

**ANNUAL REPORT CHECKLIST**

FISCAL YEAR ENDED: 12/31/24

PROVIDER(S):

Eskaton

CCRC(S):

Eskaton Village Carmichael

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: \$ 23,582
  - ☐ 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	350
[2]	Number at end of fiscal year	349
[3]	Total Lines 1 and 2	699 x.50
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	
[5]	Mean number of continuing care residents	350
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	439
[7]	Number at end of fiscal year	438
[8]	Total Lines 6 and 7	877 x.50
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	
[10]	Mean number of <i>all</i> residents	439
[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).	80

**ESKATON VILLAGE CARMICHAEL****Calculation of Nonresident Reimbursement****December 31, 2024**

	<b>Independent</b>	<b>Assisted</b>	<b>Skilled</b>	<b>Total</b>
<b>Contract Residents @ 12/31/23</b>	338	8	4	350
<b>Contract Residents @ 12/31/24</b>	348	1	0	349
<b>Total</b>	<u>686</u>	<u>9</u>	<u>4</u>	<u>699</u>
<b>Mean</b>	<u>343.0</u>	<u>4.5</u>	<u>2.0</u>	<u>349.5</u>
<b>All Residents @ 12/31/23</b>	345	59	35	439
<b>All Residents @ 12/31/24</b>	355	54	29	438
<b>Total</b>	<u>700</u>	<u>113</u>	<u>64</u>	<u>877</u>
<b>Mean</b>	<u>350.0</u>	<u>56.5</u>	<u>32.0</u>	<u>438.5</u>
<b>% Contract Residents to Total Residents</b>	98.00%	7.96%	6.25%	79.70%
<b>% Non Contract residents to Total Residents</b>	2.00%	92.04%	93.75%	20.30%

**2024 CASH RECEIPTS**

Independent Living (Contract Residents)	23,159,000	
Net Independent Living (Non-Contract Residents)	<b>473,000</b>	
Total Independent Living Cash Receipts	23,632,000	
Assisted Living (Contract Residents)	426,000	
Net Assisted Living (Non-Contract Residents)	<b>4,928,000</b>	
Total Assisted Living Cash Receipts	5,354,000	
Skilled Nursing (Contract Residents)	507,000	
Net Skilled Nursing (Non-Contract Residents)	<b>7,601,000</b>	
Total Skilled Nursing Cash Receipts	8,108,000	
Total Non-Contract Resident Cash Receipts		<u><b>13,002,000</b></u>

**FORM 1-2: ANNUAL PROVIDER FEE**

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	33,859,000.00
[a] Depreciation	2,942,000.00
[b] Debt Service (Interest Only)	1,439,000.00
[2] Subtotal (add Line 1a and 1b)	4,381,000.00
[3] Subtract Line 2 from Line 1 and enter result.	29,478,000.00
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.80
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	23,582,000.00
[6] <b>Total Amount Due</b> (multiply Line 5 by .001)	\$ 23,582.00

**PROVIDER:** Eskaton**COMMUNITY:** Eskaton Village Carmichael

**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: April 21, 2025

  
\_\_\_\_\_  
Sheri Peifer, Chief Executive Officer

**PART 3**  
EVIDENCE OF FIDELITY BOND





# INSURANCE BINDER

DATE (MM/DD/YYYY)

3/6/2024

**THIS BINDER IS A TEMPORARY INSURANCE CONTRACT, SUBJECT TO THE CONDITIONS SHOWN ON PAGE 2 OF THIS FORM.**

AGENCY The Liberty Company Insurance Brokers Lic #0D79653 5955 De Soto Ave, Ste 250 Woodland Hills CA 91367 PHONE (A/C, No, Ext): (888)918-3960 FAX (A/C, No): CODE: SUB CODE: AGENCY CUSTOMER ID: 00167785 INSURED AND MAILING ADDRESS Eskaton Properties, Inc. 5105 Manzanita Avenue Carmichael CA 95608		COMPANY Twin City Fire Ins Co BINDER # B243622026 EFFECTIVE DATE 1/1/2024 TIME 12:01 X AM PM EXPIRATION DATE 1/1/2025 TIME X 12:01 AM NOON THIS BINDER IS ISSUED TO EXTEND COVERAGE IN THE ABOVE NAMED COMPANY PER EXPIRING POLICY #: 57HC029972724 DESCRIPTION OF OPERATIONS / VEHICLES / PROPERTY (Including Location) Healthcare. Independent Living/Assisted Living/Skilled Nursing Facilities
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**COVERAGES****LIMITS**

TYPE OF INSURANCE	COVERAGE / FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY CAUSES OF LOSS BASIC BROAD SPEC				
GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS MADE OCCUR		EACH OCCURRENCE DAMAGE TO RENTED PREMISES MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG		\$ \$ \$ \$ \$ \$
VEHICLE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS		COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE MEDICAL PAYMENTS PERSONAL INJURY PROT UNINSURED MOTORIST		\$ \$ \$ \$ \$ \$ \$
VEHICLE PHYSICAL DAMAGE DED COLLISION: OTHER THAN COL:	ALL VEHICLES SCHEDULED VEHICLES	ACTUAL CASH VALUE STATED AMOUNT		\$ \$
GARAGE LIABILITY ANY AUTO		AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EACH ACCIDENT AGGREGATE		\$ \$ \$ \$
EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM		EACH OCCURRENCE AGGREGATE SELF-INSURED RETENTION		\$ \$ \$
WORKER'S COMPENSATION AND EMPLOYER'S LIABILITY		PER STATUTE E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT		\$ \$ \$ \$
SPECIAL CONDITIONS / OTHER COVERAGES Crime - Coverage Part Limits & Retention: Employee Theft \$1,000,000 \$25,000		FEES TAXES ESTIMATED TOTAL PREMIUM		\$ \$ \$

**NAME & ADDRESS**

	MORTGAGEE LOSS PAYEE	ADDITIONAL INSURED
LOAN #:		
AUTHORIZED REPRESENTATIVE Brent Nishikawa/PBABU		

## CONDITIONS

This Company binds the kind(s) of insurance stipulated on page 1 of this form. The Insurance is subject to the terms, conditions and limitations of the policy(ies) in current use by the Company.

This binder may be cancelled by the Insured by surrender of this binder or by written notice to the Company stating when cancellation will be effective. This binder may be cancelled by the Company by notice to the Insured in accordance with the policy conditions. This binder is cancelled when replaced by a policy. If this binder is not replaced by a policy, the Company is entitled to charge a premium for the binder according to the Rules and Rates in use by the Company.

### Applicable in Arizona

Binders are effective for no more than ninety (90) days.

### Applicable in California

When this form is used to provide insurance in the amount of one million dollars (\$1,000,000) or more, the title of the form is changed from "Insurance Binder" to "Cover Note".

### Applicable in Colorado

With respect to binders issued to renters of residential premises, home owners, condo unit owners and mobile home owners, the insurer has thirty (30) business days, commencing from the effective date of coverage, to evaluate the issuance of the insurance policy.

### Applicable in Delaware

The mortgagee or Obligee of any mortgage or other instrument given for the purpose of creating a lien on real property shall accept as evidence of insurance a written binder issued by an authorized insurer or its agent if the binder includes or is accompanied by: the name and address of the borrower; the name and address of the lender as loss payee; a description of the insured real property; a provision that the binder may not be canceled within the term of the binder unless the lender and the insured borrower receive written notice of the cancellation at least ten (10) days prior to the cancellation; except in the case of a renewal of a policy subsequent to the closing of the loan, a paid receipt of the full amount of the applicable premium, and the amount of insurance coverage.

Chapter 21 Title 25 Paragraph 2119

### Applicable in Florida

Except for Auto Insurance coverage, no notice of cancellation or nonrenewal of a binder is required unless the duration of the binder exceeds 60 days. For auto insurance, the insurer must give 5 days prior notice, unless the binder is replaced by a policy or another binder in the same company.

### Applicable in Maryland

The insurer has 45 business days, commencing from the effective date of coverage to confirm eligibility for coverage under the insurance policy.

### Applicable in Michigan

The policy may be cancelled at any time at the request of the insured.

### Applicable in Nevada

Any person who refuses to accept a binder which provides coverage of less than \$1,000,000.00 when proof is required: (A) Shall be fined not more than \$500.00, and (B) is liable to the party presenting the binder as proof of insurance for actual damages sustained therefrom.

### Applicable in Oklahoma

All policies shall expire at 12:01 a.m. standard time on the expiration date stated in the policy.

### Applicable in Oregon

Binders are effective for no more than ninety (90) days. A binder extension or renewal beyond such 90 days would require the written approval by the Director of the Department of Consumer and Business Services.

### Applicable in the Virgin Islands

This binder is effective for only ninety (90) days. Within thirty (30) days of receipt of this binder, you should request an insurance policy or certificate (if applicable) from your agent and/or insurance company.

**PART 4**  
**AUDITED FINANCIAL STATEMENTS**



Report of Independent Auditors and  
Consolidated Financial Statements with  
Supplementary Information

**Eskaton and Subsidiaries**

December 31, 2024 and 2023

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## **Report of Independent Auditors**

The Board of Directors  
Eskaton and Subsidiaries

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Eskaton and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Eskaton and Subsidiaries as of December 31, 2024 and 2023, and the results of their operations and their 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 Eskaton and Subsidiaries 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eskaton and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Eskaton and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eskaton and Subsidiaries' 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules on pages 41 to 53 as of and for the year ended December 31, 2024, for Eskaton and Subsidiaries, Eskaton Properties, Inc., and Eskaton, and the accompanying consolidating schedules on pages 54 to 58 as of and for the year ended December 31, 2023, presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the consolidated statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

The supplementary information – social responsibility on page 59 for the years ended December 31, 2024 and 2023, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

San Francisco, California

April 17, 2025



## **Consolidated Financial Statements**

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**Eskaton and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**  
**(In Thousands)**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 18,157	\$ 16,700
Assets limited as to use, required for current liabilities	780	790
Investments	42,539	57,029
Accounts receivable, net	3,577	6,588
Other receivables	6,764	5,675
Notes receivable	3,900	-
Inventories	212	247
Funded pension obligation	631	-
Deposits and prepaid expenses	<u>1,252</u>	<u>1,408</u>
Total current assets	<u>77,812</u>	<u>88,437</u>
Assets limited as to use, net of current amounts	4,833	13,200
Assets limited as to use, capital projects fund	20,123	-
Investments	4,197	4,015
Property and equipment, net	103,053	102,385
Other assets:		
Due from liability insurer	2,470	7,088
Associate member/resident/patient deposits	1,165	1,068
Funded pension obligation	-	1,435
Other	<u>6,666</u>	<u>11,054</u>
Total other assets	<u>10,301</u>	<u>20,645</u>
Total assets	<u><u>\$ 220,319</u></u>	<u><u>\$ 228,682</u></u>

See accompanying notes.

**Eskaton and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**  
(In Thousands)

	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 3,268	\$ 9,568
Current portion of deferred revenue from unamortized CCRC entrance fees	1,450	1,347
Deposits on unoccupied units	671	536
Accounts payable	3,436	3,097
Accrued liabilities:		
Payroll and payroll taxes	3,169	2,584
Vacation	2,419	2,382
Current portion of self-insured workers' compensation	1,493	1,429
Self-insured employee health plan	1,900	2,530
Interest	554	542
Other	4,898	8,702
Total current liabilities	23,258	32,717
Other liabilities:		
Self-insured workers' compensation, net of current portion	4,525	6,825
Interest rate swap agreements	-	1,163
Unfunded pension obligation	-	1,268
Professional liability	2,169	1,908
Associate member/resident/patient deposits	1,165	1,081
Other	5	7
	7,864	12,252
Long-term debt, net of current maturities	101,906	94,012
Refundable CCRC entrance fees	726	363
Deferred revenue from unamortized CCRC entrance fees, net of current portion	7,268	7,382
Total liabilities	141,022	146,726
Net assets:		
Without donor restrictions	73,467	76,098
With donor restrictions	5,830	5,858
Total net assets	79,297	81,956
Total liabilities and net assets	\$ 220,319	\$ 228,682

See accompanying notes.

**Eskaton and Subsidiaries**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended December 31, 2024 and 2023**  
**(In Thousands)**

	2024	2023
Net assets without donor restrictions		
Revenues, gains, and other support		
Resident service revenue, including amortization of CCRC membership fees of \$1,997 in 2024 and \$1,696 in 2023	\$ 104,248	\$ 103,003
Home based services	818	737
Other, net	23,276	23,908
Total revenues, gains, and other support	128,342	127,648
Expenses		
Salaries and wages	63,789	61,871
Employee benefits	18,388	14,024
Professional fees	5,308	7,248
Supplies	6,745	5,579
Purchased services	12,101	13,640
Ancillary costs	2,049	2,123
Utilities	5,798	5,474
Insurance and other	5,487	5,578
Depreciation	8,838	8,795
Interest and amortization	4,722	5,165
Total operating expenses	133,225	129,497
Loss from operations	(4,883)	(1,849)
Nonoperating revenue (expenses)		
Investment income	4,727	7,808
Interest rate swap activities	(124)	75
Gain on early repayment of debt	438	-
Other components of net periodic pension cost	(4,327)	(192)
(Loss) gain on disposal of property and equipment	(932)	28
Other	168	272
Total nonoperating (expenses) revenue, net	(50)	7,991
(Deficiency) excess of revenues, gains, and other support over expenses	\$ (4,933)	\$ 6,142

See accompanying notes.

**Eskaton and Subsidiaries**  
**Consolidated Statements of Operations and Changes in Net Assets**  
**Years Ended December 31, 2024 and 2023**  
**(In Thousands)**

	2024	2023
Net assets without donor restrictions		
(Deficiency) excess of revenues, gains, and other support over expenses (page 7)	\$ (4,933)	\$ 6,142
Pension-related changes other than net periodic pension cost	4,609	732
Reclassification from net assets with donor restrictions	25	-
Change in net assets without donor restrictions before discontinued operations	(299)	6,874
(Loss) income from discontinued operations	(2,332)	8,577
Net change in net assets without donor restrictions	(2,631)	15,451
Net assets without donor restrictions, beginning of year	76,098	60,647
Net assets without donor restrictions, end of year	\$ 73,467	\$ 76,098
Net assets with donor restrictions		
Contributions	\$ 439	\$ 94
Change in assets held in trust by others	61	61
Investment income	157	226
Reclassification to net assets without donor restrictions	(25)	-
Net assets released from restriction used for operations	(660)	(688)
Change in net assets with donor restrictions	(28)	(307)
Net assets with donor restrictions, beginning of year	5,858	6,165
Net assets with donor restrictions, end of year	\$ 5,830	\$ 5,858
Change in net assets	\$ (2,659)	\$ 15,144
Net assets, beginning of year	81,956	66,812
Net assets, end of year	\$ 79,297	\$ 81,956

See accompanying notes.

**Eskaton and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**  
**(In Thousands)**

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ (2,659)	\$ 15,144
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	8,838	9,410
Amortization of deferred financing costs and premium	(106)	(14)
Amortization of CCRC entrance fees	(1,997)	(1,696)
Net realized and unrealized gains on assets limited as to use	(229)	(376)
Net realized and unrealized gains on investments	(2,993)	(6,413)
Pension related changes other than net periodic pension cost	(4,609)	(732)
Change in fair value of interest rate swap agreements	132	(92)
Payments on settlement of terminated swaps	(1,295)	-
CCRC resales of nonrefundable contracts	959	1,070
CCRC sales of nonrefundable contracts	1,145	660
CCRC sales of refundable contracts	575	542
Loss (gain) on disposal of property and equipment	998	(26,113)
Gain on early repayment of debt	(438)	-
Changes in operating assets and liabilities		
Change in receivables	2,198	1,594
Change in inventories	35	551
Change in deposits and prepaid expenses	(94)	(159)
Change in other assets	5,009	(3,817)
Change in accounts payable	312	(3,868)
Change in accrued liabilities	(6,431)	(605)
Change in unfunded pension obligation	4,145	(751)
Change in other liabilities	434	(440)
Net cash provided by (used in) operating activities	3,929	(16,105)
Cash flows from investing activities		
Purchases of assets limited as to use	(56,573)	(6,450)
Proceeds from sales of assets limited as to use	65,417	6,846
Purchases of investments	(12,373)	(7,514)
Proceeds from sales of investments	29,674	8,192
Expenditures for property and equipment	(11,076)	(7,285)
Proceeds from sale of property and equipment	179	34,261
Proceeds from sale of land	390	-
Net cash provided by investing activities	\$ 15,638	\$ 28,050

See accompanying notes.

**Eskaton and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**  
**(In Thousands)**

	<u>2024</u>	<u>2023</u>
Cash flows from financing activities		
CCRC contracts refunded	\$ (22)	\$ (314)
Change in deposits on unoccupied units	135	(194)
Proceeds from issuance of long-term debt	90,807	-
Principal payments on long-term debt	(86,459)	(9,178)
Payment of debt issuance costs	(1,711)	-
Payment to terminate forward delivery agreement	(499)	-
	<u>2,251</u>	<u>(9,686)</u>
Net cash provided by (used in) financing activities		
	21,818	2,259
Net increase in cash, cash equivalents, and restricted cash		
	18,593	16,334
Cash, cash equivalents, and restricted cash, beginning of year		
	<u>\$ 40,411</u>	<u>\$ 18,593</u>
Cash, cash equivalents, and restricted cash, end of year		
	<u>\$ 4,953</u>	<u>\$ 5,336</u>
Supplemental disclosure		
Cash paid for interest	\$ 4,953	\$ 5,336

See accompanying notes.

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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#### **Note 1 – Organization and Principles of Consolidation**

The accompanying consolidated financial statements of Eskaton and Subsidiaries (the Organization or Eskaton) include the following:

**Eskaton** – Eskaton is a not-for-profit 501(c)(3) California corporation, which was formed in 1968. Eskaton and Subsidiaries' primary mission is to enhance the lives of older adults through innovative wellness, housing, and social services. Eskaton and Subsidiaries is the sole corporate member of Eskaton Properties, Inc. (EPI), Eskaton Village-Grass Valley (EVGV), Eskaton Village-Roseville (EVR), Eskaton Village-Placerville (EVP), Eskaton Lodge Granite Bay (ELGB), Eskaton FountainWood Lodge (EFWL), The Reutlinger Community (TRC), and Eskaton Foundation, and the sole stockholder of Livable Design (LD) and California Healthcare Consultants (CHC). Eskaton and Subsidiaries also operates nonmedical homecare services and various community service programs.

**EPI** – EPI is a not-for-profit 501(c)(3) California corporation that operates retirement housing communities, home health services, a continuing care retirement community with a skilled nursing care center (CCRC), and a business services group which provides financial and managerial support to all Eskaton and Subsidiaries operations. EPI also manages and provides support services to retirement housing communities owned by third parties and affordable housing communities that operate as single purpose not-for-profit 501(c)(3) California corporations.

**EVGV** – EVGV is a not-for-profit 501(c)(3) California corporation that operates a 137-apartment assisted living community in Grass Valley, California.

**EVR** – EVR is a not-for-profit 501(c)(3) California corporation that operates a 96-apartment assisted living community in Roseville, California.

**EVP** – EVP is a not-for-profit 501(c)(3) California corporation that operates a 64-apartment assisted living community in Placerville, California.

**ELGB** – ELGB is a not-for-profit 501(c)(3) California corporation that operates a 100-apartment assisted living community in Granite Bay, California.

**EFWL** – EFWL is a not-for-profit 501(c)(3) California corporation that operated a 91-apartment assisted living community in Orangevale, California. The property was sold in 2021.

**TRC** – TRC is a not-for-profit 501(c)(3) California corporation that operates a 60-bed skilled nursing and 92-apartment assisted living community as a CCRC in Danville, California.

**Eskaton Foundation** – Eskaton Foundation is a not-for-profit 501(c)(3) California corporation whose purpose is to raise funds for the benefit of Eskaton and Subsidiaries programs.

**LD** – LD, a C Corporation, is a taxable subsidiary of Eskaton and Subsidiaries, and owns a home in Roseville, California that is rented to the general public.



## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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**CHC** – CHC, a C Corporation, is a taxable subsidiary of Eskaton and Subsidiaries that leases employees to communities owned by third parties and is managed by EPI.

All material intercompany accounts and transactions have been eliminated in consolidation.

EPI, EVGV, and EVR are members of the Eskaton Properties, Incorporated Obligated Group (the Obligated Group) according to a Master Indenture of Trust dated July 1, 1999, and various Supplemental Master Indentures dated subsequent to July 1, 1999, superseded by the Amended and Restated Master Trust Indenture dated September 1, 2024 (together, the Master Indenture).

On March 19, 2019, Eskaton and Subsidiaries invested \$3 million in a Program of All-inclusive Care for the Elderly (PACE) partnership with InnovAge and Adventist Health. PACE is an alternative to nursing homes, designed to keep seniors living in their own homes and communities for as long as safely possible. Participants are primarily dually eligible for both Medicare and Medicaid. Eskaton and Subsidiaries's investment represents a minority interest in the PACE partnership, which is accounted for at cost minus impairment, if any.

On February 20, 2020, Eskaton and Subsidiaries executed a letter of intent to sell the real property owned by Eskaton FountainWood Lodge, including the 91-bed licensed assisted living and memory care facility, at an agreed-upon sales price of \$7.8 million. The completion of the sale occurred on January 12, 2021. The \$7.8 million sale price was reduced by a seller credit of \$0.8 million and consisted of a cash consideration of \$3.1 million and a \$3.9 million promissory note originally scheduled to mature in January 2024. During 2023, a one-year extension was granted to the buyer thereby extending the note maturity to January 2025; the maturity was subsequently extended to August 2025.

On September 29, 2023, the real property owned and operated by EPI as three standalone skilled nursing care centers was sold for \$35.6 million, with net cash proceeds of \$34.2 million and a resulting gain on the sale of \$26.1 million, which is recorded within (loss) income from discontinued operations within the accompanying consolidated statements of operations and changes in net assets. Net proceeds of \$3.8 million were used to pay a portion of the long-term debt attributed to the three standalone skilled nursing care centers.

