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
April 18, 2025

Financial Statements

O'Connor Woods Housing Corporation
Balance Sheets
December 31, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,107	\$ 3,481
Investments	16,894	16,168
Tenant and patient receivables, net	1,724	1,827
Other receivables	743	1,217
Prepaid expenses and deposits	687	649
Inventories	67	113
Assets limited as to use, required for current liabilities - debt service reserves	<u>2,028</u>	<u>2,051</u>
Total current assets	<u>26,250</u>	<u>25,506</u>
ASSETS LIMITED AS TO USE, net of current portion		
Debt service reserves, net of current portion	1,490	1,419
Donor-restricted cash and investments	<u>3,595</u>	<u>3,468</u>
Total assets limited as to use, net of current portion	<u>5,085</u>	<u>4,887</u>
PROPERTY AND EQUIPMENT, net	<u>42,523</u>	<u>45,591</u>
Total assets	<u><u>\$ 73,858</u></u>	<u><u>\$ 75,984</u></u>

See accompanying notes.

O'Connor Woods Housing Corporation
Balance Sheets
December 31, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,909	\$ 1,455
Accrued payroll and payroll-related expenses	1,365	1,257
Accrued interest expense	677	703
Long-term debt, current portion	1,558	1,553
Deferred entrance fees, current portion	535	479
Refundable CCRC contracts, current portion	813	304
Deferred income and tenant deposits	<u>1,130</u>	<u>1,011</u>
Total current liabilities	<u>8,987</u>	<u>6,762</u>
NONCURRENT LIABILITIES		
Deferred entrance fees, net of current portion	1,978	1,957
Refundable CCRC contracts, net of current portion	12,599	13,342
Other long-term liabilities	12	10
Long-term debt, net of current portion	<u>35,148</u>	<u>36,707</u>
Total noncurrent liabilities	<u>49,737</u>	<u>52,016</u>
Total liabilities	<u>58,724</u>	<u>58,778</u>
NET ASSETS		
Without donor restrictions	11,410	13,720
With donor restrictions	<u>3,724</u>	<u>3,486</u>
Total net assets	<u>15,134</u>	<u>17,206</u>
Total liabilities and net assets	<u><u>\$ 73,858</u></u>	<u><u>\$ 75,984</u></u>

See accompanying notes.

O'Connor Woods Housing Corporation
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND OTHER SUPPORT		
Rental revenue, including amortization of CCRC entrance fees of \$660 and \$623 in 2024 and 2023, respectively	\$ 21,791	\$ 20,530
Net patient service revenue	12,273	12,677
Other revenue	771	659
Contributions	13	11
Net assets released from restrictions for operations	<u>115</u>	<u>82</u>
Total revenue and other support	<u>34,963</u>	<u>33,959</u>
EXPENSES		
Salaries and wages	15,340	15,187
Employee benefits	3,613	3,614
Professional fees	363	997
Supplies	817	782
Purchased services	5,672	5,456
Ancillary costs	1,752	1,900
Utilities	2,589	2,344
Insurance and other	1,186	969
Management and support services fees	1,743	1,698
Depreciation	4,883	4,968
Interest and amortization	<u>1,121</u>	<u>1,180</u>
Total expenses	<u>39,079</u>	<u>39,095</u>
Operating loss	<u>(4,116)</u>	<u>(5,136)</u>
NONOPERATING REVENUE (EXPENSE)		
Investment income	1,815	2,892
Loss on asset disposal	<u>(9)</u>	<u>(13)</u>
Total nonoperating revenue	<u>1,806</u>	<u>2,879</u>
Deficiency of revenue and other support over expenses	<u><u>\$ (2,310)</u></u>	<u><u>\$ (2,257)</u></u>

See accompanying notes.

O'Connor Woods Housing Corporation
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	11	60
Investment income	335	416
Charitable annuity trust valuation adjustment	7	2
Net assets released from restrictions for operations	<u>(115)</u>	<u>(82)</u>
Change in net assets with donor restrictions	<u>238</u>	<u>396</u>
CHANGE IN NET ASSETS	(2,072)	(1,861)
NET ASSETS, beginning of year	<u>17,206</u>	<u>19,067</u>
NET ASSETS, end of year	<u><u>\$ 15,134</u></u>	<u><u>\$ 17,206</u></u>

See accompanying notes.

O'Connor Woods Housing Corporation
Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from rental revenue	\$ 21,127	\$ 19,968
Cash receipts from sales of CCRC contracts	977	1,066
Cash receipts from patients	12,212	12,386
Cash receipts from other revenue	1,468	1,231
Cash payments for salaries and benefits	(18,840)	(18,771)
Cash payments for other operating expenses	(12,371)	(14,740)
Cash payments for interest	(1,391)	(1,069)
Net cash provided by operating activities	<u>3,182</u>	<u>71</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(25,666)	(8,105)
Proceeds from sale of investments	26,095	10,873
Purchase of property and equipment	(1,824)	(2,809)
Net cash used in investing activities	<u>(1,395)</u>	<u>(41)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(1,310)	(450)
Donor-restricted contributions	11	60
Sales of refundable CCRC contracts	-	1,801
Refunded CCRC contracts	-	(550)
Net cash (used in) provided by financing activities	<u>(1,299)</u>	<u>861</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	488	891
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	<u>7,219</u>	<u>6,328</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u><u>\$ 7,707</u></u>	<u><u>\$ 7,219</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash investing activity during the year for property and equipment acquired through accounts payable	<u><u>\$ 112</u></u>	<u><u>\$ 5</u></u>

See accompanying notes.

O'Connor Woods Housing Corporation
Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (2,072)	\$ (1,861)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,883	4,968
Loss on asset disposal	9	13
Amortization of deferred financing costs	150	156
Amortization of bond premium	(394)	(404)
Amortization of CCRC entrance fees	(660)	(623)
Restricted contributions received	(11)	(60)
Net realized and unrealized gains on investments	(1,466)	(2,747)
Charitable annuity trust valuation adjustment	(7)	(2)
Provision for uncollectible accounts	287	672
Changes in assets and liabilities		
Tenant and patient receivables	(184)	(291)
Other receivables	474	48
Prepaid expenses and deposits	(38)	(27)
Inventories	46	43
Accounts payable and accrued expenses	1,454	(1,269)
Accrued payroll and payroll-related expenses	113	30
Accrued interest expense	(26)	359
Deferred income and tenant deposits	119	61
Refundable CCRC contracts	(234)	368
Deferred entrance fees	737	650
Other long-term liabilities	2	(13)
Net cash provided by operating activities	<u>\$ 3,182</u>	<u>\$ 71</u>

See accompanying notes.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Note 1 – Organization and Summary of Significant Accounting Policies

Organization – In June 2014, O'Connor Woods Housing Corporation and O'Connor Woods Holding Company merged and became O'Connor Woods Housing Corporation. O'Connor Woods Housing Corporation (the Corporation) is a California not-for-profit corporation. The Corporation is licensed by the State of California Department of Social Services Continuing Care Contracts Branch as a Continuing Care Retirement Community (CCRC) and provides housing and other needs of the elderly in Stockton, California. It owns and operates a 249-unit residential retirement facility; a 37-unit assisted living facility (Garden Oaks); a 48-unit assisted living facility (Oak Creek); a 20-unit memory care facility (Laurel Pointe); an 11-unit memory care facility (Laurel Pointe East); and a 75-unit skilled nursing facility (Meadowood Care Center).

