ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/2022

PROVIDER(S):
Eskaton

CCRC(S):
Eskaton Village Carmichael

PROVIDER CONTACT PERSON:
Carey Howell

TELEPHONE NUMBER:	E-MAIL ADDRESS:
(916) 334-0810	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: $ 21,773
  - ☐ 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	396
[2]	Number at end of fiscal year	363
[3]	Total Lines 1 and 2	759
		x.50
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	
[5]	Mean number of continuing care residents	380
	All Residents	
[6]	Number at beginning of fiscal year	451
[7]	Number at end of fiscal year	439
[8]	Total Lines 6 and 7	890
		x.50
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	
[10]	Mean number of *all* residents	445
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	85

ESKATON VILLAGE CARMICHAEL
Calculation of Nonresident Reimbursement
December 31, 2022

	Independent	Assisted	Skilled	Total
Contract Residents @ 12/31/21	362	25	9	396
Contract Residents @ 12/31/22	339	17	7	363
Total	701	42	16	759
Mean	351	21	8	380
All Residents @ 12/31/21	369	52	30	451
All Residents @ 12/31/22	348	58	33	439
Total	717	110	63	890
Mean	359	55	32	445
% Contract Residents to Total Residents	97.77%	38.18%	25.40%	85.28%
% Non Contract residents to Total Residents	2.23%	61.82%	74.60%	14.72%

2022 CASH RECEIPTS

Independent Living (Contract Residents)	20,533,000			
Net Independent Living (Non-Contract Residents)	**468,000**			
Total Independent Living Cash Receipts	21,001,000			
Assisted Living (Contract Residents)		1,874,000		
Net Assisted Living (Non-Contract Residents)		**3,034,000**		
Total Assisted Living Cash Receipts		4,908,000		
Skilled Nursing (Contract Residents)			1,797,000	
Net Skilled Nursing (Non-Contract Residents)			**5,276,000**	
Total Skilled Nursing Cash Receipts			7,073,000	
Total Non-Contract Resident Cash Receipts				**8,778,000**

FORM 1-2: ANNUAL PROVIDER FEE

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	30,902,000.00
[a]	Depreciation	3,760,000.00
[b]	Debt Service (Interest Only)	1,527,000.00
[2]	Subtotal (add Line 1a and 1b)	5,287,000.00
[3]	Subtract Line 2 from Line 1 and enter result.	25,615,000.00
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.85
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	21,773,000.00
[6]	**Total Amount Due** (multiply Line 5 by .001)	$ 21,773.00

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: MAY 18, 2023

Todd Murch

Todd Murch, Chief Executive Officer

PART 3

EVIDENCE OF FIDELITY BOND

TWIN CITY FIRE INSURANCE CO.
One College Park 8910 Purdue Road, Indianapolis, IN 46268-0930
A stock insurance company, herein called the Insurer

THE HARTFORD

PRIVATE CHOICE PREMIER℠ POLICY
FOR
HEALTHCARE ORGANIZATIONS
DECLARATIONS

Policy Number: 57 HC 0367041-23

NOTICE: THE LIABILITY COVERAGE PARTS SCHEDULED IN ITEM 5 OF THE DECLARATIONS PROVIDE CLAIMS MADE COVERAGE. EXCEPT AS OTHERWISE SPECIFIED HEREIN: COVERAGE APPLIES ONLY TO A CLAIM FIRST MADE AGAINST THE INSUREDS DURING THE POLICY PERIOD AND WHICH HAS BEEN REPORTED TO THE INSURER IN ACCORDANCE WITH THE APPLICABLE NOTICE PROVISIONS. COVERAGE IS SUBJECT TO THE INSURED'S PAYMENT OF THE APPLICABLE RETENTION. PAYMENTS OF DEFENSE COSTS ARE SUBJECT TO, AND REDUCE, THE AVAILABLE LIMIT OF LIABILITY. PLEASE READ THE POLICY CAREFULLY AND DISCUSS THE COVERAGE WITH YOUR INSURANCE AGENT OR BROKER.

ITEM 1: Named Entity and Address:

ESKATON
5105 MANZANITA AVENUE
CARMICHAEL, CA 95608

ITEM 2: Producer's Name and Address:

57556780
CRC INSURANCE SERVICES INC
1 CALIFORNIA STREET STE 1200
SAN FRANCISCO, CA 94111

ITEM 3: Policy Period:

(A) Inception Date: 01/01/2023

(B) Expiration Date: 01/01/2024

12:01 a.m. local time at the address shown in ITEM 1

ITEM 4: Premium: $30,778

ITEM 5: Liability Coverage Part Elections:

Only those **Liability Coverage Parts** and Coverage Features that are designated with an "X" are included under this Policy

☐ "Combined Aggregate Limit of Liability For All **Liability Coverage Parts**" $

☐ "Defense Outside the Limit of Liability (100%)" for the following coverage parts:

- ☐ Directors, Officers and Entity Liability Coverage Part
- ☐ Employment Practices Liability Coverage Part
- ☐ Fiduciary Liability Coverage Part

If both the "Combined Aggregate Limit of Liability For All **Liability Coverage Parts**" and the "Defense Outside the Limit of Liability" options are selected, the maximum aggregate defense outside the limits paid by the Insurer shall be equal to 100% of the "Combined Aggregate Limit of Liability For All **Liability Coverage Parts**".