On December 15, 2023, EPI ceased operations of its medical homecare service provider, Eskaton Home Healthcare.

On December 27, 2023, EPI ceased operations of Eskaton Lodge Cameron Park. Eskaton executed an agreement with the California Department of Forestry and Fire Protection on February 13, 2024, for the lease of the real property formerly operated as Eskaton Lodge Cameron Park. The lease term commenced April 1, 2024, and shall end on March 31, 2034, with monthly rent payments of \$75 thousand escalating 2.0% each year of the 10-year term.

Additional information related to Eskaton's discontinued operations is disclosed in Note 17.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 2 – Summary of Significant Accounting Policies

**Cash and cash equivalents** – Cash and cash equivalents include cash in banks and short-term money market accounts. The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash balances reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows as of December 31:

	2024	2023
Cash and cash equivalents	\$ 18,157	\$ 16,700
Restricted cash included in assets limited as to use	22,254	1,893
Total cash, cash equivalents, and restricted cash balances	<u>\$ 40,411</u>	<u>\$ 18,593</u>

Amounts included in restricted cash include the capital projects fund and various escrow deposits required to be set aside by lenders. Such deposits include mortgage insurance premiums, property taxes, and property insurance escrow accounts, as well as other balances required to be held for restrictive covenants, including the requirement to maintain certain deposits with the lender. Certain lenders also hold reserve accounts for capital replacement reserves and residual receipts. All such escrow accounts, reserve accounts, and other amounts reflected as restricted cash are included in assets limited as to use.

**Investments** – Investments in equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value. Management has elected to carry any alternative investments under the fair value option. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the (deficiency) excess of revenues, gains, and other support over expenses.

**Assets limited as to use** – Assets limited as to use include assets held by trustees or lenders under bond indenture and HUD regulatory agreements, and assets restricted by donors for financial assistance to residents of Eskaton and Subsidiaries communities. Assets limited as to use are reported at fair value. Amounts required to satisfy obligations classified as current liabilities are reported in current assets in the consolidated balance sheets. The capital projects fund, which consists of approximately \$20 million of new money raised in the 2024 bond issuance, is also reported in current assets in the consolidated balance sheets, as the funds are available for expenditure on qualifying Obligated Group capital projects.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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**Property and equipment, net** – Property and equipment are stated at cost. The cost of property and equipment purchased in excess of \$2,000 is capitalized. Interest capitalized (net of investment income from bond proceeds) in connection with the construction of plant and equipment is recorded as part of the cost of the constructed asset to which it relates and is amortized over the asset's useful life. Depreciation is computed using the straight-line method based on estimated useful lives of property and equipment as follows:

Land improvements	10–20 years
Buildings and improvements	7–40 years
Equipment	3–20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions and are excluded from the (deficiency) excess of revenues, gains, and other support over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Expirations of donor restrictions are reported as net assets released from restriction when the donated or acquired long-lived assets are placed in service, absent explicit donor stipulations about how long those long-lived assets must be maintained.

**Impairment of long-lived assets and long-lived assets to be disposed of** – Long-lived assets and certain identifiable intangibles 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 by 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 costs to sell.

**Discontinued operations** – An asset purchase agreement was executed on March 24, 2023, for the real property owned and operated by EPI as three standalone skilled nursing care centers. The sale closed on September 28, 2023, for a purchase price of \$35.6 million. As a result, the consolidated statements of operations and changes in net assets reflect the revenues and expenses of the three standalone skilled nursing care centers, as well as the revenues and expenses of EPI's medical homecare services provider, as (loss) income from discontinued operations. Additional information related to Eskaton's discontinued operations is disclosed in Note 17.

**Self-insured employee health and workers' compensation** – The provisions for estimated self-insured employee health and workers' compensation include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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**Derivative instruments** – Eskaton and Subsidiaries entered into a swap agreement to manage interest rate risk on its 2006 Bonds; this orphaned swap agreement was transferred to the 2022 Bonds upon refinancing. Swaps are contracts to exchange, for a period of time, the investment performance of one underlying instrument for the investment performance of another instrument without exchanging the instruments themselves. Eskaton and Subsidiaries entered into this agreement to mitigate cash flow and fair value risks related to changes in interest rates.

Eskaton and Subsidiaries records in its consolidated balance sheets the estimated fair value of swaps at the consolidated balance sheet date. Because the derivative has not been designated as a hedge for accounting purposes, changes in the fair value of the swap are included in nonoperating revenue (expenses) in the consolidated statements of operations and changes in net assets.

During 2024, the Organization refinanced its variable-rate bond debt with fixed-rate revenue and refunding bonds, and a payment of approximately \$1.3 million was made to terminate the swap agreement.

**Deferred financing costs** – Deferred financing costs are amortized over the period the obligation is expected to be outstanding or the life of bank-direct-placement agreements associated with variable-rate demand bonds, whichever is shorter. Amortization is calculated using the straight-line method, which approximates the effective interest method. Deferred financing costs are included as a direct reduction of long-term debt. Amortization of deferred financing costs is included as a component of interest and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

**Net asset classifications** – Net assets and changes therein are classified and reported as follows:

*Without donor restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*With donor restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stated purpose for which the resource was restricted has been fulfilled, or both. Contributions for which restrictions are satisfied in the same period as received are recorded as contributions revenue without donor restrictions.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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**Endowments** – Endowments are contributions whose use by Eskaton and Subsidiaries has been restricted by donors to be maintained by Eskaton and Subsidiaries in perpetuity. The Board of Directors has interpreted California’s enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of endowments, absent explicit donor stipulations to the contrary. As a result of this interpretation, Eskaton and Subsidiaries classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the donors of these assets permit Eskaton and Subsidiaries to use all or part of the investment return on these assets and to appropriate for distribution, each year, 5% of its endowment fund’s prior year average fair value. Unrealized gains and investment income allocated to the endowment fund are classified as net assets with donor restrictions, as supported by the associated agreements, until those amounts are appropriated for expenditure by Eskaton and Subsidiaries in a manner consistent with the standard of prudence prescribed by UPMIFA. In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund shall reduce net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before a loss occurs. Any remaining loss shall reduce net assets without donor restrictions.

**Resident service revenue** – Eskaton and Subsidiaries provides senior living services to residents for a stated monthly fee. Eskaton and Subsidiaries recognizes revenue for housing services under independent living, assisted living, and memory care residency agreements in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Eskaton and Subsidiaries has determined that the senior living services included under the daily or 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, Eskaton and Subsidiaries sells CCRC memberships. Revenue associated with these memberships is recognized over the estimated remaining life of the resident.

The following represents resident service revenue disaggregated by service line for the years ended December 31, 2024 and 2023, 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				
	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident service revenue	<u>\$ 26,229</u>	<u>\$ 8,364</u>	<u>\$ 11,963</u>	<u>\$ 57,692</u>	<u>\$ 104,248</u>
	Year Ended December 31, 2023				
	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident service revenue	<u>\$ 28,384</u>	<u>\$ 8,830</u>	<u>\$ 10,499</u>	<u>\$ 55,290</u>	<u>\$ 103,003</u>

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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Included in residential service revenue are net patient service revenues for the skilled nursing services performed at Eskaton's CCRC campuses. These skilled nursing services are performed in exchange for a contractual agreed-upon amount or rate. The transaction price for these services is based on standard charges for goods and services provided, reduced by contractual adjustments provided to third parties, or explicit price concessions. Eskaton and Subsidiaries 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 services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services that 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. Refer to Note 3 for information on third-party payor relationships.

**Home based services revenue** – Eskaton recognizes revenue for nonmedical homecare services in the period the services are performed at contractual hourly rates.

**Other revenue** – Other revenue is derived from management agreements, leases, and other ancillary revenues. Eskaton and Subsidiaries manages certain communities under contracts that provide periodic management fee payments to the Organization. Management fees are generally determined by an agreed-upon percentage of gross revenues (as defined in the management agreement). Certain management contracts also provide for an annual incentive fee to be paid to Eskaton and Subsidiaries upon achievement of certain metrics identified in the contract. There was no incentive fee amounts recorded for the years ended December 31, 2024 or 2023. Eskaton and Subsidiaries recognizes revenue for community management services in accordance with the provisions of ASC 606. Although there are various management and operational activities performed by Eskaton and Subsidiaries under the contracts, the Organization has determined that all community operations management activities are a single performance obligation, which is satisfied over time as the services are rendered. Management fees received from third parties was \$3.5 million and \$3.4 million for the years ended December 31, 2024 and 2023, respectively.

Eskaton executed an agreement with the California Department of Forestry and Fire Protection on February 13, 2024, for the lease of the real property formerly operated as Eskaton Lodge Cameron Park. The lease term commenced April 1, 2024, and shall end on March 31, 2034, with monthly rent payments of \$75 thousand escalating 2.0% each year of the ten-year term. Lease revenue of \$0.7 million was recorded for the year ended December 31, 2024.

**Donated services and materials** – A number of volunteers donate significant amounts of time to advance Eskaton and Subsidiaries' program objectives. No amounts are reported in the accompanying consolidated financial statements for donated services since no objective basis is available to measure the value of such services.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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Eskaton and Subsidiaries records the donation of materials when an objective basis is available to measure the value of those donations and when the materials would be purchased if they were not donated. These amounts are recorded as contribution revenues and as expenses.

**(Deficiency) excess of revenues, gains, and other support over expenses** – The accompanying consolidated statements of operations and changes in net assets include (deficiency) excess of revenues, gains, and other support over expenses. Changes in net assets without donor restrictions, which are excluded from the (deficiency) excess of revenues, gains, and other support over expenses, include pension-related changes other than net periodic pension cost.

**Advertising** – Advertising costs are expensed as incurred and included in purchased services expense in the accompanying consolidated statements of operations and changes in net assets. Advertising expense was \$1.0 million and \$0.7 million for the years ended December 31, 2024 and 2023, respectively.

**Income taxes** – Eskaton and Subsidiaries, EPI, EVGV, EVR, EVP, ELGB, EFWL, TRC, and Eskaton Foundation are exempt from income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and applicable state regulations, except for federal and state tax on income resulting from unrelated business income. LD and CHC are taxable entities; however, income taxes for these entities are not significant to the consolidated financial statements.

ASC 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Recognition of a tax position is determined when it is more likely than not that a tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation processes. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority. Eskaton and Subsidiaries recognizes interest and penalties related to income tax matters in operating expenses. As of December 31, 2024 and 2023, there were no such uncertain tax positions.

**Use of management's estimates** – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Accounting estimates include fair value measurements of investments, accounts receivable allowances, useful lives of fixed assets, deferred revenue from unamortized CCRC membership fees, self-insured workers' compensation, self-insured employee health costs, interest rate swap liability, funded and unfunded pension obligation, and professional liability.

**Fair value measurements** – ASC 820, *Fair Value Measurement*, prescribes fair value measurements and disclosures for financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other receivables, deposits and prepaid expenses, other assets, and accrued liabilities approximate fair value. The fair values of assets limited as to use and investments are disclosed in Note 4. The fair values of derivative instruments are disclosed in Note 5.

#### **Note 3 – Third-Party Payors**

Related to the skilled nursing services provided at its CCRC campuses, Eskaton and Subsidiaries has agreements with third-party payors that provide for payments to Eskaton and Subsidiaries at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

**Medicare** – Skilled nursing services provided to Medicare program beneficiaries are reimbursed under the Prospective Payment System (PPS). Eskaton and Subsidiaries is reimbursed under the PPS system for skilled nursing services on a per diem rate depending on each patient category, which is determined by the Patient Driven Payment Model.

**Medi-Cal** – Skilled nursing services rendered to Medi-Cal program beneficiaries are reimbursed under prospectively determined per diem or per visit rates. As part of the California Advancing & Innovating Medi-Cal (CalAIM) initiative, the Medi-Cal program transitioned to a Medi-Cal Managed Care model beginning in January 2023, with benefits administered by a defined network of participating managed care plans.

**Other** – Eskaton and Subsidiaries has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Eskaton and Subsidiaries under these agreements includes prospectively determined daily rates and discounts from established charges.



## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 4 – Assets Limited as to Use and Investments

**Assets limited as to use** – The composition of assets limited as to use, stated at fair value, as of December 31 is set forth in the following table (in thousands):

	2024	2023
Required under bond indenture and HUD regulatory agreements for escrow, principal, interest, reserves, and insurance, held by trustee		
Cash and short-term investments	\$ 22,025	\$ 1,823
U.S. Treasury notes, government securities, and other corporate debt securities	-	8,402
	<u>22,025</u>	<u>10,225</u>
Resident assistance and program funds with donor restrictions		
Cash and short-term investments	229	70
Equity securities	1,123	1,161
Mutual funds	<u>2,359</u>	<u>2,534</u>
	<u>3,711</u>	<u>3,765</u>
	25,736	13,990
Less current portion	<u>780</u>	<u>790</u>
	<u>\$ 24,956</u>	<u>\$ 13,200</u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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**Investments** – Investments, at fair value as of December 31 include the following (in thousands):

	2024	2023
Corporate reserves for capital replacement, liquidity, and growth		
Cash and short-term investments	\$ 2,760	\$ 4,711
U.S. Treasury notes, government securities, and other corporate debt securities	4,882	3,148
Equity securities	6,567	9,488
Mutual funds	28,330	39,682
	<u>42,539</u>	<u>57,029</u>
Corporate reserves for resident assistance and charitable gift annuities		
Cash and short-term investments	153	355
U.S. Treasury notes, government securities, and other corporate debt securities	78	87
Equity securities	337	279
Mutual funds	3,629	3,294
	<u>4,197</u>	<u>4,015</u>
	46,736	61,044
Less current portion	<u>42,539</u>	<u>57,029</u>
	<u>\$ 4,197</u>	<u>\$ 4,015</u>

ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

**Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Eskaton and Subsidiaries has the ability to access at the measurement date.

**Level 2** – Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3** – Inputs are unobservable inputs for the asset or liability.

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.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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The fair values of the financial instruments as of December 31, 2024 and 2023, represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by management based on the best information available in the circumstances.

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.

**Marketable investment securities** – Money market funds, equity securities, mutual funds, U.S. government securities, and U.S. government bonds are measured using quoted market prices at the reporting date multiplied by the quantity held.

Investments by level as of December 31, 2024 and 2023, are as follows (in thousands):

	December 31, 2024	Fair Value Measurements at Reporting Date Using		
		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 cash equivalents	\$ 4,446	\$ 4,446	\$ -	\$ -
Money market funds	20,721	20,721	-	-
Equity securities	8,027	8,027	-	-
Mutual funds	34,318	34,318	-	-
U.S. Government securities	4,881	4,881	-	-
U.S. Government bonds	79	79	-	-
Total investments, at fair value	<u>\$ 72,472</u>	<u>\$ 72,472</u>	<u>\$ -</u>	<u>\$ -</u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

	December 31, 2023	Fair value measurements at reporting date using		
		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 cash equivalents	\$ 6,433	\$ 6,433	\$ -	\$ -
Money market funds	526	526	-	-
Equity securities	10,927	10,927	-	-
Mutual funds	45,511	45,511	-	-
U.S. Government securities	4,532	4,532	-	-
U.S. Government bonds	7,105	7,105	-	-
Total assets in the fair value hierarchy	<u>\$ 75,034</u>	<u>\$ 75,034</u>	<u>\$ -</u>	<u>\$ -</u>

Eskaton and Subsidiaries management meets at least quarterly with its investment advisor to review the strategy and the ongoing performance of all investments, including analyzing changes in fair value measurements from period to period.

Investment income, expenses, and gains (losses) for assets limited as to use, cash equivalents, and investments are comprised of the following for the years ended December 31, 2024 and 2023 (in thousands):

	Year Ended December 31, 2024		
	Obligated Group	Nonobligated	Total
Investment income			
Interest and dividend income	\$ 2,016	\$ 13	\$ 2,029
Realized (losses) gains on sales of securities	(569)	410	(159)
Unrealized gains on trading securities	<u>3,026</u>	<u>355</u>	<u>3,381</u>
	4,473	778	5,251
Less investment expenses	<u>337</u>	<u>30</u>	<u>367</u>
Total investment income	<u>4,136</u>	<u>748</u>	<u>4,884</u>
Less investment income with donor restrictions	<u>-</u>	<u>157</u>	<u>157</u>
Investment income without donor restrictions	<u>\$ 4,136</u>	<u>\$ 591</u>	<u>\$ 4,727</u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

	Year Ended December 31, 2023		
	Obligated Group	Nonobligated	Total
Investment income			
Interest and dividend income	\$ 1,364	\$ 211	\$ 1,575
Realized gains on sales of securities	(954)	49	(905)
Unrealized gains on trading securities	6,766	928	7,694
	7,176	1,188	8,364
Less investment expenses	313	17	330
	6,863	1,171	8,034
Total investment income			
	-	226	226
Less investment loss with donor restrictions			
	\$ 6,863	\$ 945	\$ 7,808
Investment loss without donor restrictions			

#### Note 5 – Derivative Instruments and Hedging Activities

Eskaton and Subsidiaries has an interest rate swap derivative instrument (swap) to manage its exposure on its debt instruments. By using derivative instruments, Eskaton and Subsidiaries exposes itself to credit risk and termination risk.

Credit risk exists because Eskaton and Subsidiaries is dependent upon the interest rate swap counterparty to meet its obligations under the agreement. This risk is measured by the cost associated with replacing the agreement, not by the notional amount of the agreement. At inception, the swap's replacement cost, or fair market value, is close to zero. If interest rates change such that the fair market value of the swap is positive, Eskaton and Subsidiaries' exposure to the swap counterparty increases as the cost of replacing the agreement increases. If the fair market value decreases, Eskaton and Subsidiaries' exposure to the swap counterparty decreases. Eskaton and Subsidiaries minimizes the credit risk in derivative instruments by entering into transactions with high-quality counterparties whose credit rating is higher than A2/A.

Termination risk is the risk that a swap will be terminated by the swap counterparty before maturity and Eskaton and Subsidiaries, due to adverse market conditions, will be forced to make a cash termination payment to the counterparty. The termination risk associated with swaps is managed by establishing and monitoring parameters that limit the market value sensitivity Eskaton and Subsidiaries is willing to accept. Termination risk is also mitigated by allowing only Eskaton and Subsidiaries to have voluntary termination rights and allowing the swap counterparty to terminate only under specific ratings downgrade triggers of Eskaton and Subsidiaries.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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The estimated fair values of derivative instruments have been determined using Level 2 inputs including available market information and valuation methodologies. As of December 31, 2023, the fair value of these derivatives was recorded in the consolidated balance sheet at a net liability of \$1.2 million. The credit risk assumption, as required under ASC 820, reduced Eskaton and Subsidiaries's interest rate swap liability by \$0.1 million in 2023. During 2024, the Organization paid approximately \$1.3 million to terminate the interest rate swap derivative instrument.

**Interest rate swap agreement for variable-rate debt** – Eskaton and Subsidiaries has issued variable-rate debt to refinance various debt issuances and finance capital improvements. The variable-rate debt obligations expose Eskaton and Subsidiaries to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into a swap agreement to manage fluctuations in cash flows resulting from interest rate risk. This swap effectively changed the variable-rate cash flow exposure on the Series 2006 Bonds to approximate fixed-rate cash flows. Upon refinance of the Series 2006 Bonds during 2022, the orphaned swap limits variable-rate cash flow exposure on approximately 60% of the Series 2022 Bond issuance by emulating fixed-rate cash flows on that portion of the debt. Under the terms of the swap, Eskaton and Subsidiaries makes fixed interest rate payments and receives variable interest rate payments, thereby creating the equivalent of fixed-rate debt. As of December 31, 2023, Eskaton and Subsidiaries was party to a swap agreement with an aggregate notional principal amount of \$15.0 million. During 2024, the Organization's variable-rate debt was refinanced with fixed-rate revenue and refunding bonds (Series 2024 Bonds), and the interest rate swap agreement was terminated.

**Interest rate swap activities** – Interest rate swap activities included in nonoperating revenue (expenses) for the years ended December 31 consist of the following (in thousands):

	2024	2023
Net unrealized (loss) gain on interest rate swap agreements	\$ (132)	\$ 92
Net receipts (payments) on interest rate swap agreements	8	(17)
Total interest rate swap activities	<u>\$ (124)</u>	<u>\$ 75</u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 6 – Property and Equipment, Net

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

	2024	2023
	<u>2024</u>	<u>2023</u>
Land	\$ 22,117	\$ 23,590
Land improvements	21,885	21,419
Buildings and improvements	214,025	209,868
Equipment	<u>31,820</u>	<u>31,747</u>
	289,847	286,624
Accumulated depreciation	<u>(193,839)</u>	<u>(186,279)</u>
	96,008	100,345
Construction in progress	<u>7,045</u>	<u>2,040</u>
Property and equipment, net	<u><u>\$ 103,053</u></u>	<u><u>\$ 102,385</u></u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 7 – Long-Term Debt, Net

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

	2024	2023
<u>Obligated group</u>		
Series 2013 Tax-Exempt Fixed-Rate Revenue Bonds (Series 2013 Bonds) due 2035, principal due in annual installments and fixed interest of 2.00% to 5.00% due semi-annually; secured by deeds of trust.	\$ -	\$ 36,590
Series 2012 Tax-Exempt Fixed-Rate Revenue Bonds (Series 2012 Bonds) due 2034, principal due in annual installments and fixed interest of 2.00% to 5.25% due semi-annually; secured by deeds of trust.	-	25,590
Series 2022 Tax-Exempt Variable-Rate Revenue and Refunding Bonds (Series 2022 Bonds) due 2029, payments of principal and variable interest due monthly (5.72% at December 31, 2023); held under a bank direct placement agreement; secured by deeds of trust.	-	17,936
Series 2024 Tax-Exempt Fixed-Rate Revenue and Refunding Bonds (Series 2024 Bonds) due 2044, principal due in annual installments and fixed interest of 5.00% due semi-annually (effective yields ranging from 2.87% to 4.05%); secured by deeds of trust.	81,685	-
<u>Nonobligated</u>		
Note payable to Lument due 2050, principal and interest of 3.07% due in monthly installments of \$53; insured by U.S. Department of Housing and Urban Development under Section 232, pursuant to Section 223(f); secured by deed of trust.	11,299	11,585
Note payable to Lument due 2047, principal and interest of 2.45% due in monthly installments of \$32; insured by U.S. Department of Housing and Urban Development under Section 232, pursuant to Section 223(f); secured by deed of trust.	6,715	6,930
Note payable to First Republic Bank due 2035, principal and interest of 3.85% due in monthly installments of \$40.	-	4,556
	99,699	103,187
Unamortized premiums	7,798	2,572
Unamortized deferred financing costs	(2,323)	(2,179)
	105,174	103,580
Less current maturities, net of premiums and deferred financing costs of \$281 and \$73 in 2024 and 2023, respectively	(3,268)	(9,568)
	<u>\$ 101,906</u>	<u>\$ 94,012</u>



## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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Maturities, excluding unamortized premiums and deferred financing costs of \$5.5 million, of long-term debt are as follows (in thousands):

Year Ending December 31,

2025	\$ 2,987
2026	3,126
2027	3,271
2028	3,422
2029	3,578
Thereafter	<u>83,315</u>
	<u><u>\$ 99,699</u></u>

The total amount of long-term debt supported by direct placement agreements as of December 31, 2024 and 2023, was approximately \$17.9 million. Eskaton and Subsidiaries pays fees on its direct placement facility with Truist Commercial Equity, Inc. of 1.501% per annum, plus a percentage of one-month Secured Overnight Financing Rate (SOFR). These fees are included in interest and amortization expense in the accompanying consolidated statements of operations and changes in net assets. During 2024, the long-term debt supported by direct placement agreements was refinanced with proceeds from the Series 2024 Bond issuance.