A summary of significant accounting policies follows:

Cash and cash equivalents – For purposes of reporting in the statements of cash flows, the Corporation includes all highly liquid debt instruments purchased with an original maturity of three months or less, including money market funds, as cash and cash equivalents. The Corporation periodically maintains cash deposits in excess of federally insured limits.

Assets limited as to use – Assets limited as to use include assets held by a trustee under a bond indenture agreement and assets restricted by donors. Assets limited as to use are reported at fair value. Amounts required to satisfy the obligations classified as current liabilities are reported as current assets in the accompanying balance sheets.

Accounts receivable – The Corporation provides services to residents including those that may lack adequate funds or may participate in programs that do not pay full charges. The Corporation receives payment for health services from residents, insurance companies, Medicare, health maintenance organizations, and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts and providing appropriate allowances for uncollectible accounts. Tenant and patient accounts receivable are stated at the amount management expects to collect. The Corporation provides for estimated credit losses on accounts receivable based on prior bad debt experience and generally does not charge interest on past due balances. Past due status is based on the date of services provided. Receivables are charged off when they are deemed uncollectible. Recoveries from previously charged-off accounts are recorded when received.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Revenue recognition – The Corporation’s patient service revenue is generated through the Meadowood Care Center skilled nursing facility. The Corporation generally does not require collateral or other security in extending credit to patients; however, the Corporation routinely obtains assignments of (or is otherwise entitled to receive) benefits receivable under health insurance programs, plans, or policies of patients, such as Medicare and commercial insurance. Patient service revenue is recognized at the time the service is provided. A portion of the Corporation’s revenue is subject to discounts under contracts with third-party payors, or explicit price concessions. The transaction price for these services is based on standard charges for goods and services provided, reduced by contractual adjustments provided to third parties. The Corporation determines its estimates for contractual adjustments based on contractual agreements and historical experience. Routine services are treated as a single performance obligation satisfied over time as services are rendered. As such, patient care represents a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services which are not included in the daily rates for routine services. Ancillary services are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered. Revenue is recognized in the month in which the performance obligations are satisfied. Performance obligations satisfied over time for net patient service revenue are recognized based on actual charges incurred. This method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Rental revenue generated through the assisted living, memory care, and independent living facilities is recognized monthly in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Security deposits and advanced rent are recognized as liabilities until returned to tenants or otherwise earned. The Corporation has determined that the senior living services included under a 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. In conjunction with its resident services, the Corporation sells CCRC membership contracts. Revenue associated with these membership contracts is recognized over the estimated remaining life of the resident.

The following represents net patient service revenue (in thousands), disaggregated by payor source, and rental revenue (in thousands), disaggregated by level of care for the years ended December 31, as this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors:

	Year Ended December 31, 2024				
	Private Pay	Other Insurance	Medicare	Medi-Cal	Total
Net Patient Service Revenue	\$ 586	\$ 3,533	\$ 3,578	\$ 4,576	\$ 12,273

	Year Ended December 31, 2024				
	Assisted Living	Memory Care	Independent Living	CCRC Entrance Fees	Total
Rental Revenue	\$ 6,386	\$ 2,923	\$ 11,822	\$ 660	\$ 21,791

O'Connor Woods Housing Corporation

Notes to Financial Statements

	Year Ended December 31, 2023				
	Private Pay	Other Insurance	Medicare	Medi-Cal	Total
Net Patient Service Revenue	\$ 132	\$ 3,286	\$ 4,261	\$ 4,998	\$ 12,677

	Year Ended December 31, 2023				
	Assisted Living	Memory Care	Independent Living	CCRC Entrance Fees	Total
Rental Revenue	\$ 6,235	\$ 2,689	\$ 10,983	\$ 623	\$ 20,530

The mix of receivables from patients and third-party payors is follows as of December 31:

	2024	2023
Commercial and other	31%	34%
Medicare	27%	19%
Medi-Cal	11%	16%
Self pay	31%	31%
	100%	100%

Property and equipment, net – Property and equipment are stated at cost. Donated property is recorded at its estimated fair value at the date of receipt. The cost of property and equipment purchased in excess of \$2,000 is capitalized. Depreciation on the property and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	3 to 40 years
Land improvements	10 to 20 years
Furniture and equipment	3 to 20 years

Impairment of long-lived assets and long-lived assets to be disposed of – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Investments – Investments in equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the deficiency of revenue and other support over expenses.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Debt issuance costs and bond premiums – Debt issuance costs are amortized over the term of the related long-term debt using the effective interest method. Amortization expense for the years ended December 31, 2024 and 2023, was \$150,000 and \$156,000, respectively. Accumulated amortization totaled \$344,000 and \$194,000 as of December 31, 2024 and 2023, respectively. Bond premiums are amortized over the life of the bonds using the effective interest method. The amortization of bond premium was \$394,000 and \$405,000 for the years ended December 31, 2024 and 2023, respectively. Debt issuance costs and bond premiums are netted against the long-term debt balance in the accompanying balance sheets. Amortization of debt issuance costs and bond premiums is included as a component of interest and amortization in the accompanying statements of operations and changes in net assets.

Income taxes – The Corporation is recognized as not-for-profit under Internal Revenue Code Section 501(c)(3) and under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, the Corporation is exempt from federal and California income taxes. The Corporation files United States federal and California state tax returns.

Donor restrictions and receivables – Contributions received for designated purposes are deposited and maintained in restricted cash and investment accounts. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Contributions for which restrictions are satisfied in the same period as received are recorded as contributions revenue without donor restrictions. Net assets with donor restrictions that are perpetual in nature and stipulate that resources be maintained in perpetuity represent donor-restricted donations to the Corporation's resident assistance program. The Uniform Prudent Management of Institutional Funds Act requires preservation of the fair value of these restricted contributions as of the gift date, absent explicit donor stipulations to the contrary. The Corporation classifies as net assets with donor restrictions, the original value of the donor-restricted donations, and accumulations to the restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The restrictions require the Corporation to maintain the donations in perpetuity, with investment income earned on the donations to be used to assist residents.

The Corporation reports gifts of property and equipment (or other long-lived assets) as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used.

O'Connor Woods Housing Corporation

Notes to Financial Statements

CCRC contracts – The Corporation began accepting CCRC contracts in 2014. The entrance fees for CCRC contracts are paid by residents upon entering into a continuing care residence and services agreement and are recorded as deferred entrance fees (for the nonrefundable portion) and refundable CCRC contracts (for the refundable portion). The Corporation's continuing care residence and services agreements are either (i) amortizing contracts that have the right to a refund of the entrance fee, less 1/36 for each month of residency up to 36 months, where the entire amount is amortized to revenue on a straight-line basis over the life expectancy of the resident; or (ii) 90% refundable contracts, where 90% of the entrance fee is refundable upon termination of the contract and the sale of a similar unit, and the remaining 10% is nonrefundable and is amortized to revenue on a straight-line basis over the resident's life expectancy. As of December 31, 2024 and 2023, the balance of deferred entrance fees was \$2,513,000 and \$2,436,000, respectively, and the balance of refundable CCRC contracts was \$13,412,000 and \$13,646,000, respectively.