COVERAGE PART	AGGREGATE LIMIT(S) OF LIABILITY (AND SUB-LIMITS OF LIABILITY, WHERE APPLICABLE)	RETENTION(S)	PRIOR OR PENDING DATE(S)
☐ **Directors, Officers and Entity Liability**	$ NOT COVERED	Insured Person Liability $0	NOT COVERED
		Corporate Reimbursement $NOT COVERED	NOT COVERED
(Additional, Elective Coverage Features)			
☐ *Entity Liability Coverage*	$NOT COVERED	$NOT COVERED	NOT COVERED
☐ *Anti-Trust Claim Extension*			NOT COVERED
☐ *Health Operational Costs Extension*	Aggregate Sublimit of Liability $NOT COVERED	$NOT COVERED	NOT COVERED
☐ *EMTALA Costs*	Sublimit of Liability $NOT COVERED	$NOT COVERED	
☐ *Excess Benefit Transaction Costs*	Sublimit of Liability $NOT COVERED	$NOT COVERED	
☐ *HIPAA/HITECH Costs*	Sublimit of Liability $NOT COVERED	$NOT COVERED	
☐ *Internal Revenue Code Costs*	Sublimit of Liability $NOT COVERED	$NOT COVERED	
☐ *Specified Regulatory Wrongful Acts Defense Costs*	Sublimit of Liability $NOT COVERED Coinsurance %	$NOT COVERED	NOT COVERED
☐ *Investigation Costs*	Sub-limit of Liability $NOT COVERED	$NOT COVERED	NOT COVERED
☐ *Additional Limit of Liability for Claims Against Managers*	$NOT COVERED	$0	NOT COVERED
☐ *Legal Services Wrongful Act*	Sub-limit of Liability $NOT COVERED	$NOT COVERED	NOT COVERED
☐ *Data Privacy Event Expense Coverage*	Sub-limit of Liability $NOT COVERED	$NOT COVERED	NOT COVERED
☐ **Employment Practices Liability**	$NOT COVERED	$NOT COVERED Specified Medical Staff Retention $NOT COVERED	NOT COVERED
(Additional, Elective Coverage Features)			
☐ *Third Party Liability Coverage*	Sub-limit of Liability $NOT COVERED	$NOT COVERED	NOT COVERED
☐ *Wage and Hour Defense Cost Coverage Extension*	Sub-limit of Liability: $NOT COVERED	$NOT COVERED	NOT COVERED
☐ *Workplace Violence Expenses Coverage Extension*	Sub-limit of Liability: $NOT COVERED	$NOT COVERED	NOT COVERED
☐ *Training Costs*	Sub-limit of Liability: $NOT COVERED	$NOT COVERED	NOT COVERED

[X] **Fiduciary Liability** *(Additional Elective Coverage Features)*	$2,000,000	$25,000	01/01/2008
[X] *Settlement Program Coverage*	Sub-limit of Liability $100,000	$0	01/01/2008
[X] *HIPAA:*	Sub-limit of Liability $100,000	$0	01/01/2008

ITEM 6: Non-Liability Coverage Part Elections:

Only those **Non-Liability Coverage Parts** that are designated with an "X" are included under this Policy

COVERAGE PART	LIMIT(S) OF INSURANCE	RETENTION
[X] **Crime**	See Crime Coverage Part Dec. Page, Form No. PP00H60100	See Crime Coverage Part Dec. Page, Form No. PP00H60100
[ ] **Kidnap and Ransom/Extortion**	See Kidnap and Ransom/Extortion Coverage Part Dec. Page, Form No. N/A	See Kidnap and Ransom/Extortion Coverage Part Dec. Page, Form No. N/A

ITEM 7: Extended Reporting Period:

(A) Duration: 12 Months **(B)** Premium*: 100%

* Premium for the Extended Reporting Period elected shall be the indicated percentage of the sum of the annual premium specified for all **Liability Coverage Parts** plus the annualized amounts of any additional premiums charged during the **Policy Period**. The Extended Reporting Period is not available for the **Non-Liability Coverage Parts**.

ITEM 8: Endorsements:

This Policy includes the following endorsements at issuance:

SEE FORM GU207 (SCHEDULE OF ENDORSEMENTS)

ITEM 9: Address For Notices to Insurer:

For Claims other than Kidnap and Ransom/Extortion:

The Hartford
Hartford Financial Lines
One Hartford Plaza
Hartford, CT 06115

HFPClaims@thehartford.com
Fax: (917) 464-6000

For all notices other than Claims:

The Hartford
Hartford Financial Lines
One Hartford Plaza
Hartford, CT 06115

HFPExpress@thehartford.com
Fax: (866) 586-4550

For Kidnap and Ransom/Extortion Claims see Kidnap and Ransom/Extortion Coverage Part Declarations.

ITEM 10: Cyber Coverage Part Election

[ ] **CyberChoice Premier Coverage Part**	**See Dec. Page, Form No.** N/A for a guide to details relating to Cyber coverage.

This Policy shall not be valid unless countersigned by the Insurer's duly authorized representative.

PART 4

AUDITED FINANCIAL STATEMENTS

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Eskaton and Subsidiaries

December 31, 2022 and 2021

MOSSADAMS

Table of Contents

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, 2022 and 2021, 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 39 to 51 as of and for the year ended December 31, 2022, for Eskaton and Subsidiaries, Eskaton Properties, Inc., and Eskaton, 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 52 for the years ended December 31, 2022 and 2021, 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.