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

	<u>2024</u>	<u>2023</u>
Obligated Group		
Interest on bonds and notes	\$ 3,888	\$ 4,110
Letter of credit and other financing fees	41	32
Amortization of debt issuance costs	139	159
Nonobligated		
Interest on bonds and notes	628	826
Amortization of debt issuance costs	<u>26</u>	<u>38</u>
	<u><u>\$ 4,722</u></u>	<u><u>\$ 5,165</u></u>

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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The Series 2024 Bonds, Series 2022 Bonds, Series 2013 Bonds, and Series 2012 Bonds are subject to restrictive covenants contained in the Master Indenture (amended and restated September 1, 2024). The Series 2022 Bonds are also subject to additional covenants contained in the direct placement agreement with Truist Commercial Equity, Inc. Under the Master Indenture, Eskaton and Subsidiaries is required to maintain certain deposits with a trustee that are included in assets limited as to use. The Master Indenture and related direct placement agreement also, among other things, require Eskaton and Subsidiaries to maintain specified debt service coverage ratios and days cash on hand, place limits on Eskaton and Subsidiaries on the incurrence of additional long-term debt, and require Eskaton and Subsidiaries to report material adverse changes. Management believes Eskaton and Subsidiaries was in compliance with the various covenants as of and for the year ended December 31, 2024.

The notes payable to Lument are also subject to restrictive covenants, including the requirement to maintain certain deposits with the lender. Such deposits include mortgage insurance premiums, property taxes, and property insurance escrow accounts. The lender also holds reserve accounts for capital replacement reserves and residual receipts. All such escrow accounts and reserve accounts are included in assets limited as to use. Disbursements from the reserve accounts for the proper purpose may be made only after receiving consent in writing from the U.S. Secretary of Housing and Urban Development.

The note payable to First Republic Bank was repaid in January 2024.

The Series 2022 Bonds are held by Truist Commercial Equity, Inc. under a direct placement agreement expiring August 31, 2029. The Series 2022 Bonds, as well as the Series 2012 Bonds and Series 2013 Bonds, were refinanced with proceeds from the Series 2024 Bonds, which are not subject to a direct placement agreement, in September 2024.

#### **Note 8 – Retirement Plans**

Eskaton and Subsidiaries has a defined benefit cash balance pension plan (the Pension Plan) whereby a participant's monthly rate of retirement benefits shall equal one twelfth of the amount determined in accordance with the Pension Plan provisions. A participant may elect an optional form of benefit, including a single lump-sum payment. The Pension Plan covers all employees of Eskaton and Subsidiaries, EPI, EVGV, EVR, EVP, ELGB, EFWL, Eskaton Foundation, and LD who have attained the age of 21 after completion of one year of service in which the employee completes 1,000 hours of service. The Pension Plan requires five benefit years to vest.

Eskaton and Subsidiaries also maintains a Supplemental Executive Retirement Plan (SERP) that provides supplemental funds for retirement or death for selected key employees of Eskaton and Subsidiaries in the event that the Pension Plan benefits of such individuals are less than the specified target. The SERP is a nonqualified plan intended to meet the requirements of an ineligible deferred compensation plan as described in Section 457(f) of the Internal Revenue Code of 1986. The benefit under the SERP is offset by certain portions of the Pension Plan. It is expected over time that the benefits payable from the SERP will be nearly completely offset by the cash balance pension plan.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

The Pension Plan was frozen effective December 31, 2022, and management anticipates formally terminating the plan during 2025, although the actual termination date may extend to a future period. No additional employee service credits will accrue after December 31, 2022, and no additional interest credits will accrue beyond the liquidating lump sum distributions, qualified retirement plan rollovers, and annuity purchases that occurred during 2024. Eskaton also intends to modify or replace the SERP at an undetermined future date.

As a replacement for the Pension Plan, Eskaton began offering participation in a 401(k) retirement plan (the Eskaton 401(k) Plan) to substantially all employees beginning January 1, 2023. Employees are eligible to participate in the Eskaton 401(k) Plan upon reaching age 18 and 90 days of eligible service. Employee deferral amounts are subject to Internal Revenue Service annual limitations. The Eskaton 401(k) Plan provides for employer matching contributions of up to 4% of employee compensation with immediate vesting.

The following table presents the changes in the benefit obligations, fair value of assets, and funded status of the Pension Plan and SERP as of December 31 (in thousands):

	Eskaton Retirement Plan		SERP	
	2024	2023	2024	2023
Benefit obligation, beginning of year	\$ 24,630	\$ 32,553	\$ 1,268	\$ 1,143
Service cost	-	-	-	35
Interest cost	472	1,446	63	44
Benefits paid	(1,856)	(7,472)	(182)	(976)
Plan settlement lump sum payments	(15,081)	-	-	-
Plan settlement annuity purchase	(8,624)	-	-	-
Plan amendment	-	-	(1,314)	-
Actuarial loss (gain)	459	(1,897)	165	1,022
Benefit obligation, end of year	<u>\$ -</u>	<u>\$ 24,630</u>	<u>\$ -</u>	<u>\$ 1,268</u>
Fair value of assets, beginning of year	\$ 26,065	\$ 32,380	\$ -	\$ -
Return on plan assets	127	1,157	-	-
Benefits paid	(1,856)	(7,472)	-	-
Plan settlement lump sum payments	(15,081)	-	-	-
Plan settlement annuity purchase	(8,624)	-	-	-
Fair value of assets, end of year	<u>\$ 631</u>	<u>\$ 26,065</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status at end of year (recognized in unfunded pension obligations and funded pension obligations in the consolidated balance sheets)	<u>\$ 631</u>	<u>\$ 1,435</u>	<u>\$ -</u>	<u>\$ (1,268)</u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

The accumulated benefit obligation for the Pension Plan was \$0 and \$24.6 million as of December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the Pension Plan experienced (losses) gains of (\$0.5) million and \$1.9 million, respectively, related to changes in the benefit obligation primarily due to changes in interest rates and assumptions pertaining to termination measurements. Termination measurements were applied upon freezing the plan in 2022, again in 2023 upon Eskaton terminating the employment of several hundred plan participants in conjunction with the sale of its three standalone skilled nursing care centers, and again in 2024 upon the liquidating distributions that occurred in preparation for final plan termination.

Net periodic benefit cost recognized and other changes in plan assets and benefit obligations, which are excluded from (deficiency) excess of revenues, gains, and other support over expenses, in 2024 and 2023 are as follows (in thousands):

	Eskaton Retirement Plan		SERP	
	2024	2023	2024	2023
Service cost	\$ -	\$ -	\$ -	\$ (35)
Interest cost	(472)	(1,446)	(63)	(44)
Expected return on plan assets	421	1,367	-	-
Amortization of net (loss) gain	(77)	(100)	120	457
Curtailment charge	-	-	1,314	-
Settlement charge	(7,095)	(1,822)	1,525	1,396
Net periodic benefit cost recognized	(7,223)	(2,001)	2,896	1,774
Other changes in plan assets and benefit obligations recognized in net (deficit) assets without donor restrictions:				
Net actuarial (loss) gain	(675)	1,786	1,028	(1,480)
Impact of curtailment accounting	-	-	(1,314)	-
Impact of settlement accounting	7,095	1,822	(1,525)	(1,396)
Total recognized in net assets (deficit) without donor restrictions	6,420	3,608	(1,811)	(2,876)
Total recognized in net periodic benefit cost and net (deficit) assets without donor restrictions	<u>\$ (803)</u>	<u>\$ 1,607</u>	<u>\$ 1,085</u>	<u>\$ (1,102)</u>

Weighted average assumptions used are as follows:

	Eskaton Retirement Plan		SERP	
	2024	2023	2024	2023
Discount rate - benefit obligation	n/a	5.74%	n/a	5.20%
Discount rate - benefit cost	5.74%	5.35%	5.20%	5.35%
Expected rate of return on plan assets	4.50%	4.50%	n/a	n/a
Rate of compensation increase	n/a	n/a	n/a	4.00%

Eskaton and Subsidiaries's expected rate of return on plan assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

**Measurement date** – The measurement date used to determine pension benefit measures for the plans is December 31.

**Cash flows** – Eskaton and Subsidiaries expects no further contributions to the Pension Plan or SERP during the fiscal year ending December 31, 2025.

As of December 31, 2024, all benefit obligations have been liquidated in the form of lump sum distributions, qualified retirement plan rollovers, or annuities purchased on behalf of Pension Plan participants. The Organization is evaluating its options for disbursing the \$0.6 million that remained in the plan at December 31, 2024. All remaining funds are expected to be disbursed and the plan fully terminated and closed during 2025, although the final distribution and actual termination date may extend to a future period.

**Plan assets** – Eskaton and Subsidiaries' investment policy for the retirement plans state the overall investment objectives of the accounts. It also contains a target asset mix and asset mix restrictions, which in combination with the skills of each investment manager should achieve these objectives.

The objectives of the account are expected to be pursued as a long-term goal designed to maximize the returns without exposure to undue risk. Each investment manager's greatest concern is expected to be the long-term appreciation of the assets and consistency of total portfolio returns. Management expects the account to exceed (net of fees) the composite benchmark relevant to the target asset allocation defined in the investment policy.

Target Asset Mix Table  
Overall Portfolio

Asset class	Minimum percentage	Target percentage	Maximum percentage
Domestic equities	30%	45%	60%
Real estate	0%	5%	10%
International equities	10%	15%	20%
Domestic fixed income	15%	25%	35%
Alternative investments	0%	10%	20%

The asset allocations of plan assets as of December 31, 2024 and 2023, are as follows (in thousands):

	December 31, 2024	Fair Value Measurements at Reporting Date Using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash	\$ 21	\$ 21	\$ -	\$ -
Mutual funds	610	610	-	-
Total assets in the fair value hierarchy	<u>\$ 631</u>	<u>\$ 631</u>	<u>\$ -</u>	<u>\$ -</u>

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

	December 31, 2023	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash	\$ 293	\$ 293	\$ -	\$ -
Mutual funds	1,157	1,157	-	-
U.S. government bonds	24,041	24,041	-	-
Pooled separate account	574	-	574	-
Total assets in the fair value hierarchy	<u>\$ 26,065</u>	<u>\$ 25,491</u>	<u>\$ 574</u>	<u>\$ -</u>

There were no significant transfers between plan assets with inputs with quoted prices in active markets for identical assets (Level 1) and assets with inputs with significant other observable inputs (Level 2) during the years ended December 31, 2024 and 2023.

#### Note 9 – Continuing Care Retirement Communities

**Eskaton Village Carmichael** – Eskaton Village Carmichael (EVC) is a licensed continuing care community offering independent living, assisted living for those residents' needing assistance with two or more of the activities of daily living and residents with cognitive impairments, and skilled nursing for all other residents. EVC is located on a 37-acre parcel of land in Carmichael, California, and consists of the following living units:

Unit type	Number of units
Apartments	201
Cottages	94
Assisted living	38
Assisted living – special care unit	20
Skilled nursing	35

Residents of EVC's apartments and cottages pay a membership or entrance fee and sign a membership or residence agreement, which has been approved by the Continuing Care Contracts Branch of the California Department of Social Services. The nonrefundable membership agreement results in a payment to the resident only from reoccupancy proceeds of that apartment or cottage. Residents may resell their membership to another qualified individual, and Eskaton and Subsidiaries receives a transfer fee of 10% of the original membership fee amount, capped at a maximum of 10% of the new sales price. In addition, appreciation in excess of the original membership fee amount is shared equally between the resident and Eskaton and Subsidiaries.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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**The Reutlinger Community** – TRC is a 60-bed skilled nursing and 92-unit assisted living and memory care facility in Danville, California. Beginning December 5, 2016, TRC was certified by the State of California Department of Social Services with a provisional license to operate as a CCRC and enter continuing care contracts with the residents of the community. A permanent license was issued to TRC in 2019.

TRC receives an entrance fee when residents enter into a continuing care agreement. The continuing care agreement is inclusive of care and services, as defined in the agreement. In exchange for a fixed entrance fee and monthly resident service fees, the resident has the right to occupy a unit and continue using the services of the community during his or her lifetime.

CCRC membership and entrance fees provide residents with material rights that are treated as performance obligations satisfied over time as services are rendered. EVC's refundable residence agreement requires an entrance fee, which is deferred and amortized on a straight-line basis over the life expectancy of the residents. Refundable entrance fees totaled \$726,000 and \$363,000 as of December 31, 2024 and 2023, respectively.

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	\$ 8,729	\$ 8,689
New fees received	1,145	660
Appreciation of resale contracts	959	1,070
Amortization of fees	(1,997)	(1,696)
Other	(118)	6
	<u>8,718</u>	<u>8,729</u>
Balance, end of year	<u>\$ 8,718</u>	<u>\$ 8,729</u>

Eskaton and Subsidiaries is obligated to provide future services and the use of the CCRC communities to residents. Residents are charged monthly maintenance fees, which are used to pay routine operating expenses. Management has determined that the deferred revenue from unamortized membership and entrance fees and future monthly service fees exceeds the present value of the net cost of future services and use of the CCRC communities to be provided to residents as of December 31, 2024 and 2023, discounted at 4.27% and 4.50%, respectively, for both EVC and TRC. Accordingly, Eskaton and Subsidiaries has not recorded a liability to provide future services as of December 31, 2024 and 2023.

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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#### **Note 10 – Self-Insured Employee Health and Workers' Compensation**

Eskaton and Subsidiaries is self-insured for employee health and workers' compensation up to \$175,000 and \$1 million per claim, respectively. Eskaton and Subsidiaries maintains stop-loss insurance policies for employee health and workers' compensation with a limit of \$0 per claim and statutory limits, respectively. Accruals have been made for estimated liabilities, including estimates for incurred but not reported claims. Eskaton and Subsidiaries has recorded a liability of \$1.9 million and \$2.5 million as of December 31, 2024 and 2023, respectively, in relation to employee health. Eskaton and Subsidiaries has recorded a liability of \$6.0 million and \$8.3 million as of December 31, 2024 and 2023, respectively, in relation to workers' compensation. Eskaton and Subsidiaries is required to participate as a member in the State of California Self-Insurers' Security Fund, a not-for-profit mutual benefit corporation, to secure its liabilities for self-insured workers' compensation. In Eskaton and Subsidiaries' past experience, no claims have been made against this financial instrument. Management does not expect any material loss to result from this off-balance-sheet instrument because performance is not expected to be required and, therefore, is of the opinion that the fair value of this instrument is zero. Any related insurance recovery receivables are recorded as due from liability insurer in the accompanying consolidated balance sheets.

#### **Note 11 – Professional Liability Insurance**

Eskaton and Subsidiaries maintains claims-made commercial professional liability insurance coverage with California Healthcare Insurance Company covering losses up to \$5 million per claim, annual aggregate of \$15 million, with a \$25,000 deductible per claim. Eskaton and Subsidiaries also purchases excess professional liability insurance coverage of \$10 million per claim and \$10 million aggregate over the primary insurance coverage limits. Eskaton and Subsidiaries has recorded a liability of \$2.2 million and \$1.9 million for the tail exposure as of December 31, 2024 and 2023, respectively. In accordance with ASC 954-450, *Health Care Entities—Contingencies*, Eskaton and Subsidiaries has also recorded a liability of \$3.5 million and \$7.8 million as of December 31, 2024 and 2023, respectively, for estimated claim liabilities insured under its liability policy. \$2.2 million and \$1.9 million are recorded as professional liability and \$3.5 million and \$7.8 million are recorded as other current liabilities in the accompanying consolidated balance sheets as of December 31, 2024 and 2023, respectively. Any related insurance recovery receivables are recorded as due from liability insurer in the accompanying consolidated balance sheets.

#### **Note 12 – Commitments and Contingencies**

Various legal settlements were reached that resulted in professional fees expense of \$2.0 million and \$2.7 million in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2024 and 2023, respectively.

Eskaton and Subsidiaries is a defendant in other various legal actions arising from its normal conduct of business. It is the opinion of Eskaton and Subsidiaries' management, after consulting with legal counsel, that the outcome of such matters will not have a material adverse effect on the consolidated financial position or results of operations of Eskaton and Subsidiaries.



## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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#### Note 13 – Concentrations of Credit Risk

Eskaton and Subsidiaries's financial instruments that are exposed to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation (FDIC) and Security Investor Protection Corporation (SIPC) limits and its accounts receivable.

Eskaton and Subsidiaries's operating facilities are located primarily in the Sacramento, California, metropolitan area. Eskaton and Subsidiaries grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements.

Accounts receivable, net from patients and third-party payors as of December 31 are as follows (in thousands):

	2024	2023
Balance, beginning of year	\$ 8,729	\$ 8,689
New fees received	1,145	660
Appreciation of resale contracts	959	1,070
Amortization of fees	(1,997)	(1,696)
Other	(118)	6
Balance, end of year	<u>\$ 8,718</u>	<u>\$ 8,729</u>

The beginning and ending contract balances for accounts receivable, net, were as follows:

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable, net	\$ 3,577	\$ 6,588	\$ 10,387

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

#### Note 14 – Natural and Functional Expenses

The consolidated 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. Expenses related to providing these services for the years ended December 31, including expenses attributable to discontinued operations of \$2.2 million and \$54.8 million for the years ended December 31, 2024 and 2023, respectively, are as follows (in thousands):

	Year Ended December 31, 2024						
	Program Services				Support Services		TOTALS
	Health Services	Residential Services	Community Services	Home Based Services	Fundraising	General & Admin	
Salaries and wages	\$ 9,080	\$ 35,491	\$ 153	\$ 225	\$ 110	\$ 18,731	\$ 63,790
Employee benefits	2,762	10,079	44	77	35	5,636	18,633
Professional fees	1,693	1,354	-	-	3	3,430	6,480
Supplies	415	5,745	-	2	4	604	6,770
Purchased services	1,031	6,097	-	35	7	5,086	12,256
Ancillary costs	1,678	369	-	-	-	-	2,047
Utilities	399	3,889	1	10	-	1,518	5,817
Insurance and other	804	1,167	51	31	49	3,982	6,084
Depreciation	678	7,227	-	-	-	933	8,838
Interest and amortization	157	4,142	-	-	-	423	4,722
Total Expenses	<u>\$ 18,697</u>	<u>\$ 75,560</u>	<u>\$ 249</u>	<u>\$ 380</u>	<u>\$ 208</u>	<u>\$ 40,343</u>	<u>\$ 135,437</u>

	Year Ended December 31, 2023						
	Program Services				Support Services		TOTALS
	Health Services	Residential Services	Community Services	Home Based Services	Fundraising	General & Admin	
Salaries and wages	\$ 29,840	\$ 34,483	\$ 198	\$ 2,242	\$ 230	\$ 24,280	\$ 91,273
Employee benefits	8,213	9,951	68	705	89	3,264	22,290
Professional fees	4,608	2,480	-	6	3	4,675	11,772
Supplies	2,505	4,070	-	64	15	1,220	7,874
Purchased services	1,517	8,003	-	-	25	5,262	14,807
Ancillary costs	3,500	353	-	-	-	-	3,853
Utilities	976	3,629	2	67	1	1,715	6,390
Insurance and other	2,520	1,594	39	171	34	6,915	11,273
Depreciation	1,193	7,278	-	-	-	939	9,410
Interest and amortization	329	4,551	-	-	-	459	5,339
Total Expenses	<u>\$ 55,201</u>	<u>\$ 76,392</u>	<u>\$ 307</u>	<u>\$ 3,255</u>	<u>\$ 397</u>	<u>\$ 48,729</u>	<u>\$ 184,281</u>

## **Eskaton and Subsidiaries**

### **Notes to Consolidated Financial Statements**

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#### **Note 15 – Liquidity Disclosure**

As of December 31, 2024 and 2023, Eskaton and Subsidiaries has a working capital surplus of \$54.6 million and \$55.7 million, and average days' cash on hand of 191 and 231 days, respectively.

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

	2024	2023
Cash and cash equivalents	\$ 18,157	\$ 16,700
Investments	46,736	61,044
Accounts receivable, net	3,577	6,588
Other receivables	6,764	5,675
Notes receivable	3,900	-
	<u>\$ 79,134</u>	<u>\$ 90,007</u>

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

#### **Note 16 – 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 17 – Discontinued Operations**

On September 28, 2023, Eskaton sold the real property owned and operated by EPI as three standalone skilled nursing care centers for \$35.6 million. Additionally, on December 15, 2023, EPI ceased operations of its medical homecare service provider, Eskaton Home Healthcare. Both events represent a strategic shift in Eskaton's operations, with the divestiture of its healthcare businesses creating opportunity for additional investments in the residential hospitality core of Eskaton's business.