Obligation to provide future services – Management annually calculates the present value of the net cost (difference between cost to operate and maintenance fees charged) of future services and use of the CCRC to be provided to current residents and compares the amount with the balance of deferred entrance fees and refundable CCRC contracts, discounted at 4.27% and 4.50% as of December 31, 2024 and 2023, respectively. If the present value of the net cost of future services and use of the CCRC exceeds the deferred entrance fees and refundable CCRC contracts, a liability and a corresponding charge to income are recorded. No liability was recorded as of December 31, 2024 and 2023.

Benevolence – The Corporation provides services to residents who meet certain criteria under its benevolence policy without charge or at amounts less than its established rates. Partial payments to which the Corporation is entitled from public assistance programs on behalf of residents that meet the Corporation's benevolence criteria are reported as revenue. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Estimates in the financial statements – In preparing financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounting estimates include fair value measurements of investments, implicit and explicit price concessions on accounts receivable, useful lives of fixed assets, deferred entrance fees, and future service benefit obligations.

Deficiency of revenue and other support over expenses – The statements of operations and changes in net assets include deficiency of revenue and other support over expenses as the performance indicator. Changes in net assets without donor restrictions that are excluded from deficiency of revenue and other support over expenses include contributions of long-lived assets.

Reclassifications – Certain prior year amounts were reclassified to conform to the current year presentation.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Note 2 – Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash balances reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows:

	2024	2023
Cash and cash equivalents	\$ 4,107	\$ 3,481
Restricted cash included in assets limited as to use	3,600	3,738
	<u>\$ 7,707</u>	<u>\$ 7,219</u>

Amounts included in restricted cash represent funds required to be set aside by donors or lenders, including balances required to be held for restrictive covenants. All such amounts reflected as restricted cash are included in assets limited as to use.

Note 3 – Assets Limited as to Use

The composition of assets limited as to use, stated at fair value, is set forth below as of December 31 (in thousands):

	2024	2023
Required under bond indenture for principal, interest, and reserves		
Cash and cash equivalents	\$ 3,518	\$ 3,470
	<u>3,518</u>	<u>3,470</u>
Donor-restricted assets		
Cash and cash equivalents	82	268
Equity securities	1,402	1,254
Debt securities	116	268
Mutual funds	1,995	1,678
	<u>3,595</u>	<u>3,468</u>
	7,113	6,938
Less current portion	<u>(2,028)</u>	<u>(2,051)</u>
	<u>\$ 5,085</u>	<u>\$ 4,887</u>

O'Connor Woods Housing Corporation

Notes to Financial Statements

Note 4 – Investments

Investments consist of the following as of December 31 (in thousands):

	2024	2023
Investments:		
Cash and cash equivalents	\$ 3,090	\$ 217
Debt securities	1,155	1,028
Mutual funds	5,532	5,530
Equity securities	7,117	9,393
	<u>\$ 16,894</u>	<u>\$ 16,168</u>

Investment income, expenses, and realized and unrealized gains and losses for assets limited as to use, cash equivalents, and investments are comprised of the following (in thousands):

	Year Ended December 31, 2024		
	Assets Limited as to Use	Cash Equivalents and Investments	Total
Investment income			
Interest and dividend income	\$ 230	\$ 578	\$ 808
Realized gains on sales of securities	92	1,802	1,894
Unrealized gains (losses) on securities	157	(585)	(428)
	479	1,795	2,274
Less investment expenses	(18)	(106)	(124)
Total investment income	461	1,689	2,150
Less investment income with donor restrictions	(335)	-	(335)
Investment income without donor restrictions	<u>\$ 126</u>	<u>\$ 1,689</u>	<u>\$ 1,815</u>

O'Connor Woods Housing Corporation

Notes to Financial Statements

	Year Ended December 31, 2023		
	Assets Limited as to Use	Cash Equivalents and Investments	Total
Investment income			
Interest and dividend income	\$ 200	\$ 482	\$ 682
Realized (losses) gains on sales of securities	(17)	823	806
Unrealized gains on securities	358	1,583	1,941
	541	2,888	3,429
Less investment expenses	(16)	(105)	(121)
	525	2,783	3,308
Less investment loss with donor restrictions	(416)	-	(416)
	109	2,783	2,892
Investment income without donor restrictions	\$ 109	\$ 2,783	\$ 2,892

Note 5 – Fair Value of Financial Instruments

Fair value is defined 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. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value within the fair value hierarchy are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 inputs, 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.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement, in its entirety.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Marketable investment securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the hierarchy. If quoted market prices are not available, fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include certificates of deposit, certain corporate asset-backed securities, and certain municipal and foreign government securities. In cases where Level 1 or 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The following tables present the fair value measurements of investments recognized in the accompanying balance sheets (in thousands):

Description	December 31, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (including assets limited as to use):				
Cash and money market funds	\$ 6,690	\$ 6,690	\$ -	\$ -
Common stocks	8,519	8,519	-	-
Mutual funds	7,527	7,527	-	-
U.S. government agency securities	429	429	-	-
U.S. government bonds/notes	187	187	-	-
Municipal bonds/notes	116	-	116	-
Corporate bonds/notes	539	539	-	-
Total	<u>\$ 24,007</u>	<u>\$ 23,891</u>	<u>\$ 116</u>	<u>\$ -</u>
Description	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (including assets limited as to use):				
Cash and money market funds	\$ 3,955	\$ 3,955	\$ -	\$ -
Common stocks	10,647	10,647	-	-
Mutual funds	7,208	7,208	-	-
U.S. government agency securities	148	148	-	-
U.S. government bonds/notes	190	190	-	-
Municipal bonds/notes	268	-	268	-
Corporate bonds/notes	690	690	-	-
Total	<u>\$ 23,106</u>	<u>\$ 22,838</u>	<u>\$ 268</u>	<u>\$ -</u>

O'Connor Woods Housing Corporation

Notes to Financial Statements

Note 6 – Property and Equipment, net

Property and equipment, net consists of the following as of December 31 (in thousands):

	2024	2023
Buildings and improvements	\$ 96,156	\$ 94,294
Furniture and equipment	10,982	10,821
Land improvements	4,204	4,143
	<u>111,342</u>	<u>109,258</u>
Less accumulated depreciation	<u>(73,814)</u>	<u>(68,931)</u>
	<u>37,528</u>	<u>40,327</u>
Land	4,325	4,325
Construction in progress	670	939
	<u>4,995</u>	<u>5,264</u>
Property and equipment, net	<u><u>\$ 42,523</u></u>	<u><u>\$ 45,591</u></u>