Moss Adams LLP

San Francisco, California
May 16, 2023

Consolidated Financial Statements

Eskaton and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021
(In Thousands)

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,497	$ 16,392
Assets limited as to use, required for current liabilities	739	673
Investments	52,193	79,873
Accounts receivable, net	10,387	8,128
Other receivables	3,470	3,503
Inventories	798	756
Funded pension obligation	-	2,495
Deposits and prepaid expenses	1,249	1,429
Total current assets	83,333	113,249
Assets limited as to use, net of amount required for current liabilities	13,215	11,413
Investments	3,116	4,002
Property and equipment, net	112,579	116,296
Other assets:		
Due from liability insurer	3,214	3,393
Associate member/resident/patient deposits	1,639	2,001
Other	10,540	10,972
	15,393	16,366
Total assets	$ 227,636	$ 261,326

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 2022 and 2021
(In Thousands)

	2022	2021
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current maturities of long-term debt	$ 9,872	$ 24,340
Current portion of deferred revenue from unamortized CCRC entrance fees	1,355	1,275
Deposits on unoccupied units	730	796
Accounts payable	6,968	3,345
Accrued liabilities:		
Payroll and payroll taxes	2,669	2,248
Vacation	3,489	3,444
Current portion of self-insured workers' compensation	1,516	2,093
Self-insured employee health plan	2,823	2,175
Interest	562	528
Other	7,012	590
Total current liabilities	36,996	40,834
Other liabilities:		
Self-insured workers' compensation, net of current portion	7,511	9,628
Interest rate swap agreements	1,255	3,656
Unfunded pension obligation	1,316	-
Professional liability	1,712	7,388
Associate member/resident/patient deposits	1,634	2,001
Other	87	319
	13,515	22,992
Long-term debt, net of current maturities	102,819	93,601
Refundable CCRC entrance fees	160	476
Deferred revenue from unamortized CCRC entrance fees, net of current portion	7,334	6,171
Total liabilities	160,824	164,074
Net assets:		
Without donor restrictions	60,647	90,838
With donor restrictions	6,165	6,414
Total net assets	66,812	97,252
Total liabilities and net assets	$ 227,636	$ 261,326

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2022 and 2021
(In Thousands)

	2022	2021
Net assets without donor restrictions:		
Revenues, gains, and other support:		
Net patient service revenue	$ 41,753	$ 43,623
Resident service revenue, including amortization of CCRC membership fees of $2,117 in 2022 and $1,958 in 2021	93,824	87,886
Home based services revenue	3,993	3,600
Government grant revenue	126	190
Other, net	16,680	15,793
Total revenues, gains, and other support	156,376	151,092
Expenses:		
Salaries and wages	83,984	77,266
Employee benefits	17,781	21,920
Professional fees	13,049	12,941
Supplies	7,607	7,106
Purchased services	13,834	13,683
Ancillary costs	3,196	3,296
Utilities	6,327	5,972
Insurance and other	9,960	8,664
Depreciation	10,484	11,653
Interest and amortization	5,024	4,923
Total operating expenses	171,246	167,424
Loss from operations	(14,870)	(16,332)
Nonoperating revenue (expenses):		
Investment (loss) income	(14,410)	10,045
Interest rate swap activities	2,040	473
Loss on early repayment of debt	(259)	-
Other components of net periodic pension (cost) benefit	(971)	247
Other	231	4,489
Total nonoperating revenue (expenses), net	(13,369)	15,254
Deficiency of revenues, gains, and other support over expenses	$ (28,239)	$ (1,078)

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended December 31, 2022 and 2021
(In Thousands)

	2022	2021
Net assets without donor restrictions:		
Deficiency of revenues, gains, and other support over expenses (page 7)	$ (28,239)	$ (1,078)
Pension-related changes other than net periodic pension cost	(1,751)	3,459
Reclassification to net assets with donor restrictions	(201)	-
Change in net assets without donor restrictions	(30,191)	2,381
Net assets without donor restrictions, beginning of year	90,838	88,457
Net assets without donor restrictions, end of year	$ 60,647	$ 90,838
Net assets with donor restrictions:		
Contributions	$ 128	$ 206
Change in assets held in trust by others	-	(16)
Investment (loss) income	(315)	212
Reclassification from net assets without donor restrictions	201	-
Net assets released from restriction used for operations	(263)	(285)
Change in net assets with donor restrictions	(249)	117
Net assets with donor restrictions, beginning of year	6,414	6,297
Net assets with donor restrictions, end of year	$ 6,165	$ 6,414
Change in net assets	$ (30,440)	$ 2,498
Net assets, beginning of year	97,252	94,754
Net assets, end of year	$ 66,812	$ 97,252

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021
(In Thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (30,440)	$ 2,498
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	10,484	11,653
Amortization of deferred financing costs and premium	(5)	10
Amortization of CCRC entrance fees	(2,117)	(1,958)
Net realized and unrealized losses (gains) on assets limited as to use	647	(59)
Net realized and unrealized losses (gains) on investments	15,325	(8,736)
Pension related changes other than net periodic pension cost	1,751	(3,459)
Change in fair value of interest rate swap agreements	(2,401)	(1,074)
CCRC resales of nonrefundable contracts	777	670
CCRC sales of nonrefundable contracts	2,911	800
Gain on disposal of property and equipment	-	(1,222)
Gain on sale of land	-	(3,170)
Loss on early repayment of debt	259	-
Changes in operating assets and liabilities:		
Change in receivables	(2,226)	(2,499)
Change in inventories	(42)	(100)
Change in deposits and prepaid expenses	180	375
Change in other assets	973	781
Change in accounts payable	3,625	1,190
Change in accrued liabilities	4,378	(902)
Change in unfunded pension obligation	2,060	280
Change in other liabilities	(6,275)	1,233
Net cash used in operating activities	(136)	(3,689)
Cash flows from investing activities:		
Purchases of assets limited as to use	(6,308)	(6,548)
Proceeds from sales of assets limited as to use	6,296	6,381
Purchases of investments	(23,691)	(110,957)
Proceeds from sales of investments	34,464	118,819
Expenditures for property and equipment	(6,771)	(5,258)
Proceeds from sale of property and equipment	3	3,110
Proceeds from sale of land	-	5,000
Net cash provided by investing activities	$ 3,993	$ 10,547