## Eskaton and Subsidiaries

### Notes to Consolidated Financial Statements

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The operating results of the divested healthcare businesses are presented separately in the accompanying consolidated statements of operations and changes in net assets as (loss) income from discontinued operations. The major classes of revenues and expenses included in (loss) income from discontinued operations for the years ended December 31 are as follows (in thousands):

	2024	2023
Net patient service revenue	\$ (41)	\$ 33,832
Home based services	(38)	2,986
Other, net	26	458
Salaries and wages	(1)	(29,402)
Employee benefits	(245)	(8,266)
Professional fees	(1,172)	(4,524)
Supplies	(25)	(2,295)
Purchased services	(155)	(1,167)
Ancillary costs	2	(1,730)
Utilities	(19)	(916)
Insurance and other	(597)	(5,695)
Depreciation	-	(615)
Interest and amortization	-	(174)
(Loss) gain on disposal of assets	(67)	26,085
	<u>\$ (2,332)</u>	<u>\$ 8,577</u>
(Loss) income from discontinued operations	<u>\$ (2,332)</u>	<u>\$ 8,577</u>

#### Note 18 – Subsequent Events

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

Subsequent events have been evaluated through April 17, 2025, which is the date the consolidated financial statements were issued.

## **Supplementary Information**

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**Eskaton and Subsidiaries**  
**Consolidating Schedule – Balance Sheet**  
**December 31, 2024**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Assets																	
Current assets																	
Cash and cash equivalents	\$ 12,270	\$ 456	\$ 596	\$ 13,322	\$ -	\$ 13,322	\$ 124	\$ 809	\$ 952	\$ 1,118	\$ -	\$ 1,618	\$ -	\$ 214	\$ 18,157	\$ -	\$ 18,157
Assets limited as to use, required for current liabilities	599	-	-	599	-	599	-	-	86	95	-	-	-	-	780	-	780
Investments	42,410	-	-	42,410	-	42,410	34	-	-	-	-	95	-	-	42,539	-	42,539
Accounts receivable, net	1,766	153	140	2,059	-	2,059	70	-	29	40	-	1,379	-	-	3,577	-	3,577
Other receivables	5,604	-	-	5,604	-	5,604	9	1,068	65	13	-	5	-	-	6,764	-	6,764
Notes receivable	-	-	-	-	-	-	-	-	-	-	3,900	-	-	-	3,900	-	3,900
Inventories	155	7	20	182	-	182	-	-	20	10	-	-	-	-	212	-	212
Funded pension obligation	631	-	-	631	-	631	-	-	-	-	-	-	-	-	631	-	631
Deposits and prepaid expenses	648	63	23	734	-	734	281	-	18	63	-	145	7	4	1,252	-	1,252
Due from related parties	13,047	-	-	13,047	1,950	14,997	13	-	-	-	-	-	171	150	15,331	(15,331)	-
Total current assets	77,130	679	779	78,588	1,950	80,538	531	1,877	1,170	1,339	3,900	3,242	178	368	93,143	(15,331)	77,812
Assets limited as to use, net of current amounts	-	-	-	-	-	-	-	-	396	727	-	1,711	-	1,999	4,833	-	4,833
Assets limited as to use, capital projects fund	20,123	-	-	20,123	-	20,123	-	-	-	-	-	-	-	-	20,123	-	20,123
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	4,197	4,197	-	4,197
Property and equipment, net	36,919	4,991	10,836	52,746	(68)	52,678	55	-	7,251	7,724	-	34,950	395	-	103,053	-	103,053
Other assets																	
Due from liability insurer	2,470	-	-	2,470	-	2,470	-	-	-	-	-	-	-	-	2,470	-	2,470
Associate member/resident/patient deposits	1,154	-	-	1,154	-	1,154	-	-	-	-	-	11	-	-	1,165	-	1,165
Other	4,894	-	-	4,894	-	4,894	1,284	-	-	-	-	1,713	-	-	7,891	(1,225)	6,666
Due from related parties, net of current portion	6,846	-	-	6,846	-	6,846	-	-	-	-	-	-	-	-	6,846	(6,846)	-
Total other assets	15,364	-	-	15,364	-	15,364	1,284	-	-	-	-	1,724	-	-	18,372	(8,071)	10,301
Total assets	\$ 149,536	\$ 5,670	\$ 11,615	\$ 166,821	\$ 1,882	\$ 168,703	\$ 1,870	\$ 1,877	\$ 8,817	\$ 9,790	\$ 3,900	\$ 41,627	\$ 573	\$ 6,564	\$ 243,721	\$ (23,402)	\$ 220,319

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Balance Sheet**  
**December 31, 2024**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)																	
Current liabilities																	
Current maturities of long-term debt	\$ 1,574	\$ 707	\$ 496	\$ 2,777	\$ -	\$ 2,777	\$ -	\$ -	\$ 210	\$ 281	\$ -	\$ -	\$ -	\$ -	\$ 3,268	\$ -	\$ 3,268
Current portion of deferred revenue from unamortized CCRC entrance fees	1,450	-	-	1,450	-	1,450	-	-	-	-	-	-	-	-	1,450	-	1,450
Deposits on unoccupied units	665	-	-	665	-	665	-	-	-	-	-	-	6	-	671	-	671
Accounts payable	2,511	229	97	2,837	-	2,837	2	1	137	50	-	380	-	29	3,436	-	3,436
Accrued liabilities:																	
Payroll and payroll taxes	1,606	187	215	2,008	-	2,008	18	497	127	88	-	431	-	-	3,169	-	3,169
Vacation	1,169	122	124	1,415	-	1,415	55	281	112	96	-	460	-	-	2,419	-	2,419
Current portion of self-insured workers' compensation	1,493	-	-	1,493	-	1,493	-	-	-	-	-	-	-	-	1,493	-	1,493
Self-insured employee health plan	1,900	-	-	1,900	-	1,900	-	-	-	-	-	-	-	-	1,900	-	1,900
Interest	290	130	91	511	-	511	-	-	14	29	-	-	-	-	554	-	554
Other	4,612	51	66	4,729	-	4,729	-	-	47	45	-	15	-	62	4,898	-	4,898
Due to related-parties	316	-	(1,950)	(1,634)	1,950	316	5,265	1,097	254	317	1,159	6,252	74	597	15,331	(15,331)	-
Total current liabilities	17,586	1,426	(861)	18,151	1,950	20,101	5,340	1,876	901	906	1,159	7,538	80	688	38,589	(15,331)	23,258
Other liabilities																	
Self-insured workers' compensation, net of current portion	4,525	-	-	4,525	-	4,525	-	-	-	-	-	-	-	-	4,525	-	4,525
Professional liability	2,169	-	-	2,169	-	2,169	-	-	-	-	-	-	-	-	2,169	-	2,169
Associate member/resident/patient deposits	1,154	-	-	1,154	-	1,154	-	-	-	-	-	11	-	-	1,165	-	1,165
Other	5	-	-	5	-	5	-	-	-	-	-	-	-	-	5	-	5
Due to related-parties, net of current portion	-	-	-	-	-	-	-	-	-	-	3,147	3,699	-	-	6,846	(6,846)	-
	7,853	-	-	7,853	-	7,853	-	-	-	-	3,147	3,710	-	-	14,710	(6,846)	7,864
Long-term debt, net of current maturities	48,184	21,651	15,185	85,020	-	85,020	-	-	6,262	10,624	-	-	-	-	101,906	-	101,906
Refundable CCRC entrance fees	612	-	-	612	-	612	-	-	-	-	-	114	-	-	726	-	726
Deferred revenue from unamortized CCRC entrance fees, net of current portion	7,268	-	-	7,268	-	7,268	-	-	-	-	-	-	-	-	7,268	-	7,268
Total liabilities	81,503	23,077	14,324	118,904	1,950	120,854	5,340	1,876	7,163	11,530	4,306	11,362	80	688	163,199	(22,177)	141,022
Net assets (deficit)																	
Net assets (deficit) without donor restrictions	68,026	(17,407)	(2,709)	47,910	(68)	47,842	(3,470)	1	1,654	(1,740)	(406)	26,559	493	3,759	74,692	(1,225)	73,467
Net assets with donor restrictions	7	-	-	7	-	7	-	-	-	-	-	3,706	-	2,117	5,830	-	5,830
Total net assets (deficit)	68,033	(17,407)	(2,709)	47,917	(68)	47,849	(3,470)	1	1,654	(1,740)	(406)	30,265	493	5,876	80,522	(1,225)	79,297
Total liabilities and net assets (deficit)	\$ 149,536	\$ 5,670	\$ 11,615	\$ 166,821	\$ 1,882	\$ 168,703	\$ 1,870	\$ 1,877	\$ 8,817	\$ 9,790	\$ 3,900	\$ 41,627	\$ 573	\$ 6,564	\$ 243,721	\$ (23,402)	\$ 220,319

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Operations and Changes in Net Assets (Deficit)**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Net assets (deficit) without donor restrictions																	
Revenue, gains, and other support:																	
Resident service revenue, including amortization of CCRC entrance fees	\$ 51,934	\$ 11,405	\$ 9,255	\$ 72,594	\$ -	\$ 72,594	\$ -	\$ -	\$ 5,195	\$ 7,595	\$ -	\$ 18,864	\$ -	\$ -	\$ 104,248	\$ -	\$ 104,248
Home based services	-	-	-	-	-	-	818	-	-	-	-	-	-	-	818	-	818
Other, net	11,332	425	1,019	12,776	(1,349)	11,427	-	12,070	1,080	62	-	786	35	325	25,785	(2,509)	23,276
Total revenues, gains, and other support	63,266	11,830	10,274	85,370	(1,349)	84,021	818	12,070	6,275	7,657	-	19,650	35	325	130,851	(2,509)	128,342
Expenses																	
Salaries and wages	29,539	4,152	4,418	38,109	-	38,109	810	9,303	2,804	3,005	-	9,648	-	110	63,789	-	63,789
Employee benefits	8,421	1,196	1,185	10,802	-	10,802	240	2,758	920	822	(2)	2,813	-	35	18,388	-	18,388
Professional fees	4,216	121	66	4,403	-	4,403	-	-	36	315	-	551	-	3	5,308	-	5,308
Supplies	3,833	898	624	5,355	-	5,355	7	-	337	515	-	527	-	4	6,745	-	6,745
Purchased services	6,971	1,602	1,265	9,838	(1,349)	8,489	225	-	837	819	1	3,563	5	2	13,941	(1,840)	12,101
Ancillary costs	793	28	80	901	-	901	-	-	25	33	-	1,090	-	-	2,049	-	2,049
Utilities	3,055	689	329	4,073	-	4,073	5	5	344	366	-	1,005	-	-	5,798	-	5,798
Insurance and other	2,938	407	388	3,733	-	3,733	136	2	229	301	-	1,019	14	722	6,156	(669)	5,487
Depreciation	4,534	808	629	5,971	(9)	5,962	25	-	454	712	-	1,643	42	-	8,838	-	8,838
Interest and amortization	2,385	890	792	4,067	-	4,067	-	-	212	441	-	234	-	-	4,954	(232)	4,722
Total operating expenses	66,685	10,791	9,776	87,252	(1,358)	85,894	1,448	12,068	6,198	7,329	(1)	22,093	61	876	135,966	(2,741)	133,225
Income (loss) from operations	(3,419)	1,039	498	(1,882)	9	(1,873)	(630)	2	77	328	1	(2,443)	(26)	(551)	(5,115)	232	(4,883)
Nonoperating revenue (expenses)																	
Investment income	4,088	56	(8)	4,136	-	4,136	29	-	2	5	-	386	-	401	4,959	(232)	4,727
Interest rate swap activities	-	-	(124)	(124)	-	(124)	-	-	-	-	-	-	-	-	(124)	-	(124)
Gain (loss) on early repayment of debt	481	435	(296)	620	-	620	-	-	-	-	-	(182)	-	-	438	-	438
Other components of net periodic pension (cost) benefit	(4,327)	-	-	(4,327)	-	(4,327)	-	-	-	-	-	-	-	-	(4,327)	-	(4,327)
Gain (loss) on disposal of property and equipment	(53)	(12)	(4)	(69)	-	(69)	(883)	-	(7)	-	-	27	-	-	(932)	-	(932)
Other	170	-	-	170	-	170	-	-	-	-	-	-	-	(2)	168	-	168
Total nonoperating revenue (expenses), net	359	479	(432)	406	-	406	(854)	-	(5)	5	-	231	-	399	182	(232)	(50)
(Deficiency) excess of revenues, gains, and other support over expenses	<u>\$ (3,060)</u>	<u>\$ 1,518</u>	<u>\$ 66</u>	<u>\$ (1,476)</u>	<u>\$ 9</u>	<u>\$ (1,467)</u>	<u>\$ (1,484)</u>	<u>\$ 2</u>	<u>\$ 72</u>	<u>\$ 333</u>	<u>\$ 1</u>	<u>\$ (2,212)</u>	<u>\$ (26)</u>	<u>\$ (152)</u>	<u>\$ (4,933)</u>	<u>\$ -</u>	<u>\$ (4,933)</u>



**Eskaton and Subsidiaries**  
**Consolidating Schedule – Operations and Changes in Net Assets (Deficit)**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Net assets without donor restrictions																	
(Deficiency) excess of revenues, gains, and other support over expenses (page 43)	\$ (3,060)	\$ 1,518	\$ 66	\$ (1,476)	\$ 9	\$ (1,467)	\$ (1,484)	\$ 2	\$ 72	\$ 333	\$ 1	\$ (2,212)	\$ (26)	\$ (152)	\$ (4,933)	\$ -	\$ (4,933)
Pension related changes other than net periodic pension cost	4,609	-	-	4,609	-	4,609	-	-	-	-	-	-	-	-	4,609	-	4,609
Reclassification from net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	25	-	-	25	-	25
Transfers between related entities	7,602	(7,168)	-	434	-	434	-	-	(26)	(792)	-	-	-	384	-	-	-
Change in net assets (deficit) without donor restrictions before discontinued operations	9,151	(5,650)	66	3,567	9	3,576	(1,484)	2	46	(459)	1	(2,187)	(26)	232	(299)	-	(299)
(Loss) income from discontinued operations	(2,332)	-	-	(2,332)	-	(2,332)	-	-	-	-	-	-	-	-	(2,332)	-	(2,332)
Change in net assets (deficit) without donor restrictions	6,819	(5,650)	66	1,235	9	1,244	(1,484)	2	46	(459)	1	(2,187)	(26)	232	(2,631)	-	(2,631)
Net assets (deficit) without donor restrictions, beginning of year	61,207	(11,757)	(2,775)	46,675	(77)	46,598	(1,986)	(1)	1,608	(1,281)	(407)	28,746	519	3,527	77,323	(1,225)	76,098
Net assets without donor restrictions, end of year	\$ 68,026	\$ (17,407)	\$ (2,709)	\$ 47,910	\$ (68)	\$ 47,842	\$ (3,470)	\$ 1	\$ 1,654	\$ (1,740)	\$ (406)	\$ 26,559	\$ 493	\$ 3,759	\$ 74,692	\$ (1,225)	\$ 73,467
Net assets with donor restrictions																	
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112	\$ -	\$ 327	\$ 439	\$ -	\$ 439
Change in assets held in trust by others	-	-	-	-	-	-	-	-	-	-	-	63	-	(2)	61	-	61
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	157	157	-	157
Reclassification to net assets without donor restrictions	-	-	-	-	-	-	-	-	-	-	-	(25)	-	-	(25)	-	(25)
Net assets released from restriction used for operations	-	-	-	-	-	-	-	-	-	-	-	(480)	-	(180)	(660)	-	(660)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	(330)	-	302	(28)	-	(28)
Net assets with donor restrictions, beginning of year	7	-	-	7	-	7	-	-	-	-	-	4,036	-	1,815	5,858	-	5,858
Net assets with donor restrictions, end of year	\$ 7	\$ -	\$ -	\$ 7	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,706	\$ -	\$ 2,117	\$ 5,830	\$ -	\$ 5,830
Change in net assets (deficit)	\$ 6,819	\$ (5,650)	\$ 66	\$ 1,235	\$ 9	\$ 1,244	\$ (1,484)	\$ 2	\$ 46	\$ (459)	\$ 1	\$ (2,517)	\$ (26)	\$ 534	\$ (2,659)	\$ -	\$ (2,659)
Net assets (deficit), beginning of year	61,214	(11,757)	(2,775)	46,682	(77)	46,605	(1,986)	(1)	1,608	(1,281)	(407)	32,782	519	5,342	83,181	(1,225)	81,956
Net assets (deficit), end of year	\$ 68,033	\$ (17,407)	\$ (2,709)	\$ 47,917	\$ (68)	\$ 47,849	\$ (3,470)	\$ 1	\$ 1,654	\$ (1,740)	\$ (406)	\$ 30,265	\$ 493	\$ 5,876	\$ 80,522	\$ (1,225)	\$ 79,297

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Cash Flows**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Change in net assets (deficit)	\$ 6,819	\$ (5,650)	\$ 66	\$ 1,235	\$ 9	\$ 1,244	\$ (1,484)	\$ 2	\$ 46	\$ (459)	\$ 1	\$ (2,517)	\$ (26)	\$ 534	\$ (2,659)	\$ -	\$ (2,659)
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities																	
Depreciation	4,534	808	629	5,971	(9)	5,962	25	-	454	712	-	1,643	42	-	8,838	-	8,838
Amortization of deferred financing costs and premium	(112)	(45)	25	(132)	-	(132)	-	-	11	15	-	-	-	-	(106)	-	(106)
Amortization of CCRC entrance fees	(1,963)	-	-	(1,963)	-	(1,963)	-	-	-	-	-	(34)	-	-	(1,997)	-	(1,997)
Net realized and unrealized gain on assets limited as to use	(78)	(21)	-	(99)	-	(99)	-	-	-	-	-	-	-	(130)	(229)	-	(229)
Net realized and unrealized gain on investments	(2,357)	-	-	(2,357)	-	(2,357)	-	-	-	-	-	(322)	-	(314)	(2,993)	-	(2,993)
Pension related changes other than net periodic pension cost	(4,609)	-	-	(4,609)	-	(4,609)	-	-	-	-	-	-	-	-	(4,609)	-	(4,609)
Change in fair value of interest rate swap agreements	-	-	132	132	-	132	-	-	-	-	-	-	-	-	132	-	132
Payments on settlement of terminated swaps	-	-	(1,295)	(1,295)	-	(1,295)	-	-	-	-	-	-	-	-	(1,295)	-	(1,295)
Transfers between related entities	(7,602)	7,168	-	(434)	-	(434)	-	-	26	792	-	-	-	(384)	-	-	-
CCRC resales of nonrefundable contracts	959	-	-	959	-	959	-	-	-	-	-	-	-	-	959	-	959
CCRC sales of nonrefundable contracts	1,145	-	-	1,145	-	1,145	-	-	-	-	-	-	-	-	1,145	-	1,145
CCRC sales of refundable contracts	575	-	-	575	-	575	-	-	-	-	-	-	-	-	575	-	575
(Gain) loss on disposal of property and equipment	119	12	4	135	-	135	883	-	7	-	-	(27)	-	-	998	-	998
(Gain) loss on early repayment of debt	(481)	(435)	296	(620)	-	(620)	-	-	-	-	-	182	-	-	(438)	-	(438)
Change in operating assets and liabilities:																	
Change in receivables	1,115	(55)	136	1,196	-	1,196	(24)	(170)	5	(25)	-	1,216	-	-	2,198	-	2,198
Change in inventories	(4)	6	(9)	(7)	-	(7)	-	-	3	10	-	29	-	-	35	-	35
Change in deposits and prepaid expenses	253	(6)	(12)	235	-	235	(271)	-	(10)	(8)	-	(45)	-	5	(94)	-	(94)
Change in other assets	5,043	-	-	5,043	-	5,043	-	-	-	-	-	(34)	-	-	5,009	-	5,009
Change in accounts payable	245	116	(11)	350	-	350	4	-	54	(66)	-	(18)	-	(12)	312	-	312
Change in accrued liabilities	(7,409)	66	209	(7,134)	-	(7,134)	7	141	119	37	-	404	-	(5)	(6,431)	-	(6,431)
Change in unfunded pension obligation	4,145	-	-	4,145	-	4,145	-	-	-	-	-	-	-	-	4,145	-	4,145
Change in other liabilities	439	-	-	439	-	439	-	-	-	-	-	11	(16)	-	434	-	434
Net cash provided by (used in) operating activities	<u>776</u>	<u>1,964</u>	<u>170</u>	<u>2,910</u>	<u>-</u>	<u>2,910</u>	<u>(860)</u>	<u>(27)</u>	<u>715</u>	<u>1,008</u>	<u>1</u>	<u>488</u>	<u>-</u>	<u>(306)</u>	<u>3,929</u>	<u>-</u>	<u>3,929</u>
Purchases of assets limited as to use	(39,553)	(16,805)	-	(56,358)	-	(56,358)	-	-	-	-	-	-	-	(215)	(56,573)	-	(56,573)
Proceeds from sale of assets limited as to use	45,936	18,923	-	64,859	-	64,859	-	-	-	-	-	385	-	173	65,417	-	65,417
Purchase of investments	(7,486)	-	-	(7,486)	-	(7,486)	(2,482)	-	-	-	-	(739)	-	(1,666)	(12,373)	-	(12,373)
Proceeds from sale of investments	23,586	-	-	23,586	-	23,586	2,448	-	-	-	-	1,842	-	1,798	29,674	-	29,674
Expenditures for property and equipment	(8,587)	(1,018)	(270)	(9,875)	-	(9,875)	(23)	-	(111)	(225)	-	(842)	-	-	(11,076)	-	(11,076)
Proceeds from disposal of property and equipment	179	-	-	179	-	179	-	-	-	-	-	-	-	-	179	-	179
Proceeds from sale of land	-	-	-	-	-	-	390	-	-	-	-	-	-	-	390	-	390
Net cash provided by (used in) investing activities	<u>14,075</u>	<u>1,100</u>	<u>(270)</u>	<u>14,905</u>	<u>-</u>	<u>14,905</u>	<u>333</u>	<u>-</u>	<u>(111)</u>	<u>(225)</u>	<u>-</u>	<u>646</u>	<u>-</u>	<u>90</u>	<u>15,638</u>	<u>-</u>	<u>15,638</u>
CCRC contracts refunded	(22)	-	-	(22)	-	(22)	-	-	-	-	-	-	-	-	(22)	-	(22)
Change in deposits on unoccupied units	158	(23)	-	135	-	135	-	-	-	-	-	-	-	-	135	-	135
Proceeds from issuance of long-term debt	51,464	23,125	16,218	90,807	-	90,807	-	-	-	-	-	-	-	-	90,807	-	90,807
Principal payments on long-term debt	(48,985)	(18,487)	(13,855)	(81,327)	-	(81,327)	-	-	(215)	(286)	-	(4,631)	-	-	(86,459)	-	(86,459)
Debt issuance costs	(970)	(436)	(305)	(1,711)	-	(1,711)	-	-	-	-	-	-	-	-	(1,711)	-	(1,711)
Payment to terminate forward delivery agreement	(252)	(247)	-	(499)	-	(499)	-	-	-	-	-	-	-	-	(499)	-	(499)
Net change in due to/due from related entities	5,856	(7,169)	(3,151)	(4,464)	-	(4,464)	378	109	(219)	(749)	(1)	4,497	-	449	-	-	-
Net cash provided by (used in) financing activities	<u>7,249</u>	<u>(3,237)</u>	<u>(1,093)</u>	<u>2,919</u>	<u>-</u>	<u>2,919</u>	<u>378</u>	<u>109</u>	<u>(434)</u>	<u>(1,035)</u>	<u>(1)</u>	<u>(134)</u>	<u>-</u>	<u>449</u>	<u>2,251</u>	<u>-</u>	<u>2,251</u>
Net increase in cash, cash equivalents and restricted cash	22,100	(173)	(1,193)	20,734	-	20,734	(149)	82	170	(252)	-	1,000	-	233	21,818	-	21,818
Cash, cash equivalents and restricted cash, beginning of year	10,892	629	1,789	13,310	-	13,310	273	727	1,264	2,192	-	679	-	148	18,593	-	18,593
Cash, cash equivalents and restricted cash, end of year	<u>\$ 32,992</u>	<u>\$ 456</u>	<u>\$ 596</u>	<u>\$ 34,044</u>	<u>\$ -</u>	<u>\$ 34,044</u>	<u>\$ 124</u>	<u>\$ 809</u>	<u>\$ 1,434</u>	<u>\$ 1,940</u>	<u>\$ -</u>	<u>\$ 1,679</u>	<u>\$ -</u>	<u>\$ 381</u>	<u>\$ 40,411</u>	<u>\$ -</u>	<u>\$ 40,411</u>
Supplemental disclosure																	
Cash paid for interest	\$ 2,444	\$ 926	\$ 707	\$ 4,077	\$ -	\$ 4,077	\$ -	\$ -	\$ 201	\$ 426	\$ -	\$ 249	\$ -	\$ -	\$ 4,953	\$ -	\$ 4,953