Note 7 – Long-Term Debt

Long-term debt consists of the following as of December 31 (in thousands):

	2024	2023
Series 2022 Insured Revenue Bonds, principal due in annual installments and fixed interest due semi-annually. Interest ranges from 2.0% to 5.0%, final payment due in January 2043, secured by a first deed of trust on the property and equipment of the Corporation.	\$ 33,836	\$ 35,146
Bond issuance premium, net of accumulated amortization of \$896 and \$502 as of December 31, 2024 and 2023, respectively.	4,393	4,787
Debt issuance costs, net of accumulated amortization of \$344 and \$194 as of December 31, 2024 and 2023, respectively.	<u>(1,523)</u>	<u>(1,673)</u>
	36,706	38,260
Less current maturities, net of premiums and deferred financing costs of \$238 and \$243 at December 31, 2024 and 2023, respectively.	<u>(1,558)</u>	<u>(1,553)</u>
Long-term debt, net of current portion	<u><u>\$ 35,148</u></u>	<u><u>\$ 36,707</u></u>

O'Connor Woods Housing Corporation

Notes to Financial Statements

Maturities of long-term debt, excluding premiums and deferred financing costs of \$238, are as follows (in thousands):

<u>Years Ended December 31,</u>	
2025	\$ 1,320
2026	1,320
2027	1,315
2028	1,370
2029	1,426
Thereafter	<u>27,085</u>
	<u><u>\$ 33,836</u></u>

Interest and amortization expense related to long-term debt for the years ended December 31 are comprised of the following (in thousands):

	<u>2024</u>	<u>2023</u>
Interest on bonds	\$ 1,365	\$ 1,428
Amortization of bond premium	(394)	(404)
Amortization of debt issuance costs	<u>150</u>	<u>156</u>
Total	<u><u>\$ 1,121</u></u>	<u><u>\$ 1,180</u></u>

On October 4, 2022, the Corporation issued Series 2022 Revenue Bonds (Series 2022 Bonds) at a coupon rate of 4% at a premium. The effective interest rate is 2.96%. The Bonds mature on January 1, 2043. The Corporation received total proceeds of \$40,885,000, which were used to defease the Series 2013 Bonds.

The Series 2022 Bonds are subject to restrictive covenants contained in a regulatory agreement. Under the regulatory agreement, the Corporation is required to maintain certain deposits with a trustee that are included in assets limited as to use. The regulatory agreement also, among other things, requires the Corporation to maintain a specified debt service coverage ratio, current ratio, and days cash on hand; places limits on the Corporation on the incurrence of additional long-term debt; and requires the Corporation to report material adverse changes. Management believes the Corporation was in compliance with the various covenants as of and for the year ended December 31, 2024.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Note 8 – Deferred Entrance Fees

The change in deferred entrance fees during the years ended December 31 consists of the following activity (in thousands):

	2024	2023
Balance, beginning of year	\$ 2,436	\$ 2,409
New fees received	104	168
Amortization of fees	(510)	(464)
Contract terminations	(150)	(159)
Other	633	482
Balance, end of year	<u>\$ 2,513</u>	<u>\$ 2,436</u>

Note 9 – Risk Management

The Corporation's professional liability insurance is a claims-made policy. Under the policy, insurance premiums cover only those claims actually reported during the policy term. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims related to occurrences during their terms, but reported subsequent to their termination, may be uninsured. The deductible on the claims-made policy was \$50,000 as of December 31, 2024 and 2023.

U.S. GAAP requires that a health care facility disclose the estimated costs of malpractice claims in the period of the incident of malpractice if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated. Management is not aware of any pending claims that exceed the coverage limitations provided by the Corporation's policy. Based on the Corporation's historical claims experience, management believes that any unreported professional liability will not have a material adverse effect on the Corporation's financial position or results of operations.

Note 10 – Management and Support Services Agreements

Starting January 1, 2015, the Corporation has a contractual agreement (the Agreement) with Eskaton Properties, Inc. (EPI), a not-for-profit corporation that provides management and support services for the Corporation. EPI provides such services for a fee and processes pass-through expenditures on behalf of the Corporation. Under the terms of the Agreement, \$1,743,000 and \$1,698,000, exclusive of pass-through activity, was recognized as expense for services provided by EPI and is included in management and support services fees in the Corporation's accompanying statements of operations and changes in net assets for the years ended December 31, 2024 and 2023, respectively.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Note 11 – Employee Benefit Plan

The Corporation sponsors a 403(b) retirement plan (the Plan) covering substantially all employees. Employees are immediately eligible to participate in the Plan and defer compensation under the Plan provisions. Employee deferral amounts are subject to Internal Revenue Service annual limitations. The Plan provides for employer-matching contributions. Employees who are at least 21 years of age and have completed one year of service are generally eligible to participate in employer-matching contributions. The Corporation will match 33.33% of the employee's deferral for deferral amounts not exceeding 6% of the employee's annual compensation. Employees vest 100% in employer-matching contributions after completing three years of service. Employer contributions to the Plan for the years ended December 31, 2024 and 2023, were \$87,000 and \$67,000, respectively.

Note 12 – Commitments and Contingencies

The Corporation is involved in litigation arising in the normal course of business. While the outcome cannot be determined by the Corporation at this time, in the opinion of management, such litigation will be covered by the Corporation's insurance and the resolution of such will not have a material effect on the financial position or results of operations of the Corporation.

The Corporation is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation and unknown or unasserted regulatory actions. Government activity, with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding, and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the Corporation's future financial position or results of operations.

Note 13 – Health and Safety Code Section 1790(a)(3) Disclosure

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code: no reserves are being accumulated for identified projects or contingencies.

Note 14 – Liquidity Disclosure

The Corporation had a working capital surplus of approximately \$17,263,000 and \$18,734,000 as of December 31, 2024 and 2023, respectively.

O'Connor Woods Housing Corporation

Notes to Financial Statements

Financial assets available for general expenditure within one year of the balance sheets date consist of the following as of December 31 (in thousands):

	2024	2023
Cash and cash equivalents	\$ 4,107	\$ 3,481
Investments	16,894	16,168
Tenant and patient receivables, net	1,724	1,827
Other receivables	743	1,217
	<u>\$ 23,468</u>	<u>\$ 22,693</u>

The Corporation manages its liquidity by developing annual operating budgets that provide sufficient funds to support operating expenditures, liabilities, and other obligations. The Corporation's cash needs are expected to be met through operating revenue sources.