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021
(In Thousands)

	2022	2021
Cash flows from financing activities:		
CCRC contracts refunded	$ (147)	$ (170)
Change in deposits on unoccupied units	(66)	769
Proceeds from issuance of long-term debt	24,108	-
Principal payments on long-term debt	(28,996)	(10,953)
Payment of debt issuance costs	(616)	-
Net cash used in financing activities	(5,717)	(10,354)
Net decrease in cash, cash equivalents, and restricted cash	(1,860)	(3,496)
Cash, cash equivalents, and restricted cash, beginning of year	18,194	21,690
Cash, cash equivalents, and restricted cash, end of year	$ 16,334	$ 18,194
Supplemental disclosure:		
Cash paid for interest	$ 4,948	$ 4,874

See accompanying notes.

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’s primary mission is to enhance the quality of life of seniors through innovative health, housing, and social services. Eskaton 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 also operates nonmedical homecare services, adult day healthcare services and various community service programs.

EPI – EPI is a not-for-profit 501(c)(3) California corporation that operates skilled nursing care centers and retirement housing communities, home health services, a continuing care retirement community (“CCRC”), and a business services group which provides financial and managerial support to all Eskaton 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 116-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 programs.

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

CHC – CHC, a C corporation, is a taxable subsidiary of Eskaton that leases employees to communities owned by third parties and 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 (together, the "Master Indenture").

On March 19, 2019, Eskaton 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's investment represents a minority interest in the PACE partnership, which is accounted for at cost minus impairment, if any.

On September 11, 2019, Eskaton entered into an affiliation agreement with The Reutlinger Community ("TRC"), which is a 60-bed skilled nursing and 116-unit assisted living and memory care CCRC facility located in Danville, California. The affiliation became effective on April 21, 2020, and Eskaton became the sole member of TRC to further the mission of serving the senior population.

On February 20, 2020, Eskaton 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 cash consideration of $3.1 million and a $3.9 million promissory note maturing in January 2024. Prior to the sale, Eskaton FountainWood Lodge had a loan with Five Star Bank that was scheduled to mature in March 2023. The balance on the loan was paid in full with proceeds from the sale in January 2021.

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:

	2022	2021
Cash and cash equivalents	$ 14,497	$ 16,392
Restricted cash included in assets limited as to use	1,837	1,802
Total cash, cash equivalents, and restricted cash balances	$ 16,334	$ 18,194

Amounts included in restricted cash represent funds 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. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the deficiency 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 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.

Property and equipment – 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 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. During 2021, land available for sale was recorded in the consolidated balance sheets at fair value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement* ("ASC 820"). The fair value estimate was performed by a third-party specialist using unobservable inputs that are supported by little or no market activity and was, therefore, classified within Level 3 of the valuation hierarchy.

Land available for sale – A purchase letter of intent was received from a prospective buyer in April 2021 for a purchase price of $5.1 million. The land was carried at an appraised value of $1.8 million at the time of the sale on December 27, 2021, for the agreed-upon sale price of $5.1 million, less sales expenses of $0.1 million.

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.

Derivative instruments – Eskaton has 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 entered into this agreement to mitigate cash flow and fair value risks related to changes in interest rates.

Eskaton 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.

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 those 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.

Endowments – Endowments are contributions whose use by Eskaton has been restricted by donors to be maintained by Eskaton 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 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 to use all or part of the investment return on these assets and to appropriate for distribution each year 5 percent 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 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.

Net patient service revenue and home based services revenue – Net patient services are performed in skilled nursing and home health 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 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.

The following represents net patient service revenue and home based services revenue disaggregated by payor source for the years ended December 31, as this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors:

	Year Ended December 31, 2022				
	Private Pay	Other Insurance	Medicare	Medi-Cal	Total
Net patient service revenue	$ 1,386	$ 13,726	$ 5,221	$ 21,420	$ 41,753
Home based services revenue	820	1,273	1,900	-	3,993
	$ 2,206	$ 14,999	$ 7,121	$ 21,420	$ 45,746

	Year Ended December 31, 2021				
	Private Pay	Other Insurance	Medicare	Medi-Cal	Total
Net patient service revenue	$ 1,492	$ 14,845	$ 4,613	$ 22,673	$ 43,623
Home based services revenue	705	1,095	1,800	-	3,600
	$ 2,197	$ 15,940	$ 6,413	$ 22,673	$ 47,223

Resident service revenue – Eskaton provides senior living services to residents for a stated monthly fee. Eskaton recognizes revenue for housing services under independent living, assisted living, and memory care residency agreements in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (“ASC 606”). Eskaton 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 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, 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, 2022				
	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident service revenue	$ 26,391	$ 7,986	$ 9,295	$ 50,152	$ 93,824