**Eskaton and Subsidiaries**  
**Eskaton Properties, Inc. Consolidating Schedule – Balance Sheet**  
**December 31, 2024**  
**(In Thousands)**

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Land Park	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
<b>Assets</b>											
Current assets											
Cash and cash equivalents	\$ 12,127	\$ 4	\$ 11	\$ 13	\$ 112	\$ -	\$ 1	\$ -	\$ 2	\$ -	\$ 12,270
Assets limited as to use, required for current liabilities	599	-	-	-	-	-	-	-	-	-	599
Investments	37,529	-	-	-	-	-	-	-	4,881	-	42,410
Accounts receivable, net	-	-	-	-	10	75	327	-	1,354	-	1,766
Other receivables	4,358	-	-	-	-	-	-	-	1,246	-	5,604
Inventories	-	-	-	-	6	-	9	-	140	-	155
Funded pension obligation	631	-	-	-	-	-	-	-	-	-	631
Deposits and prepaid expenses	426	-	-	-	19	10	19	-	174	-	648
Due from related parties	13,047	-	-	-	-	-	-	-	-	-	13,047
Total current assets	68,717	4	11	13	147	85	356	-	7,797	-	77,130
Assets limited as to use, capital projects fund	20,123	-	-	-	-	-	-	-	-	-	20,123
Property and equipment, net	1,289	-	-	-	2,862	1,729	5,448	-	25,591	-	36,919
Other assets											
Due from liability insurer	2,470	-	-	-	-	-	-	-	-	-	2,470
Associate member/resident/patient deposits	-	6	-	-	-	-	-	-	1,148	-	1,154
Other	3,592	-	-	-	-	80	-	-	1,222	-	4,894
Due from related parties, net of current portion	6,846	-	-	-	-	-	-	-	-	-	6,846
Total other assets	12,908	6	-	-	-	80	-	-	2,370	-	15,364
Total assets	\$ 103,037	\$ 10	\$ 11	\$ 13	\$ 3,009	\$ 1,894	\$ 5,804	\$ -	\$ 35,758	\$ -	\$ 149,536

**Eskaton and Subsidiaries**  
**Eskaton Properties, Inc. Consolidating Schedule – Balance Sheet**  
**December 31, 2024**  
**(In Thousands)**

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Land Park	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
<b>Liabilities and Net Assets (Deficit)</b>											
Current liabilities											
Current maturities of long-term debt	\$ 104	\$ -	\$ -	\$ -	\$ 24	\$ 36	\$ 422	\$ -	\$ 988	\$ -	\$ 1,574
Current portion of deferred revenue from unamortized CCRC entrance fees	-	-	-	-	-	-	-	-	1,450	-	1,450
Deposits on unoccupied CCRC units	-	-	-	-	-	-	-	-	665	-	665
Accounts payable	725	9	129	-	92	1	153	-	1,402	-	2,511
Accrued liabilities:											
Payroll and payroll taxes	935	6	6	6	46	-	159	6	442	-	1,606
Vacation	554	-	-	-	55	-	84	-	476	-	1,169
Current portion of self-insured workers' compensation	1,493	-	-	-	-	-	-	-	-	-	1,493
Self-insured employee health plan	1,900	-	-	-	-	-	-	-	-	-	1,900
Interest	19	-	-	-	4	7	78	-	182	-	290
Other	3,846	(147)	584	113	66	-	30	-	120	-	4,612
Due to related parties	171	-	-	-	-	-	1	-	144	-	316
Total current liabilities	9,747	(132)	719	119	287	44	927	6	5,869	-	17,586
Other liabilities											
Self-insured workers' compensation, net of current portion	4,525	-	-	-	-	-	-	-	-	-	4,525
Professional liability	1,917	63	87	102	-	-	-	-	-	-	2,169
Associate member/resident/patient deposits	-	6	-	-	-	-	-	-	1,148	-	1,154
Other	-	-	-	-	-	-	5	-	-	-	5
	6,442	69	87	102	-	-	5	-	1,148	-	7,853
Long-term debt, net of current maturities	3,181	-	-	-	733	1,089	12,925	-	30,256	-	48,184
Refundable CCRC entrance fees	-	-	-	-	-	-	-	-	612	-	612
Deferred revenue from unamortized CCRC entrance fees, net of current portion	-	-	-	-	-	-	-	-	7,268	-	7,268
Total liabilities	19,370	(63)	806	221	1,020	1,133	13,857	6	45,153	-	81,503
Net assets (deficit)											
Net assets (deficit) without donor restrictions	83,667	73	(795)	(208)	1,989	761	(8,053)	(6)	(9,402)	-	68,026
Net assets with donor restrictions	-	-	-	-	-	-	-	-	7	-	7
Total net assets (deficit)	83,667	73	(795)	(208)	1,989	761	(8,053)	(6)	(9,395)	-	68,033
Total liabilities and net assets (deficit)	\$ 103,037	\$ 10	\$ 11	\$ 13	\$ 3,009	\$ 1,894	\$ 5,804	\$ -	\$ 35,758	\$ -	\$ 149,536

**Eskaton and Subsidiaries**  
**Eskaton Properties, Inc. Consolidating Schedule – Operations and Changes in Net Assets (Deficit)**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Land Park	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
Net assets (deficit) without donor restrictions											
Revenue, gains, and other support:											
Resident service revenue, including amortization of CCRC entrance fees	\$ -	\$ -	\$ -	\$ -	\$ 4,817	\$ 13	\$ 8,276	\$ -	\$ 38,828	\$ -	\$ 51,934
Other, net	12,248	-	-	-	298	738	140	-	1,252	(3,344)	11,332
Total revenues, gains, and other support	12,248	-	-	-	5,115	751	8,416	-	40,080	(3,344)	63,266
Expenses											
Salaries and wages	11,271	-	-	-	1,380	56	3,640	-	13,192	-	29,539
Employee benefits	3,507	-	-	-	391	28	998	-	3,497	-	8,421
Professional fees	3,423	-	-	-	-	1	392	-	400	-	4,216
Supplies	347	-	-	-	500	5	594	-	2,387	-	3,833
Purchased services	2,671	-	-	-	568	192	1,023	-	5,861	(3,344)	6,971
Ancillary costs	-	-	-	-	-	-	42	-	751	-	793
Utilities	197	-	-	-	376	28	357	-	2,097	-	3,055
Insurance and other	1,059	-	-	-	224	84	286	-	1,285	-	2,938
Depreciation	256	-	-	-	443	229	664	-	2,942	-	4,534
Interest and amortization	360	-	-	-	32	62	484	-	1,447	-	2,385
Total operating expenses	23,091	-	-	-	3,914	685	8,480	-	33,859	(3,344)	66,685
Income (loss) from operations	(10,843)	-	-	-	1,201	66	(64)	-	6,221	-	(3,419)
Nonoperating revenue (expenses)											
Investment income	3,459	-	-	-	-	-	28	-	601	-	4,088
Gain (loss) on early repayment of debt	210	-	-	-	(9)	(20)	226	-	74	-	481
Other components of net periodic pension cost	(4,327)	-	-	-	-	-	-	-	-	-	(4,327)
Gain (loss) on disposal of property and equipment	10	-	-	-	-	(94)	-	-	31	-	(53)
Other	170	-	-	-	-	-	-	-	-	-	170
Total nonoperating revenue (expenses), net	(478)	-	-	-	(9)	(114)	254	-	706	-	359
(Deficiency) excess of revenues, gains, and other support over expenses	<u>\$ (11,321)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,192</u>	<u>\$ (48)</u>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ 6,927</u>	<u>\$ -</u>	<u>\$ (3,060)</u>

**Eskaton and Subsidiaries**  
**Eskaton Properties, Inc. Consolidating Schedule – Operations and Changes in Net Assets (Deficit)**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Land Park	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
(Deficiency) excess of revenues, gains, and other support over expenses (page 48)	\$ (11,321)	\$ -	\$ -	\$ -	\$ 1,192	\$ (48)	\$ 190	\$ -	\$ 6,927	\$ -	\$ (3,060)
Pension related changes other than net periodic pension cost	4,609	-	-	-	-	-	-	-	-	-	4,609
Transfers between related entities	24,709	1,980	(554)	(379)	(1,555)	(7)	(4,522)	92	(12,162)	-	7,602
Change in net assets (deficit) without donor restrictions before discontinued operations	17,997	1,980	(554)	(379)	(363)	(55)	(4,332)	92	(5,235)	-	9,151
(Loss) income from discontinued operations	-	(1,441)	(504)	(255)	-	-	-	(132)	-	-	(2,332)
Change in net assets (deficit) without donor restrictions	17,997	539	(1,058)	(634)	(363)	(55)	(4,332)	(40)	(5,235)	-	6,819
Net assets (deficit) without donor restrictions, beginning of year	65,670	(466)	263	426	2,352	816	(3,721)	34	(4,167)	-	61,207
Net assets (deficit) without donor restrictions, end of year	<u>\$ 83,667</u>	<u>\$ 73</u>	<u>\$ (795)</u>	<u>\$ (208)</u>	<u>\$ 1,989</u>	<u>\$ 761</u>	<u>\$ (8,053)</u>	<u>\$ (6)</u>	<u>\$ (9,402)</u>	<u>\$ -</u>	<u>\$ 68,026</u>
Net assets with donor restrictions											
Net assets with donor restrictions, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7	\$ -	\$ 7
Net assets with donor restrictions, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 7</u>
Change in net assets (deficit)	\$ 17,997	\$ 539	\$ (1,058)	\$ (634)	\$ (363)	\$ (55)	\$ (4,332)	\$ (40)	\$ (5,235)	\$ -	\$ 6,819
Net assets (deficit), beginning of year	65,670	(466)	263	426	2,352	816	(3,721)	34	(4,160)	-	61,214
Net assets (deficit), end of year	<u>\$ 83,667</u>	<u>\$ 73</u>	<u>\$ (795)</u>	<u>\$ (208)</u>	<u>\$ 1,989</u>	<u>\$ 761</u>	<u>\$ (8,053)</u>	<u>\$ (6)</u>	<u>\$ (9,395)</u>	<u>\$ -</u>	<u>\$ 68,033</u>

**Eskaton and Subsidiaries**  
**Eskaton Properties, Inc. Consolidating Schedule – Cash Flows**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Land Park	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
Change in net assets (deficit)	\$ 17,997	\$ 539	\$ (1,058)	\$ (634)	\$ (363)	\$ (55)	\$ (4,332)	\$ (40)	\$ (5,235)	\$ -	\$ 6,819
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities											
Depreciation	256	-	-	-	443	229	664	-	2,942	-	4,534
Amortization of deferred financing costs and premium	(46)	-	-	-	1	2	(36)	-	(33)	-	(112)
Amortization of CCRC entrance fees	-	-	-	-	-	-	-	-	(1,963)	-	(1,963)
Net realized and unrealized gain on assets limited as to use	(11)	-	-	-	-	-	(11)	-	(56)	-	(78)
Net realized and unrealized gain on investments	(2,095)	-	-	-	-	-	-	-	(262)	-	(2,357)
Pension related changes other than net periodic pension cost	(4,609)	-	-	-	-	-	-	-	-	-	(4,609)
Transfers between related entities	(24,709)	(1,980)	554	379	1,555	7	4,522	(92)	12,162	-	(7,602)
CCRC resales of nonrefundable contracts	-	-	-	-	-	-	-	-	959	-	959
CCRC sales of nonrefundable contracts	-	-	-	-	-	-	-	-	1,145	-	1,145
CCRC sales of refundable contracts	-	-	-	-	-	-	-	-	575	-	575
(Gain) loss on disposal of property and equipment	(10)	5	31	14	-	94	-	16	(31)	-	119
(Gain) loss on early repayment of debt	(210)	-	-	-	9	20	(226)	-	(74)	-	(481)
Change in operating assets and liabilities:											
Change in receivables	(422)	655	638	728	5	(70)	(259)	230	(390)	-	1,115
Change in inventories	60	-	-	-	(2)	-	6	-	(68)	-	(4)
Change in deposits and prepaid expenses	60	18	16	84	(10)	(4)	(8)	10	87	-	253
Change in other assets	4,848	5	1	(1)	-	(80)	-	-	270	-	5,043
Change in accounts payable	162	3	128	(34)	46	(15)	91	(5)	(131)	-	245
Change in accrued liabilities	(5,805)	(1,155)	155	(272)	(33)	(32)	134	(207)	(194)	-	(7,409)
Change in unfunded pension obligation	4,145	-	-	-	-	-	-	-	-	-	4,145
Change in other liabilities	266	(6)	(3)	103	-	-	(2)	-	81	-	439
Net cash provided by (used in) operating activities	(10,123)	(1,916)	462	367	1,651	96	543	(88)	9,784	-	776
Purchases of assets limited as to use	(8,315)	-	-	-	-	-	(8,744)	-	(22,494)	-	(39,553)
Proceeds from sale of assets limited as to use	9,365	-	-	-	-	-	9,847	-	26,724	-	45,936
Purchase of investments	(3,814)	-	-	-	-	-	-	-	(3,672)	-	(7,486)
Proceeds from sale of investments	18,951	-	-	-	-	-	-	-	4,635	-	23,586
Expenditures for property and equipment	(476)	(5)	-	(14)	(310)	(82)	(971)	(3)	(6,726)	-	(8,587)
Proceeds from disposal of property and equipment	-	-	179	-	-	-	-	-	-	-	179
Net cash provided by (used in) investing activities	15,711	(5)	179	(14)	(310)	(82)	132	(3)	(1,533)	-	14,075
CCRC contracts refunded	-	-	-	-	-	-	-	-	(22)	-	(22)
Change in deposits on unoccupied units	-	-	-	-	-	-	-	-	158	-	158
Proceeds from issuance of long-term debt	3,398	-	-	-	783	1,164	13,804	-	32,315	-	51,464
Principal payments on long-term debt	(9,307)	-	-	-	(553)	(1,150)	(9,632)	-	(28,343)	-	(48,985)
Debt issuance costs	(64)	-	-	-	(15)	(22)	(260)	-	(609)	-	(970)
Payment to terminate forward delivery agreement	(123)	-	-	-	-	-	(129)	-	-	-	(252)
Net change in due to/due from related entities	22,840	1,978	(562)	(382)	(1,556)	(7)	(4,523)	90	(12,022)	-	5,856
Net cash provided by (used in) financing activities	16,744	1,978	(562)	(382)	(1,341)	(15)	(740)	90	(8,523)	-	7,249
Net increase in cash, cash equivalents and restricted cash	22,332	57	79	(29)	-	(1)	(65)	(1)	(272)	-	22,100
Cash, cash equivalents and restricted cash, beginning of year	10,517	(53)	(68)	42	112	1	66	1	274	-	10,892
Cash, cash equivalents and restricted cash, end of year	\$ 32,849	\$ 4	\$ 11	\$ 13	\$ 112	\$ -	\$ 1	\$ -	\$ 2	\$ -	\$ 32,992
Supplemental disclosure											
Cash paid for interest	\$ 425	\$ -	\$ -	\$ -	\$ 30	\$ 58	\$ 492	\$ -	\$ 1,439	\$ -	\$ 2,444

**Eskaton and Subsidiaries**  
**Eskaton Consolidating Schedule – Balance Sheet**  
**December 31, 2024**  
**(In Thousands)**

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
<b>Assets</b>					
Current assets					
Cash and cash equivalents	\$ 44	\$ -	\$ 80	\$ -	\$ 124
Accounts receivable, net	-	-	70	-	70
Other receivables	6	-	3	-	9
Deposits and prepaid expenses	275	-	6	-	281
Due from related parties	13	-	-	-	13
	<u>338</u>	<u>-</u>	<u>159</u>	<u>-</u>	<u>497</u>
Total current assets					
	338	-	159	-	497
Investments	34	-	-	-	34
Property and equipment, net	-	-	55	-	55
Other assets	1,284	-	-	-	1,284
	<u>1,318</u>	<u>-</u>	<u>55</u>	<u>-</u>	<u>1,373</u>
Total assets	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 1,870</u>
<b>Liabilities and Net Deficit</b>					
Current liabilities					
Accounts payable	\$ -	\$ (5)	\$ 7	\$ -	\$ 2
Accrued liabilities					
Payroll and payroll taxes	4	-	14	-	18
Vacation	5	-	50	-	55
Due to related-parties	3,834	578	853	-	5,265
	<u>3,843</u>	<u>573</u>	<u>924</u>	<u>-</u>	<u>5,340</u>
Total current liabilities					
	3,843	573	924	-	5,340
Net deficit					
Net deficit without donor restrictions	(2,187)	(573)	(710)	-	(3,470)
Total net deficit	<u>(2,187)</u>	<u>(573)</u>	<u>(710)</u>	<u>-</u>	<u>(3,470)</u>
Total liabilities and net deficit	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ 1,870</u>



**Eskaton and Subsidiaries**  
**Eskaton Consolidating Schedule – Operations and Changes**  
**in Net Assets (Deficit)**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
Net assets (deficit) without donor restrictions					
Revenue, gains, and other support:					
Home based services	\$ -	\$ -	\$ 818	\$ -	\$ 818
Total revenues, gains, and other support	-	-	818	-	818
Expenses					
Salaries and wages	219	-	591	-	810
Employee benefits	62	-	178	-	240
Supplies	3	-	4	-	7
Purchased services	82	-	143	-	225
Utilities	1	-	4	-	5
Insurance and other	68	-	68	-	136
Depreciation	-	-	25	-	25
Total operating expenses	435	-	1,013	-	1,448
Nonoperating revenue (expenses):					
Investment income	29	-	-	-	29
Other	(873)	-	(10)	-	(883)
Total nonoperating revenue (expenses), net	(844)	-	(10)	-	(854)
Transfers between related entities	(1,075)	-	1,075	-	-
Change in net assets (deficit) without donor restrictions	(2,354)	-	870	-	(1,484)
Net assets (deficit) without donor restrictions, beginning of year	167	(573)	(1,580)	-	(1,986)
Net deficit without donor restrictions, end of year	<u>\$ (2,187)</u>	<u>\$ (573)</u>	<u>\$ (710)</u>	<u>\$ -</u>	<u>\$ (3,470)</u>

**Eskaton and Subsidiaries**  
**Eskaton Consolidating Schedule – Cash Flows**  
**Year Ended December 31, 2024**  
**(In Thousands)**