Note 15 – Natural and Functional Expenses

The Corporation provides housing and other needs of the elderly in Stockton, California consisting of health services, rental services, and community service programs. Expenses related to providing these services are as follows for the years ended December 31 (in thousands):

	Year Ended December 31, 2024				
	Program Services		Support Services		
	Health Services	Residential Services	Fundraising	General & Admin	Total
Salaries and wages	\$ 5,677	\$ 8,113	\$ 70	\$ 1,480	15,340
Employee benefits	1,371	1,902	5	335	3,613
Professional fees	178	-	-	185	363
Supplies	307	291	1	218	817
Purchased services	1,147	3,843	-	682	5,672
Ancillary costs	1,752	-	-	-	1,752
Utilities	453	1,831	-	305	2,589
Insurance and other	149	333	1	703	1,186
Management and support services fees	-	-	-	1,743	1,743
Depreciation	796	4,056	-	31	4,883
Interest and amortization	184	937	-	-	1,121
	<u>\$ 12,014</u>	<u>\$ 21,306</u>	<u>\$ 77</u>	<u>\$ 5,682</u>	<u>\$ 39,079</u>

O'Connor Woods Housing Corporation

Notes to Financial Statements

	Year Ended December 31, 2023				
	Program Services		Support Services		Total
	Health Services	Residential Services	Fundraising	General & Admin	
Salaries and wages	\$ 6,037	\$ 7,635	\$ 81	\$ 1,434	\$ 15,187
Employee benefits	1,434	1,846	6	328	3,614
Professional fees	613	156	-	228	997
Supplies	288	284	-	210	782
Purchased services	1,118	3,822	-	516	5,456
Ancillary costs	1,896	4	-	-	1,900
Utilities	392	1,620	-	332	2,344
Insurance and other	138	277	1	553	969
Management and support services fees	-	-	-	1,698	1,698
Depreciation	914	4,016	-	38	4,968
Interest and amortization	219	961	-	-	1,180
	<u>\$ 13,049</u>	<u>\$ 20,621</u>	<u>\$ 88</u>	<u>\$ 5,337</u>	<u>\$ 39,095</u>

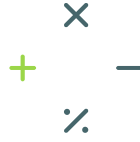
The financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest and amortization, and insurance and other are allocated to a function based on a units-of-service basis.

Note 16 – Subsequent Events

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

The Corporation has evaluated subsequent events through April 18, 2025, which is the date the financial statements were issued.

PART 5
LIQUID RESERVES



Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

O'Connor Woods Housing Corporation

December 31, 2024

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Report of Independent Auditors

The Board of Directors
O'Connor Woods Housing Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of O'Connor Woods Housing Corporation, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, for the year ended December 31, 2024.

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care liquid reserves of O'Connor Woods Housing Corporation as of and for the year ended December 31, 2024, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of O'Connor Woods Housing Corporation 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.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by O'Connor Woods Housing Corporation 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.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 one resulting from error, as fraud may include 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 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 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 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 purpose of expressing an opinion on the effectiveness of O'Connor Woods Housing Corporation's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about O'Connor Woods Housing Corporation's 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules of Supplementary Form 5-1, Reconciliation to Audit Report; Supplementary Form 5-4, Reconciliation to Audit Report; and Supplementary Form 5-5, Reconciliation to Audit Report, are presented for the purpose of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of O'Connor Woods Housing Corporation 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.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
April 18, 2025

Continuing Care Liquid Reserve Schedules

O'Connor Woods Housing Corporation
Form 5-1
Long-Term Debt Incurred in a Prior Fiscal Year
Year Ended December 31, 2024

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	10/4/2022	\$ 1,310,000	\$ 1,380,000	\$ -	\$ 2,690,000
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$ 1,310,000	\$ 1,380,000	\$ -	\$ 2,690,000

Provider: O'Connor Woods

O'Connor Woods Housing Corporation
Form 5-2
Long-Term Debt Incurred During Fiscal Year
Year Ended December 31, 2024

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))
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL:			\$ -	-	\$ -

Provider: O'Connor Woods

O'Connor Woods Housing Corporation
Form 5-3
Calculation of Long-Term Debt Reserve Amount
Year Ended December 31, 2024

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

Line		TOTAL
1	Total from 5-1 bottom of column (e)	\$ 2,690,000
2	Total from 5-2 bottom of column (e)	-
3	Facility leasehold or rental payment paid by the provider during fiscal year (including related payments such as lease insurance)	-
4	Total amount required for long-term debt reserve	\$ 2,690,000

Provider: O'Connor Woods

O'Connor Woods Housing Corporation
Form 5-4
Calculation of Net Operating Expenses
Year Ended December 31, 2024

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

<u>Line</u>		<u>Amounts</u>	<u>Total</u>
1	Total operating expenses from financial statements		\$ 39,079,000
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 1,380,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 4,883,000	
	d. Amortization	\$ (244,000)	
	e. Revenues received during the fiscal year for services for persons who did not have a continuing care contract	\$ 27,540,000	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total deductions		\$ 33,559,000
4	Net operating expenses		\$ 5,520,000
5	Divide Line 4 by 365 and enter the result.		\$ 15,123
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 1,134,000

Provider: O'Connor Woods

O'Connor Woods Housing Corporation
Form 5-5
Annual Reserve Certification
Year Ended December 31, 2024

FORM 5-5: ANNUAL RESERVE CERTIFICATION

Provider Name: O'Connor Woods Housing Corporation
Fiscal Year Ended: December 31, 2024

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2024 and are in compliance with those requirements.
Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt service reserve amount	\$ 2,690,000
[2] Operating expense reserve amount	\$ 1,134,000
[3] Total liquid reserve amount	<u>\$ 3,824,000</u>

Qualifying assets sufficient to fulfill the operating reserve and debt service requirements, based on market value at end of fiscal year where applicable, are held as follows:

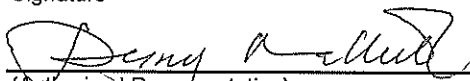
Qualifying Asset Description	Debt Service Reserve	Operating Reserve
[4] Cash and cash equivalents	\$ -	\$ 7,197,000
[5] Investment securities	\$ -	\$ 1,155,000
[6] Equity securities	\$ -	\$ 12,649,000
[7] Unused/available lines of credit	\$ -	\$ -
[8] Unused/available letters of credit	\$ -	\$ -
[9] Debt service reserve	\$ 3,518,000	(Not Applicable)
[10] Other:	\$ -	\$ -

Qualifying assets used in these reserves are described as follows:

Total Amount of Qualifying Assets

Listed for Reserve Obligation:	[11] \$ 3,518,000	[12] \$ 21,001,000
Reserve Obligation Amount:	[13] \$ 2,690,000	[14] \$ 1,134,000
Surplus/(Deficiency):	[15] \$ 828,000	[16] \$ 19,867,000

Signature


(Authorized Representative)

Date: April 18, 2025

Executive Director
(Title)

O'Connor Woods Housing Corporation
Note to Reserve Reports
Year Ended December 31, 2024

Note 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 O'Connor Woods Housing Corporation's assets, liabilities, revenues, and expenses.