	Year Ended December 31, 2021				
	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident service revenue	$ 22,200	$ 6,801	$ 8,538	$ 50,347	$ 87,886

Government grant revenue – Government grant revenue consists of Provider Relief Funds disbursed by the U.S. Department of Health & Human Services as part of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) that was signed into law on March 27, 2020. The CARES Act established the Provider Relief Fund (“PRF”) to be used for economic support of healthcare entities in connection with healthcare-related expenses or lost revenues attributable to novel coronavirus (“COVID-19”) and treatment of uninsured COVID-19 patients. The PRF funds have been accounted for as conditional contributions under ASC 958-605, *Not-for-Profit Entities—Revenue Recognition*. Because PRF payments can only be used to prevent, prepare for, or respond to COVID-19, they are considered donor-restricted. Due to the linkage of the conditions with the restrictions, the restrictions were simultaneously satisfied upon meeting the conditions, and therefore the PRF funds have been fully recognized as support without donor restrictions in the consolidated statements of operations and changes in net assets during the years ended December 31, 2022 and 2021.

Other revenue – Other revenue is derived from management agreements and other ancillary revenues. Eskaton 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 each management agreement). Certain management contracts also provide for an annual incentive fee to be paid to Eskaton upon achievement of certain metrics identified in the contract. There were no incentive fee amounts recorded for the years ended December 31, 2022 or 2021. Eskaton 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 under the contracts, the Company has determined that all community operations management activities are a single performance obligation, which is satisfied over time as the services are rendered.

Donated services and materials – A number of volunteers donate significant amounts of time to advance Eskaton’s 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 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 of revenues, gains, and other support over expenses – The consolidated statements of operations and changes in net assets include deficiency of revenues, gains, and other support over expenses. Changes in net assets without donor restrictions, which are excluded from the deficiency 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 $1.2 million and $1.4 million for the years ended December 31, 2022 and 2021, respectively.

Income taxes – Eskaton, 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 of being realized upon ultimate settlement with a taxing authority. Eskaton recognizes interest and penalties related to income tax matters in operating expenses. As of December 31, 2022 and 2021, 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, future service benefit obligations, self-insured workers' compensation, self-insured employee health costs, interest rate swap liability, unfunded pension obligation, and professional liability.

Fair value measurements – ASC 820 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.

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.

Recent accounting pronouncements – In March 2020, the FASB issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848)*. The amendments in this ASU are elective and provide optional guidance for a limited period to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform. The amendments in this ASU provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued because of reference rate reform. The amendments in this ASU may be elected as of March 12, 2020 through December 31, 2022. An entity may choose to elect the amendments in this update at an interim period subsequent to March 12, 2020 with adoption methods varying based on transaction type. The Organization adopted this standard for the fiscal year ended December 31, 2022, and the adoption did not have a material impact on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets*. The main amendments in this ASU are intended to increase transparency around the use and valuation of contributed nonfinancial assets. The amendments require contributed nonfinancial assets to be presented as a separate line item. The adoption is effective for the Organization for annual periods beginning after June 15, 2021.The Organization adopted this standard for the fiscal year ended December 31, 2022, and the adoption did not have a material impact on the consolidated financial statements.

In January 2021, the FASB issued ASU 2021-01, *Reference Rate Reform (Topic 848)*, as amended by ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848.* The main amendments in this ASU are intended to clarify certain optional expedients and scope of derivative instruments affected in Topic 848. The amendments in this ASU are elective and effective immediately. This ASU was effective upon issuance. Amendments may be elected through December 31, 2024. The Organization is currently evaluating the impact of ASU 2021-01 on the consolidated financial statements.

Note 3 – Third-Party Payors

Eskaton has agreements with third-party payors that provide for payments to Eskaton at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Skilled nursing services and home health visits provided to Medicare program beneficiaries are reimbursed under the Prospective Payment System ("PPS"). Eskaton 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. Eskaton is reimbursed under the PPS system for home health visits on a per 30-day case rate depending on each patient category, which is determined by the Patient Driven Groupings Model.

Medi-Cal – Skilled nursing services and home health visits 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 has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Eskaton under these agreements includes prospectively determined daily rates and discounts from established charges.

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):

	2022	2021
Required under bond indenture and HUD regulatory agreements for escrow, principal, interest, reserves, and insurance, held by trustee:		
Cash and short-term investments	$ 1,761	$ 1,789
U.S. Treasury notes, government securities, and other corporate debt securities	8,112	8,352
	9,873	10,141
Resident assistance and program funds with donor restrictions:		
Cash and short-term investments	76	13
Equity securities	1,656	252
Mutual funds	2,349	1,680
	4,081	1,945
	13,954	12,086
Less current portion	739	673
	$ 13,215	$ 11,413

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

	2022	2021
Corporate reserves for capital replacement, liquidity, and growth:		
Cash and short-term investments	$ 1,020	$ 4,139
Equity securities	12,978	23,481
Mutual funds	38,195	52,253
	52,193	79,873
Corporate reserves for resident assistance and charitable gift annuities:		
Cash and short-term investments	196	117
U.S. Treasury notes, government securities, and other corporate debt securities	134	107
Equity securities	247	575
Mutual funds	2,539	3,203
	3,116	4,002
	55,309	83,875
Less current portion	52,193	79,873
	$ 3,116	$ 4,002

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 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.

The fair values of the financial instruments as of December 31, 2022 and 2021 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, common stock, mutual funds, U.S. government securities, U.S. government bonds, and corporate bonds are measured using quoted market prices at the reporting date multiplied by the quantity held.