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
Change in net assets (deficit)	\$ (2,354)	\$ -	\$ 870	\$ -	\$ (1,484)
Adjustments to reconcile change in net assets (deficit) to net cash (used in) provided by operating activities					
Depreciation	-	-	25	-	25
Loss on disposal of property and equipment	873	-	10	-	883
Change in operating assets and liabilities:					
Change in receivables	(6)	-	(18)	-	(24)
Change in deposits and prepaid expenses	(275)	-	4	-	(271)
Change in accounts payable	-	-	4	-	4
Change in accrued liabilities	(3)	-	10	-	7
Net cash (used in) provided by operating activities	(1,765)	-	905	-	(860)
Purchase of investments	(2,482)	-	-	-	(2,482)
Proceeds from sale of investments	2,448	-	-	-	2,448
Expenditures for property and equipment	-	-	(23)	-	(23)
Proceeds from sale of land	390	-	-	-	390
Net cash provided by (used in) investing activities	356	-	(23)	-	333
Net change in due to/due from related entities	1,406	-	(1,028)	-	378
Net cash provided by (used in) financing activities	1,406	-	(1,028)	-	378
Net increase in cash, cash equivalents and restricted cash	(3)	-	(146)	-	(149)
Cash, cash equivalents and restricted cash, beginning of year	47	-	226	-	273
Cash, cash equivalents and restricted cash, end of year	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ -</u>	<u>\$ 124</u>

Eskaton and Subsidiaries  
Consolidating Schedule – Balance Sheet  
December 31, 2023  
(In Thousands)

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
<b>ASSETS</b>																	
CURRENT ASSETS																	
Cash and cash equivalents	\$ 10,493	\$ 503	\$ 1,789	\$ 12,785	\$ -	\$ 12,785	\$ 273	\$ 727	\$ 751	\$ 1,407	\$ -	\$ 660	\$ -	\$ 97	\$ 16,700	\$ -	\$ 16,700
Assets limited as to use, required for current liabilities	412	157	-	569	-	569	-	-	101	120	-	-	-	-	790	-	790
Investments	56,153	-	-	56,153	-	56,153	-	-	-	-	-	876	-	-	57,029	-	57,029
Accounts receivable, net	3,624	83	211	3,918	-	3,918	53	-	9	26	-	2,582	-	-	6,588	-	6,588
Other receivables	4,599	15	62	4,676	-	4,676	2	898	90	2	-	7	-	-	5,675	-	5,675
Inventories	151	13	11	175	-	175	-	-	23	20	-	29	-	-	247	-	247
Deposits and prepaid expenses	1,151	57	11	1,219	-	1,219	10	-	8	55	-	100	7	9	1,408	-	1,408
Due from related parties	14,896	-	-	14,896	(1,201)	13,695	-	-	-	-	-	-	171	44	13,910	(13,910)	-
Total current assets	91,479	828	2,084	94,391	(1,201)	93,190	338	1,625	982	1,630	-	4,254	178	150	102,347	(13,910)	88,437
ASSETS LIMITED AS TO USE, net of amount required for current liabilities	6,292	2,066	-	8,358	-	8,358	-	-	412	665	-	2,054	-	1,711	13,200	-	13,200
INVESTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	4,015	4,015	-	4,015
PROPERTY AND EQUIPMENT, net	33,167	4,793	11,199	49,159	(77)	49,082	1,330	-	7,601	8,211	-	35,724	437	-	102,385	-	102,385
OTHER ASSETS																	
Due from liability insurer	7,088	-	-	7,088	-	7,088	-	-	-	-	-	-	-	-	7,088	-	7,088
Associate member/resident/patient deposits	1,078	-	-	1,078	-	1,078	-	-	-	-	-	(10)	-	-	1,068	-	1,068
Funded pension obligation	1,435	-	-	1,435	-	1,435	-	-	-	-	-	-	-	-	1,435	-	1,435
Other	5,395	-	-	5,395	-	5,395	1,284	-	-	-	3,900	1,700	-	-	12,279	(1,225)	11,054
Due from related parties, net of current portion	3,147	-	-	3,147	-	3,147	-	-	-	-	-	-	-	-	3,147	(3,147)	-
Total other assets	18,143	-	-	18,143	-	18,143	1,284	-	-	-	3,900	1,690	-	-	25,017	(4,372)	20,645
Total assets	\$ 149,081	\$ 7,687	\$ 13,283	\$ 170,051	\$ (1,278)	\$ 168,773	\$ 2,952	\$ 1,625	\$ 8,995	\$ 10,506	\$ 3,900	\$ 43,722	\$ 615	\$ 5,876	\$ 246,964	\$ (18,282)	\$ 228,682

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Balance Sheet**  
**December 31, 2023**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>																	
CURRENT LIABILITIES																	
Current maturities of long-term debt	\$ 2,624	\$ 920	\$ 1,098	\$ 4,642	\$ -	\$ 4,642	\$ -	\$ -	\$ 205	\$ 272	\$ -	\$ 4,449	\$ -	\$ -	\$ 9,568	\$ -	\$ 9,568
Current portion of deferred revenue from unamortized CCRC entrance fees	1,347	-	-	1,347	-	1,347	-	-	-	-	-	-	-	-	1,347	-	1,347
Deposits on unoccupied units	507	23	-	530	-	530	-	-	-	-	-	-	6	-	536	-	536
Accounts payable	2,254	113	104	2,471	-	2,471	(2)	1	83	116	-	387	-	41	3,097	-	3,097
Accrued liabilities:																	
Payroll and payroll taxes	1,840	156	27	2,023	-	2,023	17	402	12	62	-	68	-	-	2,584	-	2,584
Vacation	1,187	92	142	1,421	-	1,421	49	235	115	93	-	469	-	-	2,382	-	2,382
Current portion of self-insured workers' compensation	1,429	-	-	1,429	-	1,429	-	-	-	-	-	-	-	-	1,429	-	1,429
Self-insured employee health plan	2,530	-	-	2,530	-	2,530	-	-	-	-	-	-	-	-	2,530	-	2,530
Interest	305	113	65	483	-	483	-	-	14	30	-	15	-	-	542	-	542
Other	8,412	63	51	8,526	-	8,526	-	-	40	36	-	33	-	67	8,702	-	8,702
Due to related-parties	196	1	1,201	1,398	(1,201)	197	4,874	988	447	274	1,160	5,454	90	426	13,910	(13,910)	-
Total current liabilities	22,631	1,481	2,688	26,800	(1,201)	25,599	4,938	1,626	916	883	1,160	10,875	96	534	46,627	(13,910)	32,717
OTHER LIABILITIES																	
Self-insured workers' compensation, net of current portion	6,825	-	-	6,825	-	6,825	-	-	-	-	-	-	-	-	6,825	-	6,825
Interest rate swap agreements	-	-	1,163	1,163	-	1,163	-	-	-	-	-	-	-	-	1,163	-	1,163
Unfunded pension obligation	1,268	-	-	1,268	-	1,268	-	-	-	-	-	-	-	-	1,268	-	1,268
Professional liability	1,908	-	-	1,908	-	1,908	-	-	-	-	-	-	-	-	1,908	-	1,908
Associate member/resident/patient deposits	1,078	-	3	1,081	-	1,081	-	-	-	-	-	-	-	-	1,081	-	1,081
Other	7	-	-	7	-	7	-	-	-	-	-	-	-	-	7	-	7
Due to related-parties, net of current portion	-	-	-	-	-	-	-	-	-	-	3,147	-	-	-	3,147	(3,147)	-
	11,086	-	1,166	12,252	-	12,252	-	-	-	-	3,147	-	-	-	15,399	(3,147)	12,252
LONG-TERM DEBT, net of current maturities	46,470	17,963	12,204	76,637	-	76,637	-	-	6,471	10,904	-	-	-	-	94,012	-	94,012
REFUNDABLE CCRC ENTRANCE FEES	298	-	-	298	-	298	-	-	-	-	-	65	-	-	363	-	363
DEFERRED REVENUE FROM UNAMORTIZED CCRC ENTRANCE FEES, net of current portion	7,382	-	-	7,382	-	7,382	-	-	-	-	-	-	-	-	7,382	-	7,382
Total liabilities	87,867	19,444	16,058	123,369	(1,201)	122,168	4,938	1,626	7,387	11,787	4,307	10,940	96	534	163,783	(17,057)	146,726
NET ASSETS (DEFICIT)																	
Net assets (deficit) without donor restrictions	61,207	(11,757)	(2,775)	46,675	(77)	46,598	(1,986)	(1)	1,608	(1,281)	(407)	28,746	519	3,527	77,323	(1,225)	76,098
Net assets with donor restrictions	7	-	-	7	-	7	-	-	-	-	-	4,036	-	1,815	5,858	-	5,858
Total net assets (deficit)	61,214	(11,757)	(2,775)	46,682	(77)	46,605	(1,986)	(1)	1,608	(1,281)	(407)	32,782	519	5,342	83,181	(1,225)	81,956
Total liabilities and net assets (deficit)	\$ 149,081	\$ 7,687	\$ 13,283	\$ 170,051	\$ (1,278)	\$ 168,773	\$ 2,952	\$ 1,625	\$ 8,995	\$ 10,506	\$ 3,900	\$ 43,722	\$ 615	\$ 5,876	\$ 246,964	\$ (18,282)	\$ 228,682

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Operations and Changes in Net Assets (Deficit)**  
**Year Ended December 31, 2023**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS																	
Revenue, gains, and other support:																	
Resident service revenue, including amortization of CCRC entrance fees	\$ 51,991	\$ 10,494	\$ 9,017	\$ 71,502	\$ -	\$ 71,502	\$ -	\$ -	\$ 5,161	\$ 7,902	\$ -	\$ 18,438	\$ -	\$ -	\$ 103,003	\$ -	\$ 103,003
Home based services	-	-	-	-	-	-	737	-	-	-	-	-	-	-	737	-	737
Other, net	10,955	337	975	12,267	(1,260)	11,007	1	10,903	914	48	-	3,084	23	351	26,331	(2,423)	23,908
Total revenues, gains, and other support	62,946	10,831	9,992	83,769	(1,260)	82,509	738	10,903	6,075	7,950	-	21,522	23	351	130,071	(2,423)	127,648
Expenses:																	
Salaries and wages	29,027	3,519	4,385	36,931	-	36,931	848	8,415	2,907	2,633	-	10,032	-	105	61,871	-	61,871
Employee benefits	4,588	1,105	1,172	6,865	-	6,865	267	2,481	907	808	-	2,662	-	34	14,024	-	14,024
Professional fees	4,183	817	38	5,038	-	5,038	-	-	13	584	-	1,610	-	3	7,248	-	7,248
Supplies	2,403	882	695	3,980	-	3,980	15	-	338	575	-	654	-	17	5,579	-	5,579
Purchased services	9,103	1,479	1,152	11,734	(1,260)	10,474	180	-	685	790	-	3,266	6	18	15,419	(1,779)	13,640
Ancillary costs	737	27	68	832	-	832	-	-	21	34	-	1,236	-	-	2,123	-	2,123
Utilities	2,991	634	294	3,919	-	3,919	6	6	297	320	-	922	3	1	5,474	-	5,474
Insurance and other	3,175	500	381	4,056	-	4,056	155	2	226	309	-	820	14	640	6,222	(644)	5,578
Depreciation	4,505	776	640	5,921	(9)	5,912	21	-	519	695	-	1,606	42	-	8,795	-	8,795
Interest and amortization	2,566	890	845	4,301	-	4,301	-	-	218	451	-	195	-	-	5,165	-	5,165
Total operating expenses	63,278	10,629	9,670	83,577	(1,269)	82,308	1,492	10,904	6,131	7,199	-	23,003	65	818	131,920	(2,423)	129,497
Income (loss) from operations	(332)	202	322	192	9	201	(754)	(1)	(56)	751	-	(1,481)	(42)	(467)	(1,849)	-	(1,849)
Nonoperating revenue (expenses):																	
Investment income (loss)	6,797	71	(5)	6,863	-	6,863	-	-	2	4	-	472	-	467	7,808	-	7,808
Interest rate swap activities	-	-	75	75	-	75	-	-	-	-	-	-	-	-	75	-	75
Other components of net periodic pension (cost) benefit	(192)	-	-	(192)	-	(192)	-	-	-	-	-	-	-	-	(192)	-	(192)
Gain on disposal of property and equipment	28	-	-	28	-	28	-	-	-	-	-	-	-	-	28	-	28
Other	258	-	-	258	-	258	-	-	-	-	-	-	-	14	272	-	272
Total nonoperating revenue (expenses), net	6,891	71	70	7,032	-	7,032	-	-	2	4	-	472	-	481	7,991	-	7,991
Excess (deficiency) of revenues, gains, and other support over expenses	\$ 6,559	\$ 273	\$ 392	\$ 7,224	\$ 9	\$ 7,233	\$ (754)	\$ (1)	\$ (54)	\$ 755	\$ -	\$ (1,009)	\$ (42)	\$ 14	\$ 6,142	\$ -	\$ 6,142

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Operations and Changes in Net Assets (Deficit)**  
**Year Ended December 31, 2023**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Excess (deficiency) of revenues, gains, and other support over expenses (page 56)	\$ 6,559	\$ 273	\$ 392	\$ 7,224	\$ 9	\$ 7,233	\$ (754)	\$ (1)	\$ (54)	\$ 755	\$ -	\$ (1,009)	\$ (42)	\$ 14	\$ 6,142	\$ -	\$ 6,142
Pension related changes other than net periodic pension cost	732	-	-	732	-	732	-	-	-	-	-	-	-	-	732	-	732
Transfers between related entities	(194)	577	-	383	-	383	-	-	(308)	(713)	-	-	-	638	-	-	-
Change in net assets (deficit) without donor restrictions before discontinued operations	7,097	850	392	8,339	9	8,348	(754)	(1)	(362)	42	-	(1,009)	(42)	652	6,874	-	6,874
Income (loss) from discontinued operations	8,577	-	-	8,577	-	8,577	-	-	-	-	-	-	-	-	8,577	-	8,577
Change in net assets (deficit) without donor restrictions	15,674	850	392	16,916	9	16,925	(754)	(1)	(362)	42	-	(1,009)	(42)	652	15,451	-	15,451
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS, beginning of year	45,533	(12,607)	(3,167)	29,759	(86)	29,673	(1,232)	-	1,970	(1,323)	(407)	29,755	561	2,875	61,872	(1,225)	60,647
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	<u>\$ 61,207</u>	<u>\$ (11,757)</u>	<u>\$ (2,775)</u>	<u>\$ 46,675</u>	<u>\$ (77)</u>	<u>\$ 46,598</u>	<u>\$ (1,986)</u>	<u>\$ (1)</u>	<u>\$ 1,608</u>	<u>\$ (1,281)</u>	<u>\$ (407)</u>	<u>\$ 28,746</u>	<u>\$ 519</u>	<u>\$ 3,527</u>	<u>\$ 77,323</u>	<u>\$ (1,225)</u>	<u>\$ 76,098</u>
NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ -	\$ 51	\$ 94	\$ -	\$ 94
Change in assets held in trust by others	-	-	-	-	-	-	-	-	-	-	-	47	-	14	61	-	61
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	226	226	-	226
Net assets released from restriction used for operations	-	-	-	-	-	-	-	-	-	-	-	(492)	-	(196)	(688)	-	(688)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	(402)	-	95	(307)	-	(307)
NET ASSETS WITH DONOR RESTRICTIONS, beginning of year	7	-	-	7	-	7	-	-	-	-	-	4,438	-	1,720	6,165	-	6,165
NET ASSETS WITH DONOR RESTRICTIONS, end of year	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,036</u>	<u>\$ -</u>	<u>\$ 1,815</u>	<u>\$ 5,858</u>	<u>\$ -</u>	<u>\$ 5,858</u>
CHANGE IN NET ASSETS (DEFICIT)	\$ 15,674	\$ 850	\$ 392	\$ 16,916	\$ 9	\$ 16,925	\$ (754)	\$ (1)	\$ (362)	\$ 42	\$ -	\$ (1,411)	\$ (42)	\$ 747	\$ 15,144	\$ -	\$ 15,144
NET ASSETS (DEFICIT), beginning of year	45,540	(12,607)	(3,167)	29,766	(86)	29,680	(1,232)	-	1,970	(1,323)	(407)	34,193	561	4,595	68,037	(1,225)	66,812
NET ASSETS (DEFICIT), end of year	<u>\$ 61,214</u>	<u>\$ (11,757)</u>	<u>\$ (2,775)</u>	<u>\$ 46,682</u>	<u>\$ (77)</u>	<u>\$ 46,605</u>	<u>\$ (1,986)</u>	<u>\$ (1)</u>	<u>\$ 1,608</u>	<u>\$ (1,281)</u>	<u>\$ (407)</u>	<u>\$ 32,782</u>	<u>\$ 519</u>	<u>\$ 5,342</u>	<u>\$ 83,181</u>	<u>\$ (1,225)</u>	<u>\$ 81,956</u>

**Eskaton and Subsidiaries**  
**Consolidating Schedule – Cash Flows**  
**Year Ended December 31, 2023**  
**(In Thousands)**

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
CHANGE IN NET ASSETS (DEFICIT)	\$ 15,674	\$ 850	\$ 392	\$ 16,916	\$ 9	\$ 16,925	\$ (754)	\$ (1)	\$ (362)	\$ 42	\$ -	\$ (1,411)	\$ (42)	\$ 747	\$ 15,144	\$ -	\$ 15,144
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:																	
Depreciation	5,120	776	640	6,536	(9)	6,527	21	-	519	695	-	1,606	42	-	9,410	-	9,410
Amortization of deferred financing costs and premium	(48)	(61)	60	(49)	-	(49)	-	-	11	15	-	9	-	-	(14)	-	(14)
Amortization of CCRC entrance fees	(1,629)	-	-	(1,629)	-	(1,629)	-	-	-	-	-	(67)	-	-	(1,696)	-	(1,696)
Net realized and unrealized gain on assets limited as to use	(147)	(35)	-	(182)	-	(182)	-	-	-	-	-	-	-	(194)	(376)	-	(376)
Net realized and unrealized gain on investments	(5,630)	-	-	(5,630)	-	(5,630)	-	-	-	-	-	(387)	-	(396)	(6,413)	-	(6,413)
Pension related changes other than net periodic pension cost	(732)	-	-	(732)	-	(732)	-	-	-	-	-	-	-	-	(732)	-	(732)
Change in fair value of derivative instruments	-	-	(92)	(92)	-	(92)	-	-	-	-	-	-	-	-	(92)	-	(92)
Transfers between related entities	194	(577)	-	(383)	-	(383)	-	-	308	713	-	-	-	(638)	-	-	-
CCRC resales of nonrefundable contracts	1,070	-	-	1,070	-	1,070	-	-	-	-	-	-	-	-	1,070	-	1,070
CCRC sales of nonrefundable contracts	660	-	-	660	-	660	-	-	-	-	-	-	-	-	660	-	660
CCRC sales of refundable contracts	542	-	-	542	-	542	-	-	-	-	-	-	-	-	542	-	542
(Gain) loss on disposal of property and equipment	(26,113)	-	-	(26,113)	-	(26,113)	-	-	-	-	-	-	-	-	(26,113)	-	(26,113)
Change in operating assets and liabilities:																	
Change in receivables	2,486	21	(138)	2,369	-	2,369	11	170	12	(20)	-	(992)	-	44	1,594	-	1,594
Change in inventories	489	(1)	10	498	-	498	-	-	(3)	(11)	-	67	-	-	551	-	551
Change in deposits and prepaid expenses	(163)	(10)	13	(160)	-	(160)	(6)	-	10	(3)	-	13	(4)	(9)	(159)	-	(159)
Change in other assets	(3,785)	-	-	(3,785)	-	(3,785)	-	-	-	-	-	(32)	-	-	(3,817)	-	(3,817)
Change in accounts payable	(2,925)	(138)	(75)	(3,138)	-	(3,138)	(15)	(12)	(92)	(128)	-	(489)	-	6	(3,868)	-	(3,868)
Change in accrued liabilities	(78)	-	(107)	(185)	-	(185)	6	95	(118)	16	-	(374)	-	(45)	(605)	-	(605)
Change in unfunded pension obligation	(751)	-	-	(751)	-	(751)	-	-	-	-	-	-	-	-	(751)	-	(751)
Change in other liabilities	(409)	(2)	(19)	(430)	-	(430)	-	-	(5)	(2)	-	-	(3)	-	(440)	-	(440)
Net cash provided by (used in) operating activities	(16,175)	823	684	(14,668)	-	(14,668)	(737)	252	280	1,317	-	(2,057)	(7)	(485)	(16,105)	-	(16,105)
Purchases of assets limited as to use	(4,520)	(1,792)	-	(6,312)	-	(6,312)	-	-	-	-	-	-	-	(138)	(6,450)	-	(6,450)
Proceeds from sale of assets limited as to use	4,432	1,773	-	6,205	-	6,205	-	-	-	-	-	433	-	208	6,846	-	6,846
Purchase of investments	(6,314)	-	-	(6,314)	-	(6,314)	-	-	-	-	-	(543)	-	(657)	(7,514)	-	(7,514)
Proceeds from sale of investments	7,984	-	-	7,984	-	7,984	-	-	-	-	-	54	-	154	8,192	-	8,192
Expenditures for property and equipment	(5,386)	(429)	(345)	(6,160)	-	(6,160)	(53)	-	(186)	(444)	-	(443)	1	-	(7,285)	-	(7,285)
Proceeds from disposal of property and equipment	34,261	-	-	34,261	-	34,261	-	-	-	-	-	-	-	-	34,261	-	34,261
Net cash provided by (used in) investing activities	30,457	(448)	(345)	29,664	-	29,664	(53)	-	(186)	(444)	-	(499)	1	(433)	28,050	-	28,050
CCRC contracts refunded	(314)	-	-	(314)	-	(314)	-	-	-	-	-	-	-	-	(314)	-	(314)
Change in deposits on unoccupied units	(196)	(4)	-	(200)	-	(200)	-	-	-	-	-	-	6	-	(194)	-	(194)
Principal payments on long-term debt	(6,475)	(823)	(1,097)	(8,395)	-	(8,395)	-	-	(209)	(277)	-	(297)	-	-	(9,178)	-	(9,178)
Net change in due to/due from related entities	(5,332)	577	796	(3,959)	-	(3,959)	888	355	(199)	(737)	-	2,739	-	913	-	-	-
Net cash provided by (used in) financing activities	(12,317)	(250)	(301)	(12,868)	-	(12,868)	888	355	(408)	(1,014)	-	2,442	6	913	(9,686)	-	(9,686)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,965	125	38	2,128	-	2,128	98	607	(314)	(141)	-	(114)	-	(5)	2,259	-	2,259
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	8,927	504	1,751	11,182	-	11,182	175	120	1,578	2,333	-	793	-	153	16,334	-	16,334
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	<u>\$ 10,892</u>	<u>\$ 629</u>	<u>\$ 1,789</u>	<u>\$ 13,310</u>	<u>\$ -</u>	<u>\$ 13,310</u>	<u>\$ 273</u>	<u>\$ 727</u>	<u>\$ 1,264</u>	<u>\$ 2,192</u>	<u>\$ -</u>	<u>\$ 679</u>	<u>\$ -</u>	<u>\$ 148</u>	<u>\$ 18,593</u>	<u>\$ -</u>	<u>\$ 18,593</u>
SUPPLEMENTAL DISCLOSURE																	
Cash paid for interest	\$ 2,794	\$ 950	\$ 764	\$ 4,508	\$ -	\$ 4,508	\$ -	\$ -	\$ 208	\$ 436	\$ -	\$ 184	\$ -	\$ -	\$ 5,336	\$ -	\$ 5,336

## Eskaton and Subsidiaries

### Supplementary Information – Social Responsibility (Unaudited)

#### Years Ended December 31, 2024 and 2023

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Eskaton and Subsidiaries supports community charitable organizations, and other not-for-profit aging services organizations that provide services to older adults, through financial contributions to those organizations. In addition, Eskaton and Subsidiaries provides the following community service programs:

**Resident Assistance Funds** – Eskaton and Subsidiaries contributes funds to and solicits donations to various resident assistance funds that provide help to older adults who can no longer afford the monthly fees associated with their care and do not have sufficient family resources to cover the full cost of services. Residents are screened based on income, net assets, and family resources. Eligible residents are provided a monthly assistance stipend to supplement available income as necessary.