Supplementary Schedules

O'Connor Woods Housing Corporation
Supplementary Schedule to Form 5-1
Reconciliation to Audit Report
Year Ended December 31, 2024

Cash payments for interest (per financial statements)	\$ 1,391,000
Less cash payments for finance fees	<u>(11,000)</u>
Cash paid for interest	<u><u>\$ 1,380,000</u></u>

O'Connor Woods Housing Corporation
Supplementary Schedule to Form 5-4
Reconciliation to Audit Report
Year Ended December 31, 2024

Cash receipts from rental revenue	\$ 21,127,000
Cash receipts from patients	12,212,000
Less reimbursements for services to contract residents	<u>(5,799,000)</u>
Reimbursements for services to noncontract residents	<u><u>\$ 27,540,000</u></u>
ILU reimbursements for services to noncontract residents	\$ 6,997,000
ALU reimbursements for services to noncontract residents	8,536,000
Skilled nursing reimbursements for services to noncontract residents	<u>12,007,000</u>
Reimbursements for services to noncontract residents	<u><u>\$ 27,540,000</u></u>

O'Connor Woods Housing Corporation
Supplementary Schedule to Form 5-5
Reconciliation to Audit Report
Year Ended December 31, 2024

Financial Statements and Footnotes Description		Qualifying Asset Description (Form 5-5)
Cash and cash equivalents	\$ 4,107,000	
Investments - cash and cash equivalents	<u>3,090,000</u>	
	<u>7,197,000</u>	[4] Cash and cash equivalents
Investments - debt securities	<u>1,155,000</u>	[5] Investment securities
Investments - mutual funds	5,532,000	
Investments - equity securities	<u>7,117,000</u>	
	<u>12,649,000</u>	[6] Equity securities
	<u>\$ 21,001,000</u>	Operating Reserve
Debt service reserves	<u>\$ 3,518,000</u>	[9] Debt service reserve
	<u>\$ 3,518,000</u>	Debt Service Reserve
Reconciliation to Audited Financial Statements		
Cash and cash equivalents	\$ 4,107,000	
Investments	16,894,000	
Assets limited as to use, required for current liabilities - debt service reserves	2,028,000	
Debt service reserves, net of current portion	<u>1,490,000</u>	
	<u>\$ 24,519,000</u>	
Total qualifying assets as filed for operating reserve	\$ 21,001,000	
Total qualifying assets as filed for debt service reserve	<u>3,518,000</u>	
	<u>\$ 24,519,000</u>	
Per Capita Cost of Operations		
Operating expenses (Form 5-4, line 1)	\$ 39,079,000	
Mean Number of CCRC Residents	<u>403</u>	
Per Capita Cost of Operations	<u>\$ 96,970</u>	

PART 6
CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 4/18/2025

Facility Name: O'Connor Woods Housing Corporation

Address: 3400 Wagner Heights Road | Zip Code: 95209

Phone: 209.477.4030

Provider Name:

O'Connor Woods

Facility Operator: O'Connor Woods

Religious Affiliation: N/A

Year Opened: 1990 # of Acres: 34

Miles to Shopping Center: 1.3

Miles to Hospital: 7.3

☒ Single Story☒ Multi-Story☐ Other:**Number of Units: 436**

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	4	Assisted Living:	85
Apartments – 1 Bdrm:	111	Skilled Nursing:	75
Apartments – 2 Bdrm:	102	Special Care:	31
Cottages/Houses:	28	Description:	Memory Care Units

RLU Occupancy (%) at Year End: 80.4%

Type of Ownership: ☒ Not for Profit
☐ For Profit

Accredited? ☐ Yes By:
☒ No

Form of Contract: ☒ Continuing Care ☐ Life Care ☒ Entrance Fee ☒ Fee for Service
 (Check all that apply) ☐ Assignment of Assets ☐ Equity ☐ Membership ☒ Rental

Refund Provisions: ☒ Refundable ☒ 90% ☐ 50%
 (Check all that apply) ☐ Repayable ☐ 75% ☒ Other: Fully Amortized
Range of Entrance Fees: \$ 83,000 - \$ 473,000**Long-Term Care Insurance Required?** ☐ Yes ☒ No**Health Care Benefits Included in Contract:** 10% discount on Assisted Living & Skilled Nursing**Entry Requirements:** Min Age: 62 Prior Profession: N/A Other: N/A**Resident Representative(s) to, and Resident Members on, the Board:**

(briefly describe provider's compliance and residents' roles): Resident Council selects a non-voting rep. to attend Board meetings and report back to the Resident Council. OCW Board vets and approves a resident as voting member after recommendation from the Resident Council.

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

Facility Services and Amenities

Common Area Amenities	Available	Fee for Service	Services Available	Included in Fee	For Extra Charge
Beauty/Barber Shop	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Housekeeping (<u>2</u> Times/ Month at \$_____each)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (<u>1</u> /Day)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chapel	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All Utilities Except Phone	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Putting Green	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input type="checkbox"/>	<input type="checkbox"/>
Shuffleboard	<input type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Indoor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swimming Pool – Outdoor	<input type="checkbox"/>	<input type="checkbox"/>	Personal Home Care	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workshop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Transportation – Prearranged	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other: <u>Greenhouse</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

Provider Name: O'Connor Woods

Affiliated CCRCs	Location (city, state)	Phone (with area code)

Multi-Level Retirement Communities	Location (city, state)	Phone (with area code)

Free-Standing Skilled Nursing	Location (city, state)	Phone (with area code)

Subsidized Senior Housing	Location (city, state)	Phone (with area code)

NOTE: Please indicate if the facility is a life care facility.

Provider Name: O'Connor Woods

Income and Expenses [Year]	2021	2022	2023	2024
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)	29,971	30,765	33,336	34,303
Less Operating Expenses (Excluding depreciation, amortization, and interest)	27,848	30,920	32,947	33,075
Net Income From Operations	2,123	(155)	389	1,228
Less Interest Expense	(2,138)	(1,909)	(1,406)	(1,353)
Plus Contributions	1	4	11	13
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	2,934	(4,157)	2,879	1,806
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	2,920	(6,217)	1,873	1,694
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	1,195	1,469	2,317	504

Description of Secured Debt (as of most recent fiscal year end)

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
2022 Bonds	33,835,000	4%	Oct-22	Jan-43	20.25 years

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2022	2023	2024
Debt to Asset Ratio		49.22%	48.31%	47.59%
Operating Ratio		106.76%	103.12%	100.40%
Debt Service Coverage Ratio		(1.05)	3.73	1.32
Days Cash On Hand Ratio		228	209	223

Provider Name: O'Connor Woods

Historical Monthly Service Fees *(Average Fee and Change Percentage)*

Residence/Service [Year]	2021	%	2022	%	2023	%	2024	%
Studio	2,703	5.00%	2,838	5.00%	3,036	7.00%	3,300	6.90%
One Bedroom	3,842	5.00%	4,035	5.00%	4,318	7.00%	4,615	6.90%
Cottage/House	6,606	5.00%	6,936	5.00%	7,422	7.00%	7,933	6.90%
Assisted Living	5,955	5.00%	6,231	5.00%	6,667	7.00%	7,127	6.90%
Skilled Living	11,402	5.00%	11,974	5.00%	13,030	7.00%	13,940	6.90%
Special Care	8,294	5.00%	8,709	5.00%	9,319	7.00%	9,961	6.90%

Comments from Provider:

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

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

Operating Ratio

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE WORKSHEET
FINANCIAL RATIO FORMULAS (in thousands)
O'Connor Woods