Investments by level as of December 31 are as follows (in thousands):

	December 31, 2022	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	$ 2,575	$ 2,575	$ -	$ -
Money market funds	478	478	-	-
Common stock	14,881	14,881	-	-
Mutual funds	43,083	43,083	-	-
U.S. Government securities	1,514	1,514	-	-
U.S. Government bonds	5,110	5,110	-	-
Corporate bonds	1,622	1,622	-	-
Total assets in the fair value hierarchy	$ 69,263	$ 69,263	$ -	$ -

	December 31, 2021	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	$ 5,607	$ 5,607	$ -	$ -
Money market funds	451	451	-	-
Common stock	24,308	24,308	-	-
Mutual funds	57,136	57,136	-	-
U.S. Government securities	1,813	1,813	-	-
U.S. Government bonds	4,992	4,992	-	-
Corporate bonds	1,654	1,654	-	-
Total assets in the fair value hierarchy	$ 95,961	$ 95,961	$ -	$ -

Eskaton 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 (in thousands):

	Year Ended December 31, 2022		
	Obligated Group	Nonobligated	Total
Investment (loss) income:			
Interest and dividend income	$ 1,373	$ 242	$ 1,615
Realized gains on sales of securities	373	1,866	2,239
Unrealized losses on trading securities	(13,406)	(4,805)	(18,211)
	(11,660)	(2,697)	(14,357)
Less investment expenses	342	26	368
Total investment loss	(12,002)	(2,723)	(14,725)
Less investment loss with donor restrictions	-	(315)	(315)
Investment loss without donor restrictions	$ (12,002)	$ (2,408)	$ (14,410)

	Year Ended December 31, 2021		
	Obligated Group	Nonobligated	Total
Investment income:			
Interest and dividend income	$ 1,550	$ 280	$ 1,830
Realized gains on sales of securities	11,634	711	12,345
Unrealized gains (losses) on trading securities	(4,322)	772	(3,550)
	8,862	1,763	10,625
Less investment expenses	349	19	368
Total investment income	8,513	1,744	10,257
Less investment income with donor restrictions	-	212	212
Investment income without donor restrictions	$ 8,513	$ 1,532	$ 10,045

Note 5 – Derivative Instruments and Hedging Activities

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

Credit risk exists because Eskaton 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's exposure to the swap counterparty increases as the cost of replacing the agreement increases. If the fair market value decreases, Eskaton's exposure to the swap counterparty decreases. Eskaton 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, 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 is willing to accept. Termination risk is also mitigated by allowing only Eskaton to have voluntary termination rights and allowing the swap counterparty to terminate only under specific ratings downgrade triggers of Eskaton.

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, 2022 and 2021, the fair values of these derivatives were recorded in the consolidated balance sheets at net liabilities of $1.3 million and $3.7 million, respectively. The credit risk assumption, as required under ASC 820, reduced Eskaton's interest rate swap liability by $0.1 million and $0.2 million in 2022 and 2021, respectively.

Interest rate swap agreement for variable-rate debt – Eskaton has issued variable-rate debt to refinance various debt issuances and finance capital improvements. The variable-rate debt obligations expose Eskaton 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 makes fixed interest rate payments and receives variable interest rate payments, thereby creating the equivalent of fixed-rate debt. As of December 31, 2022 and 2021, Eskaton was party to a swap agreement with an aggregate notional principal amount of $15.6 million and $16.3 million, respectively.

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):

	2022	2021
Net unrealized gain on interest rate swap agreements	$ 2,401	$ 1,074
Net payments on interest rate swap agreements	(361)	(601)
Total interest rate swap activities	$ 2,040	$ 473

Note 6 – Property and Equipment, Net

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

	2022	2021
Land	$ 25,453	$ 25,403
Land improvements	22,514	22,145
Buildings and improvements	230,202	226,108
Equipment	38,799	37,664
	316,968	311,320
Accumulated depreciation	(207,672)	(197,253)
	109,296	114,067
Construction in progress	3,283	2,229
Property and equipment, net	$ 112,579	$ 116,296

Note 7 – Long-Term Debt

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

	2022	2021
Obligated group:		
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.	$ 38,250	$ 39,815
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.	26,815	28,035
Series 2022 Tax-Exempt Variable-Rate Revenue and Refunding Bonds (Series 2022 Bonds) due 2029, payments of principal and variable interest due monthly (4.76% at December 31, 2022); held under a bank direct placement agreement; secured by deeds of trust.	23,446	-
Series 2008A Tax-Exempt Variable-Rate Demand Revenue Refunding Bonds (Series 2008A Bonds) due 2025, principal due in annual installments and variable interest due monthly (1.63% at December 31, 2021); held under a bank direct placement agreement; secured by deeds of trust.	-	9,975

	2022	2021
Series 2006 Tax-Exempt Variable-Rate Demand Revenue Bonds (Series 2006 Bonds) due 2022, principal due in annual installments and variable interest due monthly (1.31% at December 31, 2021); held under a bank direct placement agreement; secured by deeds of trust.	-	14,850
Nonobligated:		
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.	11,863	12,110
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.	7,139	7,327
Note payable to First Republic Bank due 2035, principal and interest of 3.85% due in monthly installments of $40.	4,852	5,137
	112,365	117,249
Unamortized premiums	2,789	3,013
Unamortized deferred financing costs	(2,463)	(2,321)
	112,691	117,941
Less current maturities, net of premiums and deferred financing costs of $96 and $8 in 2022 and 2021, respectively	9,872	24,340
	$ 102,819	$ 93,601

Maturities (as calculated based on the following paragraph) of long-term debt are as follows (in thousands):

Year Ending December 31,	
2023	$ 9,968
2024	5,404
2025	5,575
2026	5,812
2027	6,069
Thereafter	79,537
	$ 112,365

Maturities exclude unamortized premiums and deferred financing costs.