**Friendship Line** – Eskaton has partnered with Institute on Aging to bring a free and confidential, volunteer-driven call hub to our community. The Friendship Line makes and receives calls from older adults who are combating loneliness and are seeking social connection.

For over forty-five years, Friendship Line has been a vital lifeline for people aged 60 years and older and adults living with disabilities to connect with a caring, compassionate voice ready to listen and provide emotional support.

**Social Responsibility Costs** – The Organization considers the actual costs of charitable community organizations and aging services organization sponsorships, and actual costs, net of any reimbursement, of providing community service programs, to be social responsibility. The level of social responsibility provided for the years ended December 31 is measured as follows (dollar amounts in thousands):

	2024	2023
Community sponsorships	\$ 91	\$ 67
Aging services sponsorships	90	13
Resident Assistance Funds	673	877
Community outreach	394	482
	<hr/>	<hr/>
Total	<u>\$ 1,248</u>	<u>\$ 1,439</u>
Community service program operating statistics		
Resident Assistance Funds		
Months of assistance	164	137
Residents assisted	21	15





**PART 5**  
**LIQUID RESERVES**



Report of Independent Auditors and  
Continuing Care Liquid Reserve Schedules

**Eskaton, Eskaton Village Carmichael, and  
The Reutlinger Community**

December 31, 2024

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## **Report of Independent Auditors**

To the Board of Directors  
Eskaton, Eskaton Village Carmichael, and The Reutlinger Community

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Eskaton, Eskaton Village Carmichael, and The Reutlinger Community, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and 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 Eskaton, Eskaton Village Carmichael, and The Reutlinger Community 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 Eskaton, Eskaton Village Carmichael, and The Reutlinger Community 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 Eskaton, Eskaton Village Carmichael, and The Reutlinger Community 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 Eskaton, Eskaton Village Carmichael, and The Reutlinger Community'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 Eskaton, Eskaton Village Carmichael, and The Reutlinger Community'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 Statement of Cash Flows – Direct Method; Supplementary Form 5-2 – Reconciliation to Audit Report; Supplementary Form 5-4 – Reconciliation to Audit Report; Supplementary Form 5-5 – Description of Reserves Under SB 1212; and Supplementary Form 5-5 – ALATU – Composition of Assets, presented as supplementary schedules, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 Eskaton, Eskaton Village Carmichael, The Reutlinger Community, 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 17, 2025

## **Continuing Care Liquid Reserve Schedules**



**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Form 5-1**  
**Long-Term Debt Incurred in Prior Fiscal Year**  
**Year Ended December 31, 2024**

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**FORM 5-1: LONG-TERM DEBT INCURRED IN 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				\$ -	\$ -
2				-	-
3				-	-
4				-	-
5					
6					
7					
8					
	TOTAL:	\$ -	\$ -	\$ -	\$ -

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

**PROVIDER:** Eskaton

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Form 5-2**  
**Long-Term Debt Incurred During Fiscal Year**  
**Year Ended December 31, 2024**

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**FORM 5-2: LONG-TERM DEBT INCURRED DURING FISCAL YEAR (INCLUDING BALLOON DEBT)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over Next 12 Months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	9/4/2024	\$ 644,739	\$ 546,188	12	\$ 6,554,000
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$ -	\$ -	-	\$ 6,554,000

**PROVIDER:** Eskaton

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Form 5-3**  
**Calculation of Long-Term Debt Reserve Amount**  
**Year Ended December 31, 2024**

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ -
2	Total from Form 5-2 bottom of Column (e)	\$ 6,554,000
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$ -
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<b>\$ 6,554,000</b>

**PROVIDER:** Eskaton

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**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Form 5-4**  
**Calculation of Net Operating Expenses**  
**Year Ended December 31, 2024**

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

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$ 33,859,000</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$ 1,439,000</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$ -</u>	
	c. Depreciation	<u>\$ 2,942,000</u>	
	d. Amortization	<u>\$ (33,000)</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$ 14,011,000</u>	
	f. Extraordinary expenses approved by the Department	<u>\$ -</u>	
3	Total Deductions		<u>\$ 18,359,000</u>
4	Net Operating Expenses		<u>\$ 15,500,000</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$ 42,466</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$ 3,185,000</u></u>

**PROVIDER:** Eskaton

**COMMUNITY:** Eskaton Village Carmichael

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Form 5-4**  
**Calculation of Net Operating Expenses**  
**Year Ended December 31, 2024**

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

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$22,093,000</u>
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	<u>\$ 249,000</u>	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$ -</u>	
c.	Depreciation	<u>\$ 1,643,000</u>	
d.	Amortization	<u>\$ -</u>	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$ 10,603,000</u>	
f.	Extraordinary expenses approved by the Department	<u>\$ -</u>	
3	Total Deductions		<u>\$ 12,495,000</u>
4	Net Operating Expenses		<u>\$ 9,598,000</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$ 26,296</u>
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u><u>\$ 1,972,000</u></u>
<b>PROVIDER:</b>	<u>Eskaton</u>		
<b>COMMUNITY:</b>	<u>The Reutlinger Community</u>		

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Form 5-5**  
**Annual Reserve Certification**  
**Year Ended December 31, 2024**

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**FORM 5-5: ANNUAL RESERVE CERTIFICATION**

Provider Name: Eskaton  
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	\$ 6,554,000
[2] Operating Expense Reserve Amount	\$ 5,157,000
[3] Total Liquid Reserve Amount:	<span style="border: 1px solid black;">\$ 11,711,000</span>

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		\$ 17,824,000
[5] Investment Securities		\$ 4,882,000
[6] Equity Securities	\$ 6,000,000	\$ 28,897,000
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	\$ 599,000	(not applicable)
[10] Other:		

Qualifying assets used in these reserves are described as follows:

**Total Amount of Qualifying Assets**

Listed for Reserve Obligation: [11]	\$ 6,599,000	[12]	\$ 51,603,000
Reserve Obligation Amount: [13]	\$ 6,554,000	[14]	\$ 5,157,000
Surplus/(Deficiency): [15]	\$ 45,000	[16]	\$ 46,446,000

Signature:

  
(Authorized Representative)

Date: April 17, 2025

Chief Financial Officer  
(Title)

# **Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**

## **Notes to Continuing Care Liquid Reserve Schedules**

### **December 31, 2024**

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#### **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 Eskaton's, Eskaton Village Carmichael's, and The Reutlinger Community's assets, liabilities, revenues, and expenses. Where not otherwise stated, the accompanying reserve reports include Eskaton, The Reutlinger Community, and the Obligated Group members of Home Office, Eskaton Monroe Lodge, Eskaton Lodge Cameron Park, Eskaton Gold River Lodge, Eskaton Village Carmichael, Eskaton Village Grass Valley, and Eskaton Village Roseville.

#### **Note 2 – Long-Term Debt**

In accordance with the Health and Safety Code Section 1792, Eskaton has excluded \$83,617,000 of long-term debt repayments made during the year ended December 31, 2024 from Form 5-1 as they were voluntary repayments to pay down principal. Additionally, Eskaton has excluded \$1,131,000 of long-term debt repayments made during the year ended December 31, 2024 from Form 5-1 as they were payments made related to long-term debt arrangements that were no longer outstanding as of December 31, 2024. Eskaton has excluded \$663,812 of long-term debt repayments made during the year ended December 31, 2024 from Form 5-2 as they were payments made previous to the most recent scheduled payment as of December 31, 2024.

## **Supplementary Schedules**

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**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Statement of Cash Flows – Direct Method**  
**December 31, 2024**

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Cash flows from operating activities	
Cash received from ILU contract residents	\$ 25,092,000
Cash received from ALU contract residents	446,000
Cash received from SNF contract residents	507,000
Cash received from noncontract residents	13,002,000
Cash received from other revenue	1,743,000
Cash received from investment income	252,000
Cash paid for interest	(1,439,000)
Cash paid for other operating expenses	<u>(29,819,000)</u>
Net cash provided by operating activities	<u>9,784,000</u>
Cash flows from investing activities	
Purchases of assets limited as to use	(22,494,000)
Proceeds from sale of assets limited as to use	26,724,000
Purchases of investments	(3,672,000)
Proceeds from sale of investments	4,635,000
Expenditures for capital maintenance	<u>(6,726,000)</u>
Net cash used in investing activities	<u>(1,533,000)</u>
Cash flows from financing activities	
CCRC contracts refunded	(22,000)
Change in deposits on unoccupied CCRC units	158,000
Proceeds from issuance of long-term debt	32,315,000
Principal payments on long-term debt	(28,343,000)
Debt issuance costs	(609,000)
Change in due from related party - current year cash flow	<u>(12,022,000)</u>
Net cash used in financing activities	<u>(8,523,000)</u>
Net change in cash	(272,000)
Cash, cash equivalents, and restricted cash at December 31, 2023	<u>274,000</u>
Cash, cash equivalents, and restricted cash at December 31, 2024	<u><u>\$ 2,000</u></u>

**PROVIDER:** Eskaton  
**COMMUNITY:** Eskaton Village Carmichael

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Statement of Cash Flows – Direct Method**  
**December 31, 2024**

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Cash flows from operating activities	
Cash received from ILU contract residents	\$ -
Cash received from ALU contract residents	8,454,000
Cash received from SNF contract residents	1,209,000
Cash received from noncontract residents	10,393,000
Cash received from other revenue	448,000
Cash received from investment income	64,000
Cash paid for interest	(249,000)
Cash paid for other operating expenses	<u>(19,831,000)</u>
Net cash used in operating activities	<u>488,000</u>
Cash flows from investing activities	
Proceeds from sale of assets limited as to use	385,000
Purchases of investments	(739,000)
Proceeds from sale of investments	1,842,000
Expenditures for capital maintenance	<u>(842,000)</u>
Net cash used in investing activities	<u>646,000</u>
Cash flows from financing activities	
Principal payments on long-term debt	(4,631,000)
Change in due from related party - current year cash flow	<u>4,497,000</u>
Net cash provided by financing activities	<u>(134,000)</u>
Net change in cash	1,000,000
Cash, cash equivalents, and restricted cash at December 31, 2023	<u>679,000</u>
Cash, cash equivalents, and restricted cash at December 31, 2024	<u><u>\$ 1,679,000</u></u>

**PROVIDER:** Eskaton  
**COMMUNITY:** The Reutlinger Community

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Supplementary Form 5-2 – Reconciliation to Audit Report**  
**December 31, 2024**

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Cash payments for interest - Obligated Group (per consolidated financial statements)	\$ 4,077,000
Cash payments for interest - The Reutlinger Community (per consolidated financial statements)	249,000
Less: Cash payments for interest on debt refunded prior to December 31, 2024	<u>(3,681,261)</u>
Cash paid for interest	<u><u>\$ 644,739</u></u>

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Supplementary Form 5-4 – Reconciliation to Audit Report**  
**December 31, 2024**

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Cash received from noncontract residents (per Statement of Cash Flows - Direct Method)	\$ 13,002,000
Cash received from other revenue (per Statement of Cash Flows - Direct Method)	1,743,000
Less: Cash receipts from Contributions	<u>(734,000)</u>
Reimbursements for services to persons who did not have a CCRC contract	<u><u>\$ 14,011,000</u></u>
Independent living reimbursements for services to noncontract residents	\$ 473,000
Assisted living reimbursements for services to noncontract residents	4,928,000
Skilled nursing reimbursements for services to noncontract residents	7,601,000
Reimbursements for nonresident services	<u>1,009,000</u>
Reimbursements for services to persons who did not have a CCRC contract	<u><u>\$ 14,011,000</u></u>

<b>PROVIDER:</b>	<u>Eskaton</u>
<b>COMMUNITY:</b>	<u>Eskaton Village Carmichael</u>

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Supplementary Form 5-4 – Reconciliation to Audit Report (Continued)**  
**December 31, 2024**

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Cash received from noncontract residents (per Statement of Cash Flows - Direct Method)	\$ 10,393,000
Cash received from other revenue (per Statement of Cash Flows - Direct Method)	448,000
Less: Cash receipts from contributions	<u>(238,000)</u>
Reimbursements for services to persons who did not have a CCRC contract	<u><u>\$ 10,603,000</u></u>
Assisted living reimbursements for services to noncontract residents	\$ 52,000
Skilled nursing reimbursements for services to noncontract residents	10,341,000
Reimbursements for nonresident services	<u>210,000</u>
Reimbursements for services to persons who did not have a CCRC contract	<u><u>\$ 10,603,000</u></u>

<b>PROVIDER:</b>	<u>Eskaton</u>
<b>COMMUNITY:</b>	<u>The Reutlinger Community</u>

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Supplementary Form 5-5 – Description of Reserves Under SB 1212**  
**December 31, 2024**

<b>Financial Statements and Footnote Description</b>	<b>Eskaton</b>	<b>Obligated Group</b>	<b>The Reutlinger Community</b>	<b>Total</b>	<b>Qualifying Asset Description (Form 5-5)</b>
Cash and cash equivalents	\$ 124,000	\$ 13,322,000	\$ 1,618,000	\$ 15,064,000	
Investments - cash and short-term investments	34,000	2,726,000	-	2,760,000	
	<u>158,000</u>	<u>16,048,000</u>	<u>1,618,000</u>	<u>17,824,000</u>	[4] Cash and cash equivalents
Investments - U.S. Treasury notes, government securities, and other corporate debt securities	-	4,882,000	-	4,882,000	[5] Investment securities
Investments - equity securities and mutual funds	-	28,802,000	95,000	28,897,000	[6] Equity securities
Total cash and cash equivalents, investment securities, equity securities and mutual funds	<u>\$ 158,000</u>	<u>\$ 49,732,000</u>	<u>\$ 1,713,000</u>	<u>\$ 51,603,000</u>	<b>Operating Reserve</b>
Investments - equity securities and mutual funds	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000	[6] Equity securities
Assets limited as to use - cash and short-term investments	-	599,000	-	599,000	[9] Debt service reserve
Total cash and cash equivalents, equity securities, and assets limited as to use - debt service reserve	<u>\$ -</u>	<u>\$ 6,599,000</u>	<u>\$ -</u>	<u>\$ 6,599,000</u>	<b>Debt Service Reserve</b>
Total	<u>\$ 158,000</u>	<u>\$ 56,331,000</u>	<u>\$ 1,713,000</u>	<u>\$ 58,202,000</u>	
<b>Reconciliation to Audited Financial Statements</b>	<b>Eskaton</b>	<b>Obligated Group</b>	<b>The Reutlinger Community</b>	<b>Total</b>	
Cash and cash equivalents	\$ 124,000	\$ 13,322,000	\$ 1,618,000	\$ 15,064,000	
Assets limited as to use, required for current liabilities	-	599,000	-	599,000	
Investments, current	34,000	42,410,000	95,000	42,539,000	
	<u>\$ 158,000</u>	<u>\$ 56,331,000</u>	<u>\$ 1,713,000</u>	<u>\$ 58,202,000</u>	
Total amount of qualifying assets as filed for operating reserve	\$ 158,000	\$ 49,732,000	\$ 1,713,000	\$ 51,603,000	
Total amount of qualifying assets as filed for debt service reserve	-	6,599,000	-	6,599,000	
	<u>\$ 158,000</u>	<u>\$ 56,331,000</u>	<u>\$ 1,713,000</u>	<u>\$ 58,202,000</u>	
<b>Per Capita Cost of Operations</b>	<b>Eskaton Village Carmichael</b>	<b>The Reutlinger Community</b>			
Operating expenses (Form 5-4, line 1)	\$ 33,859,000	\$ 22,093,000			
Mean Number of CCRC Residents	439	126			
Per Capita Cost of Operations	<u>\$ 77,216</u>	<u>\$ 176,040</u>			

**Eskaton, Eskaton Village Carmichael, and The Reutlinger Community**  
**Supplementary Form 5-5 – ALATU – Composition of Assets**  
**December 31, 2024**

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	Total	Cash and ST Investments	U.S. Treasury Notes, Government Securities, and Other Corporate Debt Securities
2024 Bonds Project Fund	\$ 20,721,520	\$ 20,721,520	\$ -
EVP FHA Loan	481,844	481,844	-
ELGB FHA Loan	822,094	822,094	-
TOTAL ASSETS LIMITED AS TO USE	<u>\$ 22,025,458</u>	<u>\$ 22,025,458</u>	<u>\$ -</u>

**PROVIDER:** Eskaton





**PART 6**  
CONTINUING CARE RETIREMENT COMMUNITY  
DISCLOSURE STATEMENT

# CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 4/21/2025

Facility Name: Eskaton Village Carmichael

Address: 3939 Walnut Avenue

Zip Code: 95608

Phone: 916-974-2000

Provider Name:

Eskaton

Facility Operator: Eskaton Properties, Inc.

Religious Affiliation: N/A

Year Opened: 1992

# of Acres: 37

Miles to Shopping Center: 1

Miles to Hospital: 4

☒ Single Story☒ Multi-Story☐ Other:**Number of Units: 388**

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	0	Assisted Living:	38
Apartments – 1 Bdrm:	85	Skilled Nursing:	35
Apartments – 2 Bdrm:	116	Special Care:	20
Cottages/Houses:	94	Description:	Memory Care Units

RLU Occupancy (%) at Year End: 98.6%

**Type of Ownership:** ☒ Not for Profit  
☐ For Profit

**Accredited?** ☐ Yes By:  
☒ No

**Form of Contact:** ☒ 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:** \$80,000 - \$500,000

**Long-Term Care Insurance Required?** ☐ Yes ☒ No

**Health Care Benefits Included in Contract:** Priority access to ALU, SNF & MCU

**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):

Please see attached description

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>4</u> Times/	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Month at \$_____each)		
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals ( <u>3</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 checked="" 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>Garden Area</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Other: 24 hour security</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**PROVIDER NAME: ESKATON**

<b><u>OTHER CCRCs</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>
The Reutlinger Community	Danville, CA	925-648-2800
<b><u>MULTI-LEVEL RETIREMENT COMMUNITIES</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>
Eskaton Village Grass Valley	Grass Valley, CA	530-273-1778
Eskaton Village Roseville	Roseville, CA	916-789-7831
Eskaton Village Placerville	Placerville, CA	530-295-3400
Eskaton Granite Bay	Granite Bay, CA	916-789-0326
<b><u>INDEPENDENT LIVING</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>
Eskaton Land Park	Sacramento, CA	916-441-1015
<b><u>FREE-STANDING ASSISTED LIVING</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>
Eskaton Gold River	Gold River, CA	916-852-7900
<b><u>FREE-STANDING SKILLED NURSING</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>
<b><u>SUBSIDIZED SENIOR HOUSING</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>

**NOTE:** PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

**Provider Name:** Eskaton (Eskaton Village Carmichael)

<b>Income and Expenses [Year]</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Income from Ongoing Operations</b>				
<b>Operating Income</b> (Excluding amortization of entrance fee income)	148,382	153,525	122,363	125,957
<b>Less Operating Expenses</b> (Excluding depreciation, amortization, and interest)	150,848	155,738	115,537	119,665
<b>Net Income From Operations</b>	(2,466)	(2,213)	6,826	6,292
<b>Less Interest Expense</b>	(4,913)	(5,029)	(5,179)	(4,828)
<b>Plus Contributions</b>	562	734	3,589	388
<b>Plus Non-Operating Income (Expenses)</b> (Excluding extraordinary items)	15,254	(13,369)	7,991	(50)
<b>Net Income (Loss) Before Entrance Fees, Depreciation And Amortization</b>	8,437	(19,877)	13,227	1,802
<b>Net Cash Flow From Entrance Fees</b> (Total Deposits Less Refunds)	1,300	3,541	1,958	2,657

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

<b>Lender</b>	<b>Outstanding Balance</b>	<b>Interest Rate</b>	<b>Date of Origination</b>	<b>Date of Maturity</b>	<b>Amortization Period</b>
2024 Bonds	\$81,685,000	5%	Sep-2024	2044	20 years

**Financial Ratios** (see last page for ratio formulas)

<b>Financial Ratios [Year]</b>	<b>CCAC Medians 50th Percentile (optional)</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Debt to Asset Ratio</b>		45.17%	41.34%	46.25%
<b>Operating Ratio</b>		104.72%	98.65%	98.84%
<b>Debt Service Coverage Ratio</b>		(1.15)	1.90	1.19
<b>Days Cash On Hand Ratio</b>		151	223	178

**Provider Name:** Eskaton (Eskaton Village Carmichael)

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

Residence/Service [Year]	2021	%	2022	%	2023	%	2024	%
Studio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
One Bedroom	4,630	4.50%	4,854	4.85%	5,189	6.90%	5,541	6.80%
Cottage/House	6,228	4.50%	6,531	4.85%	6,982	6.90%	7,457	6.80%
Assisted Living	6,064	4.50%	6,358	4.85%	6,797	6.90%	7,261	6.80%
Skilled Living	12,766	4.50%	13,387	4.85%	14,318	6.90%	15,279	6.80%
Special Care	7,866	4.50%	8,248	4.85%	8,817	6.90%	9,415	6.80%

### 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.

**ESKATON  
ESKATON VILLAGE CARMICHAEL  
ATTACHMENT TO DISCLOSURE WORKSHEET**

RESIDENT REPRESENTATIVE TO THE BOARD: The Eskaton Village Carmichael Resident Council (EVC Resident Council) elects a representative to the Eskaton Board of Directors (CCRC Representative) to serve a two year term. The CCRC Representative attends the four quarterly board meetings of Eskaton, including the full agenda of the annual Eskaton Board Retreat. The CCRC Representative is excluded only from executive sessions of the Eskaton Board. The CCRC Representative reports Eskaton Board actions and discussions back to the EVC Resident Council on a quarterly basis.