Long-Term Debt to Total Assets Ratio

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Long-term debt	\$ 43,362	\$ 41,537	\$ 38,958	\$ 38,260	\$ 36,706
Less: Current portion	(1,051)	(1,100)	(697)	(1,553)	(1,558)
	<u>42,311</u>	<u>40,437</u>	<u>38,261</u>	<u>36,707</u>	<u>35,148</u>
Divided by:					
Total assets	<u>90,397</u>	<u>87,737</u>	<u>77,731</u>	<u>75,984</u>	<u>73,858</u>
Long-term debt to total assets ratio	<u>46.81%</u>	<u>46.09%</u>	<u>49.22%</u>	<u>48.31%</u>	<u>47.59%</u>

Operating Ratio

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total operating expenses	\$ 34,266	\$ 34,729	\$ 37,464	\$ 39,095	\$ 39,079
Less: Depreciation and amortization	(3,866)	(4,755)	(4,618)	(4,719)	(4,639)
	<u>30,400</u>	<u>29,974</u>	<u>32,846</u>	<u>34,376</u>	<u>34,440</u>
Divided by:					
Total operating revenues	35,286	30,478	31,229	33,959	34,963
Less: Amortization of deferred revenue	(466)	(507)	(464)	(623)	(660)
	<u>34,820</u>	<u>29,971</u>	<u>30,765</u>	<u>33,336</u>	<u>34,303</u>
Operating ratio	<u>87.31%</u>	<u>100.01%</u>	<u>106.76%</u>	<u>103.12%</u>	<u>100.40%</u>

Debt Service Coverage Ratio

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total excess of revenues over expenses	\$ 4,089	\$ (1,315)	\$ (10,392)	\$ (2,257)	\$ (2,310)
Plus: Interest and amortization	2,172	2,120	1,861	1,180	1,121
Plus: Depreciation	3,872	4,761	4,683	4,968	4,883
Plus: Net proceeds from entrance fees	1,660	1,195	1,469	2,317	504
Less: Amortization of deferred revenue	(466)	(507)	(464)	(623)	(660)
	<u>11,327</u>	<u>6,254</u>	<u>(2,843)</u>	<u>5,585</u>	<u>3,538</u>
Divided by:					
Annual debt service	<u>3,184</u>	<u>3,183</u>	<u>2,716</u>	<u>1,497</u>	<u>2,690</u>
Debt service coverage ratio	<u>3.56</u>	<u>1.96</u>	<u>(1.05)</u>	<u>3.73</u>	<u>1.32</u>

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE WORKSHEET
FINANCIAL RATIO FORMULAS (in thousands)
O'Connor Woods

Days Cash On Hand Ratio

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Cash and cash equivalents	\$ 6,223	\$ 4,653	\$ 4,038	\$ 3,481	\$ 4,107
Investments	23,779	23,775	16,477	16,168	16,894
Unrestricted cash and investments	30,002	28,428	20,515	19,649	21,001
Operating expenses	34,266	34,729	37,464	39,095	39,079
Less: Depreciation and amortization	(3,866)	(4,755)	(4,618)	(4,719)	(4,639)
	30,400	29,974	32,846	34,376	34,440
Divided by calendar days	366	365	365	365	366
Operating expenses per day	\$ 83	\$ 82	\$ 90	\$ 94	\$ 94
Days cash on hand	361	346	228	209	223

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE WORKSHEET
SUPPORTING CALCULATIONS (in thousands)
O'Connor Woods

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total operating revenues	35,286	30,478	31,229	33,959	34,963
Less: Amortization of deferred revenue	(466)	(507)	(464)	(623)	(660)
	34,820	29,971	30,765	33,336	34,303
Total operating expenses	34,266	34,729	37,464	39,095	39,079
Less: Depreciation	(3,872)	(4,761)	(4,683)	(4,968)	(4,883)
Less: Interest and amortization	(2,172)	(2,120)	(1,861)	(1,180)	(1,121)
	28,222	27,848	30,920	32,947	33,075
Net income from operations	6,598	2,123	(155)	389	1,228
Less: Interest expense	(2,189)	(2,138)	(1,909)	(1,406)	(1,353)
Plus: Contributions	1	1	4	11	13
Plus: Non-operating income (expense)	3,069	2,934	(4,157)	2,879	1,806
Net income (loss) before entrance fees, depreciation and amortization	7,479	2,920	(6,217)	1,873	1,694
Net cash flow from entrance fees	1,660	1,195	1,469	2,317	504

O'Connor Woods Housing Corporation
O'CONNOR WOODS
ATTACHMENT TO DISCLOSURE WORKSHEET

RESIDENT REPRESENTATIVE TO THE BOARD: The O'Connor Woods (OCW) Resident Council elects a representative to the OCW Board of Directors (CCRC Representative) to serve a two year term. The CCRC Representative attends the six bi-monthly board meetings of OCW, including the full agenda of the annual OCW Board Retreat. The CCRC Representative is excluded only from executive sessions of the OCW Board. The CCRC Representative reports OCW Board actions and discussions back to the OCW Resident Council on a bi-monthly basis.

PART 7
REPORT ON CCRC MONTHLY CARE FEES

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2]**. Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.
2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.
3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.
4. Check *each* of the appropriate boxes.
5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: “projected costs, prior year per capita costs and economic indicators.” Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

FORM 7-1**REPORT ON CCRC MONTHLY CARE FEES**

	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$3,300-8,305</u>	<u>\$5,895-8,555</u>	<u>7,140-11,425</u>	<u>12870-16590</u>
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>6.9%</u>	<u>6.9%</u>	<u>6.9%</u>	<u>6.9%</u>
<input type="checkbox"/> Check here if monthly care fees at this community were <u>not</u> increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)				
3. Indicate the date the fee increase was implemented: <u>01/01/2024</u> (If more than one (1) increase was implemented, indicate the dates for each increase.)				
4. Check each of the appropriate boxes: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators. <input checked="" type="checkbox"/> All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. Date of Notice: <u>11/01/2023</u> Method of Notice: <u>Special town hall meeting</u> <input checked="" type="checkbox"/> At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. Date of Meeting: <u>11/01/2023</u> <input checked="" type="checkbox"/> At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase. <input checked="" type="checkbox"/> The Provider distributed the documents to all residents by [Optional - check all that apply]: <ul style="list-style-type: none"> <input type="checkbox"/> Emailed the documents to those residents for whom the provider had email addresses on file <input checked="" type="checkbox"/> Placed hard copies in resident cubby <input checked="" type="checkbox"/> Placed hard copies at designated locations <input checked="" type="checkbox"/> Provided hard copies to residents upon request, and/or <input type="checkbox"/> Other: [please describe] _____ <input checked="" type="checkbox"/> Date of Notice: <u>11/01/2023</u> 				

- ☒ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: 10/14/2023

- ☒ The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

Date of Posting: 10/14/2023 **Location of Posting:** Letter sent to residents/responsible parties

- ☐ Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.