The total amount of long-term debt supported by direct placement agreements as of December 31, 2022 and 2021 was $23.4 million and $24.8 million, respectively. Eskaton pays fees on its direct placement facility with Truist Commercial Equity, Inc. of 1.501% per annum, plus a percentage of 1-month SOFR, and previously paid fees on its direct placement facilities with Compass Mortgage Corporation and U.S. Bank, N.A. ranging from 1.25% to 1.76% per annum, plus a percentage of 1-month LIBOR. These fees are included in interest and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

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

	2022	2021
Obligated Group:		
Interest on bonds and notes	$ 3,910	$ 3,735
Letter of credit and other financing fees	42	55
Amortization of debt issuance costs	181	192
Nonobligated:		
Interest on bonds and notes	853	903
Amortization of debt issuance costs	38	38
	$ 5,024	$ 4,923

The Series 2022 Bonds, Series 2013 Bonds, and Series 2012 Bonds are subject to restrictive covenants contained in the Master Indenture. 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 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 to maintain specified debt service coverage ratios and days cash on hand, place limits on Eskaton on the incurrence of additional long-term debt, and require Eskaton to report material adverse changes. Management believes Eskaton was in compliance with the various covenants as of and for the year ended December 31, 2022, with the exception of the debt service coverage ratio covenants associated with the Master Indenture and related direct placement agreement, and the debt service coverage ratio covenant associated with the First Republic Bank note payable related to The Reutlinger Community. Management believes the debt service coverage ratio covenant noncompliance does not constitute an event of default for obligations issued under the Master Indenture. Eskaton did not seek a waiver from First Republic Bank, and has instead agreed to prefund the required debt service payments for the remainder of 2023 into a restricted money market account with First Republic Bank, which provides the lender assurance of repayment while management evaluates options for refinancing the note payable. Because a waiver was not obtained, the $4.9 million outstanding balance on the First Republic Bank note payable has been classified as current maturities of long-term debt in the accompanying consolidated balance sheets as of December 31, 2022.

The notes payable to Lument (formerly ORIX Real Estate Capital, LLC) 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 Series 2006 Bonds were held by Compass Mortgage Corporation under a direct placement agreement expiring May 31, 2022. The Series 2008A Bonds were held by U.S. Bank, N.A. under a direct placement agreement expiring December 1, 2025. Both the Series 2006 Bonds and Series 2008A Bonds were refinanced with the Series 2022 Bonds in August 2022. The Series 2022 Bonds are held by Truist Commercial Equity, Inc. under a direct placement agreement expiring August 31, 2029.

Note 8 – Retirement Plans

Eskaton 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, 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 also maintains a Supplemental Executive Retirement Plan ("SERP") that provides supplemental funds for retirement or death for selected key employees of Eskaton 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 Pension Plan.

The Pension Plan was frozen effective December 31, 2022, and management anticipates terminating the plan at an undetermined future date. No additional employee service credits will accrue after December 31, 2022, however interest credits will accrue until the plan is formally terminated. 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 after 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 Pension Plan		SERP	
	2022	2021	2022	2021
Benefit obligation, beginning of year	$ 34,987	$ 36,663	$ 2,170	$ 2,413
Service cost	1,053	1,046	35	32
Interest cost	882	759	52	47
Benefits paid	(1,879)	(3,444)	-	-
Plan amendment	394	315	-	-
Curtailment	(542)	-	-	-
Actuarial gain	(2,342)	(352)	(1,114)	(322)
Benefit obligation, end of year	$ 32,553	$ 34,987	$ 1,143	$ 2,170
Fair value of assets, beginning of year	$ 39,652	$ 38,392	$ -	$ -
Return (loss) on plan assets	(5,393)	4,154	-	-
Employer contributions	-	550	-	-
Benefits paid	(1,879)	(3,444)	-	-
Fair value of assets, end of year	$ 32,380	$ 39,652	$ -	$ -
Funded status at end of year (recognized in unfunded pension obligations and funded pension obligations in the consolidated balance sheets)	$ (173)	$ 4,665	$ (1,143)	$ (2,170)

The accumulated benefit obligation for the Pension Plan was $32.6 million and $34.2 million as of December 31, 2022 and 2021, respectively. For the year ended December 31, 2022, the Pension Plan experienced a $2.3 million gain related to changes in the benefit obligation primarily due to changes in interest rates and assumptions pertaining to curtailment measurements. For the year ended December 31, 2021, there was not a significant gain or loss related to changes in the benefit obligation.