RESIDENT MEMBER OF THE BOARD: The EVC Resident Council nominates one resident (CCRC Director) to serve a nine year term on the Eskaton Board of Directors. The CCRC Director attends the four quarterly board meetings of Eskaton, including the full agenda of the annual Eskaton Board Retreat. The CCRC Director is not excluded from executive sessions of the Eskaton Board.

**PART 7**  
**REPORT ON CCRC MONTHLY CARE FEES**



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

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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**

	<b>RESIDENTIAL LIVING</b>	<b>ASSISTED LIVING</b>	<b>MEMORY CARE</b>	<b>SKILLED NURSING</b>
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$5,120-7,855</u>	<u>\$7,010-8,370</u>	<u>\$9,415</u>	<u>14790-17640</u>
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>6.80%</u>	<u>6.80%</u>	<u>6.80%</u>	<u>6.80%</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"> <li><input checked="" type="checkbox"/> Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.</li> <li><input checked="" type="checkbox"/> All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.  <b>Date of Notice:</b> <u>10/31/2023</u>      <b>Method of Notice:</b> <u>Letters to residents</u></li> <li><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. <b>Date of Meeting:</b> <u>10/30/2023</u></li> <li><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.</li> <li><input checked="" type="checkbox"/> The Provider distributed the documents to all residents by [Optional - check all that apply]:               <ul style="list-style-type: none"> <li><input type="checkbox"/> Emailed the documents to those residents for whom the provider had email addresses on file</li> <li><input checked="" type="checkbox"/> Placed hard copies in resident cubby</li> <li><input checked="" type="checkbox"/> Placed hard copies at designated locations</li> <li><input checked="" type="checkbox"/> Provided hard copies to residents upon request, and/or</li> <li><input type="checkbox"/> Other: [please describe] _____</li> </ul> </li> <li><input checked="" type="checkbox"/> <b>Date of Notice:</b> <u>10/31/2023</u></li> </ul>				

- ☒ 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:** Resident Mail Room

- ☐ 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:** Eskaton **COMMUNITY:** Eskaton Village Carmichael

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

The goal of Eskaton Village Carmichael's 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.

Eskaton Village Carmichael's rate setting methodology is derived from a process that considers the anticipated cost of providing care and services, reasonable operating margins necessary to ensure the sustainability of the community, and the organizational mission. The cost of providing care and services is analyzed in the annual budget process. This budget process starts with the historic costs of providing care, which are then adjusted for known and anticipated changes expected in the budget period. Contractual obligations and market factors are considered when estimating the costs of providing care. After the expense budget is established, an analysis of monthly rates is performed to ensure that the rates are adequately adjusted to cover the anticipated changes in future operating costs. Monthly care fees were increased by 6.8% for all levels of care in 2024. Anticipated cost increases included higher labor costs and normal inflationary cost increases related to purchases of supplies and services.

Labor costs were expected to increase in excess of 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) and the indirect effects those increases would have on all wages, in addition to standard merit-based increases.

Supplies and purchased service 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 Sacramento, California.

The projected 2024 net operating income shown on the following page allows the community to reinvest in the physical plant, thereby maintaining the quality of the facilities 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 enhance the quality of life of seniors through innovative health, housing and social services.

**FORM 7-1 ATTACHMENT**  
**FISCAL YEAR 2024 MONTHLY CARE FEE INCREASE (MCFI) (in thousands)**  
**ESKATON VILLAGE CARMICHAEL**

		<b>2022</b>	<b>2023</b>	<b>2024</b>
1	2022 Operating Expenses (audited)	(30,902)		
2	2023 Operating Expenses		(32,326)	
3	Projected 2024 Operating Expenses			(31,879)
4	Projected 2024 Revenue without a MCFI			37,514
5	Projected 2024 Net Operating Income without a MCFI			5,635
6	Projected 2024 Revenue with MCFI 6.80%			39,482
7	Projected 2024 Net Operating Income After 6.80% MCFI			7,603

**Monthly Care Fee Increase: 6.80%**

**Notes:**

Total increase in revenues related to monthly care fee increase is estimated at \$1,968,000

Total projected decrease in expenses is estimated at \$447,000

EVC 2024 principal due on debt was \$1,527,000



# EVC 2024 Budget Review Meeting

October 30, 2023



# 2024 Budget Review Meeting

## AGENDA

1. Budget Development: Occupancy, Revenue and Expenses
2. Final 2024 Budget vs. 2023 Budget
3. Capital Project Overview 2024
4. 8-year Rate History
5. Increase for 2024
6. Questions

# 2024 Budget Review Meeting

Budget Development

## *Revenue*



# 2024 Budget Review Meeting

## Budget Development

### ILU Revenue

- 2023 YTD occupancy (units generating revenue) is 95.0% versus budget of 96.8%
- YTD ILU revenue \$18,949,731 vs. budget of \$18,991,514
  - Variance of (\$41,783)
- 2023 YTD there have been 26 resales – versus budget of 26.25
- The number of ILU memberships for sale is currently 25

# 2024 Budget Review Meeting

## Budget Development

### ILU Revenue

- Very strong pipeline- 97 Depositors
- Recent and upcoming move-in activity strong
- For 2024, we are budgeting for gradual occupancy increases over the course of the year:

95.6% | 96.3% | 96.6% | 97.0% | 97.3% | 97.6%

# 2024 Budget Review Meeting

## Budget Development

### ALU Revenue

- 2023 YTD census at 93.9% versus a budgeted census of 96.5%
- YTD ALU revenue \$2,264,506 vs. budget of \$2,409,351
  - Variance of (\$144,845)
- September 2023 was 100%
- For 2024, we are budgeting occupancy at 94.7% for the first six months and 97.4% for the last six months, which equals 2 and 1 vacant unit respectively.

# 2024 Budget Review Meeting

## Budget Development

### MCU Revenue

- YTD census has been 87.4% versus a budgeted census of 95.1%
- YTD MCU revenue \$1,620,863 vs. budget of \$1,859,315
  - Variance of (\$238,452)
- October occupancy hit 100%
- For 2024, we are budgeting for 95% all year.

# 2024 Budget Review Meeting

## Budget Development

### Care Center Census/Revenue

- Year-to-date census has been 92.8% versus budget of 95.2%
- The COVID-19 pandemic had a negative impact during 2023. Closed for admissions a total of six weeks.
- YTD SNF revenue \$6,141,615 vs. budget of \$6,213,074
  - Variance of (\$71,459)
- September census was 92.0% versus budget of 97.1%
- 2024 budgeted census 91.4% for first six months and 97.1% for last six months

# 2024 Budget Review Meeting

## Budget Development

### Care Center Census/Revenue

- Medicare rates: 3% increase in 2024
- Medi-Cal rates: 3% increase in 2024
- Managed care rates: Average 3% increase in 2024

# 2024 Budget Review Meeting

## Budget Development

# *Expenses*

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Challenges:
  - General inflation and supply chain issues
  - Labor shortages and workforce wage competition pressures
  - New laws impacting wages



# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Inflation Challenges:
  - Energy – SMUD increases:
    - An increase in rates in 2024 and 2025 for residential and non-residential customers
      - 2.75% effective January 1, 2024
      - 2.75% effective May 1, 2024
      - 2.75% effective January 1, 2025
      - 2.75% effective May 1, 2025

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Inflation Challenges:
  - Energy – Gasoline:
    - EVC pays higher cost for transportation provided to residents
    - Vendors pass the increase along via higher prices to EVC

Weekly California Regular All Formulations Retail Gasoline Prices



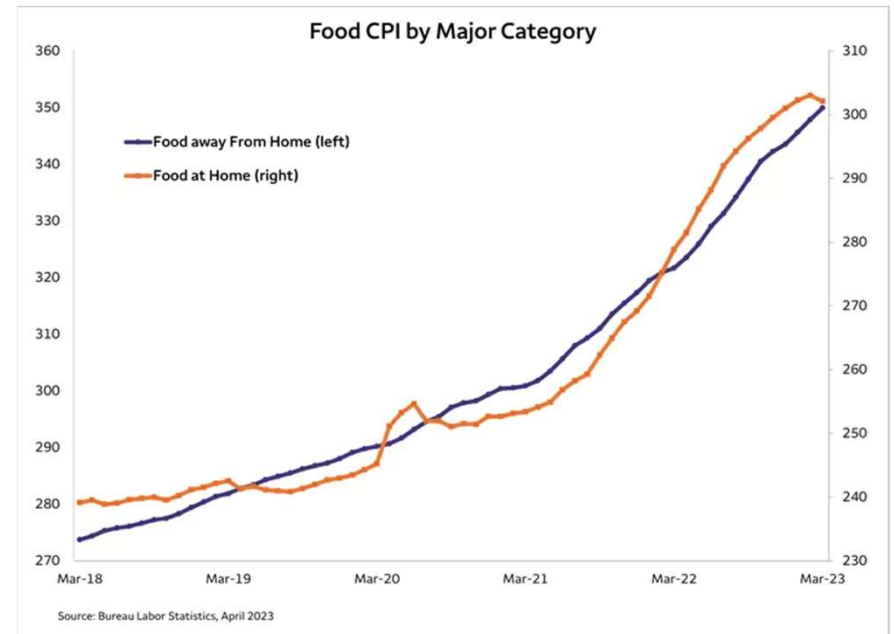
# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Inflation Challenges:

- Food



# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - The unemployment rate in the Sacramento-Roseville-Arden-Arcade MSA was 4.3 percent in September 2023
    - Down from a revised 4.5 percent in August 2023, and above the year-ago estimate of 3.3 percent.
  - Unemployment of 5% or lower is often considered full employment in a real-world context

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - SB 616 California Paid Sick Leave
    - Has required 24 hours of paid sick leave for all employees
    - INCREASING to 40 hours in 2024

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - AB 1228
    - \$20 per hour minimum wage for fast food restaurant workers

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - SB 525
    - \$25 per hour minimum wage healthcare workers

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - Minimum wage rising from \$15.50 to \$16.00 on January 1
  - “Ripple effect”



# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - Labor costs also impacted by:
    - Longevity Increases
    - Market rate increases when appropriate
    - Merit-based 3% (0% - 6%) annual increases for employees

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Labor Cost Challenges:
  - Labor costs also impacted by:
    - Shift differential pay
    - Sales commissions
    - Temporary labor if needed

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- In response, this is how we will budget for 2024:
  - Wages & Salaries: Budgeting for an overall 5.0% increase for existing positions.
  - Same as 2023

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- In response, this is how we will budget for 2024:
  - Eskaton Health Plan: 15.25% of salaries
    - Was 15% for 2023
  - Worker's Compensation: 4.75% of salaries.
    - Was 5% for 2023

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- All told:
- Wages and salaries total \$12,056,298 (increasing by \$524,132)
- Payroll taxes and benefits total \$3,321,764 (decreasing by \$121,452)
  - 401(K) participation vs pension
  - Reduction in Workers' Compensation Insurance Costs

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- In response, this is how we will budget for 2024:
  - Supplies: Increasing budget by 5%
    - Same as 2023
    - With continued inflation, we will endeavor to obtain best possible pricing for goods and services

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- In response, this is how we will budget for 2024:
  - Food: Dining services is purchased service with 5% increase
  - Same as 2023

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- In response, this is how we will budget for 2024:
  - Purchased Services: 5.0% increase
    - Includes: Repair and Maintenance, Dining Services Vendor, HVAC, Landscaping, Advertising and Marketing, Pool, Fire Systems, Activities, Entertainment, Copy Machines, Printers
  - Utilities: 5.0% increase due to rising utility costs. Total utility budget for 2024 is over \$2.0M
    - Both same as 2023



# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Management Fees: 6% for all communities.
  - No change from last year.

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- For 2024, we've added a position:
  - Admissions Coordinator for Care Center

# 2024 Budget Review Meeting

## Budget Development

### Expenses

- Additional important consideration:
  - No reduction in programs or services in 2024

# 2024 Budget Review Meeting

## Budget Development

### 2024 Final Budget Comparison

	2023 Budget	2024 Budget	% Change
Revenue	39,308,329	40,747,188	3.37%
Operating Expenses	26,519,286	27,632,858	4.17%
Operating Margin	12,789,043	13,114,330	1.17%
Total Fixed Expenses	4,165,262	4,115,406	(1.20%)
Net Operating Income	8,728,607	8,998,924	3.10%

# 2024 Budget Review Meeting

## Budget Development

# *Capital Budget*

# 2024 Budget Review Meeting

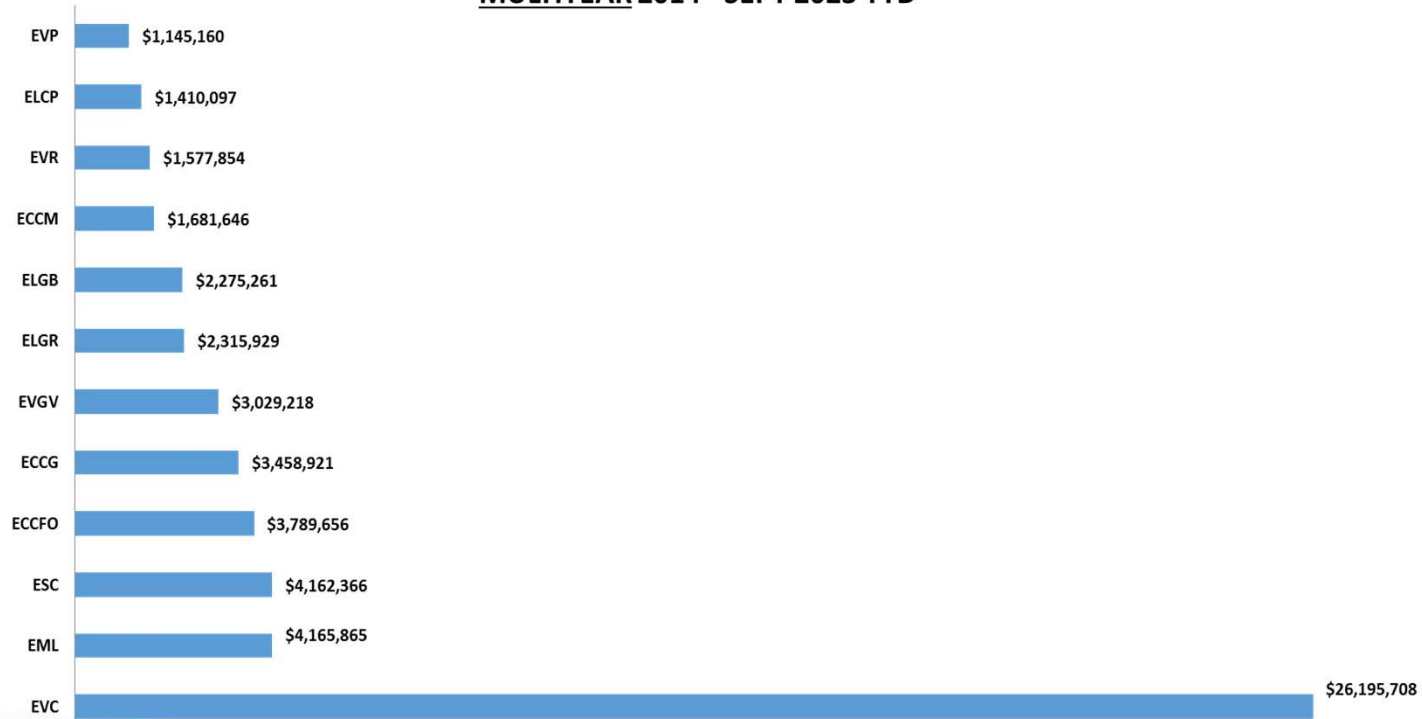
## Budget Development

### Capital Budget Plan

- Great to see projects moving forward again
- Capital projects and related expenses are performed without impacting monthly fees
- EVC's net income funds capital projects, which is why we budget to a 30% EBITDA

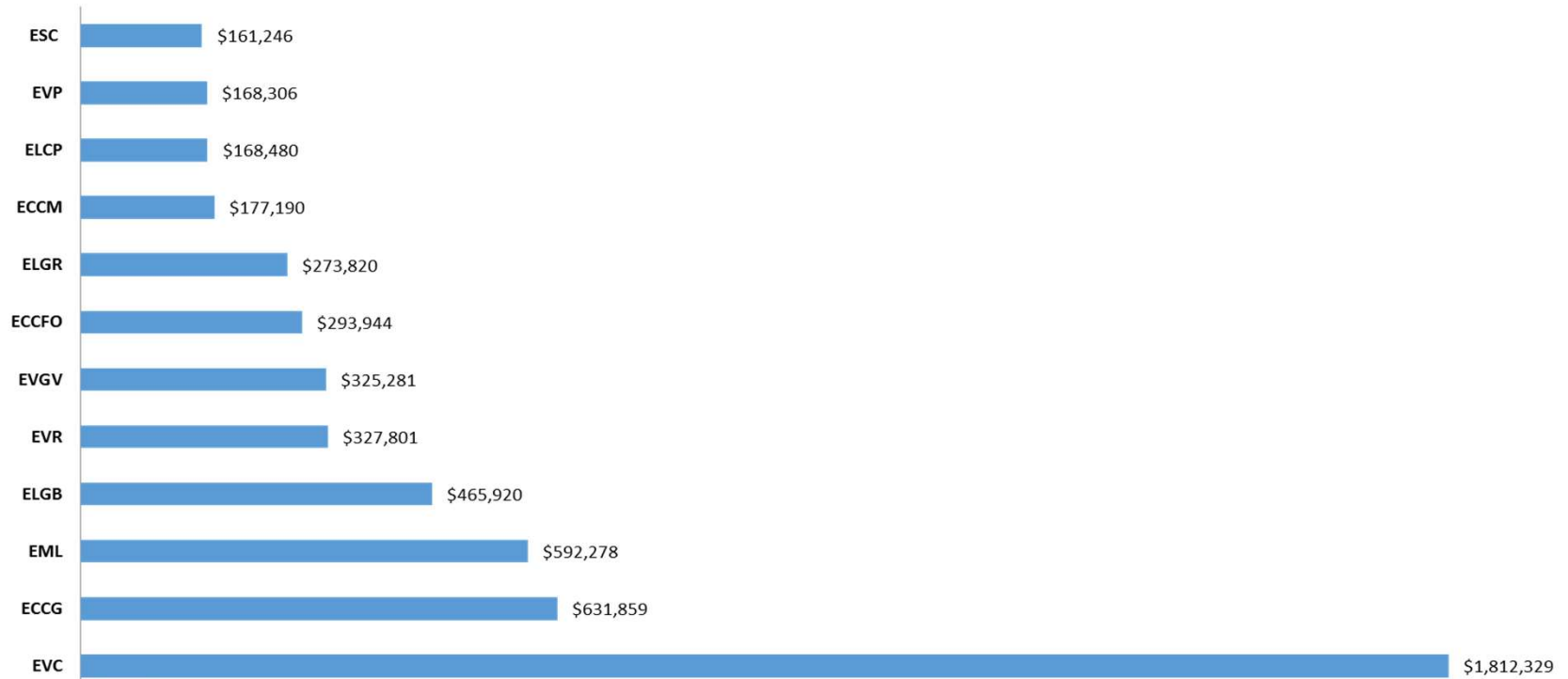
# 2024 Budget Review Meeting

## TOTAL CAPEX SPENDING MULTIYEAR 2014 - SEPT 2023 YTD



# 2024 Budget Review Meeting

## Consolidated Capital Spending By Location - SEPTEMBER YTD 2023





# 2024 Budget Review Meeting

## Budget Development

### Capital Budget Plan

- Projects for 2024 include but not limited to:
  - ILU cottage and apartment renovations
  - Landscape improvements
  - New parking lot
  - ILU Apartments Fire Alarm Enhancement (Continued from 2023)

# 2024 Budget Review Meeting

## Budget Development

### Capital Budget Plan

- Projects for 2024 include but not limited to:
  - Continue Exterior Paint Project (Two phases likely)
  - Main laundry renovation
  - New Monument Sign
  - Staff restroom/locker room renovation

# 2024 Budget Review Meeting

## Budget Development

### Capital Budget Plan

- Projects for 2024 include but not limited to:
  - Additional automatic door openers
  - Conversion of ALU studios into 1-bedroom units

# 2024 Budget Review Meeting

## Budget Development

# *Rate Increase*

# 2024 Budget Review Meeting

## Eskaton Village Carmichael 8-Year Historical Summary Annual Rate Increases

2016	4.50%
2017	3.00%
2018	3.80%
2019	3.75%
2020	3.50%
2021	4.50%
2022	4.85%
2023	6.90%
Average 4.35%	

# 2024 Budget Review Meeting

Rate Increase for 2023

6.8%

ILU, ALU, MCU and Care Center

# 2024 Budget Review Meeting

Ancillary Fee Increase for 2023

Approximately 6.80%

ILU, ALU, MCU and Care Center

30-Day notice will go out on or about December 1, 2023



Thank You