Date of Posting: _____ **Location of Posting:** _____

5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: O'Connor Woods Housing Corporation **COMMUNITY:** O'Connor Woods

ATTACHMENT TO FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES
EXPLANATION FOR INCREASE IN MONTHLY CARE FEES

The goal of the O'Connor Woods annual budgeting and rate setting process is to establish a financial plan that is sufficient to meet the needs of its residents and support the mission of the organization.

Monthly care fees were increased in 2024 by 6.9% for all levels of care. The rate increase is derived from a process that considers the increased cost of providing services, and reasonable operating margins necessary to ensure the continuation of the organizational mission. Anticipated cost increases included higher labor rates and insurance costs, and normal inflationary cost increases related to purchases of supplies and services. Rate increases for independent living residents are applied on the anniversary of the resident's move-in date, so the full impact of the 2024 increase was not necessarily realized in 2024.

Labor costs per employee were budgeted to increase by approximately 5% in 2024 due to minimum wage requirements in California increasing from \$15.50 per hour to \$16.00 per hour (3.2%) and a new \$20 per hour minimum wage for fast-food workers (starting in April 2024), in addition to standard merit-based increases.

Supplies and purchased services costs were estimated to increase commensurate with the consumer price index, which as of October 2023 (the period when the budget was finalized) reflected an increase of 2.8% to 3.2% for San Francisco-Oakland-Hayward and Western Cities with populations under 2.5 million, the market areas most relevant to Stockton, California.

The projected 2024 net operating deficit shown on the following page is expected to be remedied by the community's ongoing multi-year repositioning plan, which will gradually increase monthly care fees and/or reduce expenses until positive net operating income is achieved. Having positive net operating income will allow the community to reinvest in the physical plant, thereby maintaining the quality of the facility for current residents and ensuring the continued marketability of the community to prospective residents. Additionally, positive net operating income ensures that the community will be able to fund unexpected costs or capital needs, and continue its mission to provide exceptional living and a network of services for seniors in the region to support and inspire the human spirit by nurturing well-being, independence and a sense of community.

FORM 7-1 ATTACHMENT
FISCAL YEAR 2024 MONTHLY CARE FEE INCREASE (MCFI) (in thousands)
O'CONNOR WOODS

		2022	2023	2024
1	2022 Operating Expenses (audited)	(37,464)		
2	2023 Operating Expenses		(38,884)	
3	Projected 2024 Operating Expenses			(39,676)
4	Projected 2024 Revenue without a MCFI			38,174
5	Projected 2024 Net Operating Loss without a MCFI			(1,502)
6	Projected 2024 Revenue with MCFI 6.9%			39,443
7	Projected 2024 Net Operating Loss After 6.9% MCFI			(233)

Monthly Care Fee Increase: 6.9%

Notes:
2023 to 2024: 5.0% average increase in labor rates
Total increase in revenues related to monthly care fee increase is estimated at \$1,269,000
Total projected increase in expenses estimated at \$792,000
OCW 2024 principal due on debt was \$1,320,000



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O'Connor Woods

2024 Budget & Rate Review

2024 Budget Considerations

- Budget Assumptions
- Occupancy by level of care
- Marketing and Outreach
- Capital budget
- Rate increase



2024 Budget Assumptions

- Salaries 5% increase from current actuals, which includes merit based increases and market adjustments.
 - Minimum wage is increasing from \$15.50 to \$16 per
 - Fast food workers \$20 per hour 4/1/2024
 - Healthcare workers minimum \$21 per hour 6/1/2024
 - Wage compression from minimum wage increase
 - Staffing shortages expected to continue
- Employee Benefits Expense 8-17% increase over prior year
- Utilities 10% increase for PG&E, 5% increase for others
- Insurance 3-10% increase
- Inflationary factors – (increases of 5-6%)
- Adjustments for actual cost increases in excess of 2023 budget



Occupancy by level of care

Level of Care	October 24, 2023	January 2024 Budgeted	2024 Average Budgeted
Independent	82.0%	82.0%	86.1%
Assisted Living	74.0%	81.2%	85.7%
Memory Care	83%	95.0%	95.0%
SNF	96.0% (72 residents)	93.3% (70 residents)	94.7% (71 residents)



2024 Budget vs. 2023 Budget

	2024 Budget	2023 Actual Annualized	2023 Budget
Net Operating Revenue	\$ 39.9M	\$34.1M	\$ 39.6M
Expenses			
Salaries and Benefits	\$19.5M	\$20.9	\$20.9M
Purchased Services	\$6.0M	\$5.7M	\$6.7M
Management Fee	\$2.0M	\$1.7M	\$2.0M
Utilities	\$2.6M	\$2.3M	\$2.2M
Ancillary Costs	\$1.9M	\$0.8M	\$0.9M
Insurance & Other	\$1.9M	\$1.7M	\$2.1M
<u>Fixed Expenses</u>	<u>\$5.9M</u>	<u>\$5.9M</u>	<u>\$5.9M</u>
Total Expenses	\$39.8M	\$39.0M	\$40.7M
Net Operating Income	\$ 0.1M	(\$4.8M)	\$ (1.1M)



Marketing and Outreach

- Increasing marketing budget \$250k
- Increased digital marketing
 - More competitive in search results “assisted living in Stockton”
 - Increase regional footprint for digital ads
- Increased strategic print marketing (Lodi, Galt, Brentwood)
- Offering more choice to prospective residents
- Marketing for both rental and entrance fee residents
- Maintaining inventory of move in ready units “showable & marketable”
- Golden Opportunity dropped Q4 2023
- Centralized call center for all sales leads



2024 Capital Budget

- **\$3.0M potential 2024 capital spend**
 - **\$948k Routine Maintenance**
 - \$53k Grounds
 - \$285k Cottage repairs phase 1 (roofs, siding, decks)
 - \$75k AL (carpet replacement)
 - \$100k Routine Technology (surveillance)
 - \$100k Unit Turns
 - \$100k Emergencies and unplanned
 - \$100k Vehicles
 - **\$2.0M Capital Improvements**
 - \$700k IL Unit Renovations
 - \$1.25M Main Clubhouse Entry Cover **

**** Project evaluation in progress**



Multi-year rate history



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
INDEPENDENT LIVING	4%	4%	4%	3.90%	1.5% to 2.5%	2.5%	3%	2.5%	2.5%	2.5%	3%	3%	3%	3.75%	4%	5%	5%	7%
ASSISTED LIVING	5%	5%	5%	4%	2%	3%	4%	4%	3%	3%	5%	5%	3%	3.75%	4%	5%	5%	7%
MEMORY CARE										0%	5%	6%	3%	3.75%	6%	5%	5%	7%
SKILLED NURSING	4%	4%	5%	6%	4%	3%	4%	5%	4%	3%	4.5%	4.5%	3%	3.75%	4%	5%	5%	7%

Proposed 2024 Rate Increase

2024 Proposed Rate Increases:

Independent Living	6.9%
Assisted Living	6.9 & 9%*
Memory Care	6.9%
SNF	6.9%

***AL base rate will increase 6.9%, level of care will increase 9%**





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Thank You!