Net periodic benefit cost recognized and other changes in plan assets and benefit obligations, which are excluded from deficiency of revenues, gains, and other support over expenses, in 2022 and 2021 are as follows (in thousands):

	Eskaton Pension Plan		SERP	
	2022	2021	2022	2021
Service cost	$ (1,053)	$ (1,046)	$ (35)	$ (32)
Interest cost	(882)	(759)	(52)	(47)
Expected return on plan assets	2,678	2,575	-	-
Amortization of prior service cost	(614)	(566)	-	-
Amortization of net gain (loss)	(213)	(848)	336	304
Curtailment charge	(2,224)	-	-	-
Settlement charge	-	(412)	-	-
Net periodic benefit cost recognized	(2,308)	(1,056)	249	225
Other changes in plan assets and benefit obligations recognized in net assets (deficit) without donor restrictions:				
Net actuarial gain (loss)	(4,973)	2,779	778	17
Prior service cost	220	251	-	-
Impact of curtailment accounting	2,224	-	-	-
Impact of settlement accounting	-	412	-	-
Total recognized in net assets (deficit) without donor restrictions	(2,529)	3,442	778	17
Total recognized in net periodic benefit cost and net assets (deficit) without donor restrictions	$ (4,837)	$ 2,386	$ 1,027	$ 242

Weighted average assumptions used are as follows:

	Eskaton Pension Plan		SERP	
	2022	2021	2022	2021
Discount rate - benefit obligation	5.35%	2.60%	5.35%	2.60%
Discount rate - benefit cost	2.60%	2.10%	2.60%	2.10%
Expected rate of return on plan assets	4.50%	7.00%	n/a	n/a
Rate of compensation increase	5.00%	4.00%	4.00%	4.00%

Eskaton'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.

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

Cash flows – Eskaton expects to contribute $0 to the Pension Plan and $0.3 million to the SERP during the fiscal year ending December 31, 2023.

The benefits expected to be paid are as follows (in thousands):

Year Ending December 31:	Eskaton Pension Plan	SERP
2023	$ 32,554	$ 659
2024	-	88
2025	-	267
2026	-	104
2027	-	113
2028-2032	-	1,037

The expected benefits are based on the same assumptions used to measure Eskaton's benefit obligation as of December 31, 2022, and include estimated future employee service. The expected pension benefits assume termination of the Pension Plan in 2023, although the actual termination date may extend to a future period.

Plan assets – Eskaton's investment policy for the retirement plans states 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 accounts are expected to be pursued as long-term goals designed to maximize 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 accounts 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 are as follows (in thousands):

	December 31, 2022	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	$ 2,734	$ 2,734	$ -	$ -
Common stocks	1	1	-	-
U.S. government bonds	29,645	29,645	-	-
Total assets in the fair value hierarchy	$ 32,380	$ 32,380	$ -	$ -

	December 31, 2021	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	$ 1,650	$ 1,650	$ -	$ -
Common stocks	10,503	10,503	-	-
Mutual funds	27,318	27,318	-	-
Guaranteed investment account	27	-	27	-
Pooled separate account	154	-	154	-
Total assets in the fair value hierarchy	$ 39,652	$ 39,471	$ 181	$ -

There were no significant transfers between plan assets using quoted prices in active markets for identical assets (Level 1) and assets using significant other observable inputs (Level 2) during the years ended December 31, 2022 and 2021.

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 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.

The Reutlinger Community

TRC is a 60-bed skilled nursing and 116-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 into 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 and TRC's refundable residence agreements require an entrance fee, which is deferred and amortized on a straight-line basis over the life expectancy of the residents. Refundable entrance fees totaled $160 thousand and $477 thousand as of December 31, 2022 and 2021, respectively.

The change in deferred entrance fees during the years ended December 31, 2022 and 2021, consists of the following activity (in thousands):

	2022	2021
Balance, beginning of year	$ 7,446	$ 7,444
New fees received	2,911	800
Appreciation of resale contracts	777	670
Amortization of fees	(2,117)	(1,958)
Other	(328)	490
Balance, end of year	$ 8,689	$ 7,446

Eskaton is obligated to provide future services and the use of the CCRC communities to residents. Residents are charged monthly service 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, 2022 and 2021, discounted at 4.5% and 4.5% for EVC and TRC, respectively. Accordingly, Eskaton has not recorded a liability to provide future services as of December 31, 2022 and 2021.

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

Eskaton is self-insured for employee health and workers' compensation up to $175,000 and $1 million per claim, respectively. Eskaton 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 has recorded a liability of $2.8 million and $2.2 million as of December 31, 2022 and 2021, respectively, in relation to employee health. Eskaton has recorded a liability of $9.0 million and $11.7 million as of December 31, 2022 and 2021, respectively, in relation to workers' compensation. Eskaton 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's 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 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 $10,000 deductible per claim. Eskaton also purchases excess professional liability insurance coverage of $10 million per claim and $10 million aggregate over the primary insurance coverage limits. Eskaton has recorded a liability of $1.7 million and $1.5 million for the tail exposure as of December 31, 2022 and 2021, respectively. In accordance with ASC 954-450, *Health Care Entities—Contingencies*, Eskaton has also recorded a liability of $6.1 million and $5.9 million as of December 31, 2022 and 2021, respectively, for estimated claim liabilities insured under its liability policy. $1.7 million and $7.4 million are recorded as professional liability and $6.1 million and $0 are recorded as other current liabilities in the accompanying consolidated balance sheets as of December 31, 2022 and 2021, 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 $0 million and $5.5 million in the consolidated statements of operations and changes in net assets for the years ended December 31, 2022 and 2021, respectively.

Eskaton is a defendant in other various legal actions arising from its normal conduct of business. It is the opinion of Eskaton's 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.

Note 13 – Concentrations of Credit Risk

Eskaton'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 limits and its accounts receivable. If any of the financial institutions with whom Eskaton does business were to be placed into receivership with the FDIC, Eskaton may be unable to access the cash it has on deposit with such institutions. If Eskaton was unable to access its cash and cash equivalents as needed, Eskaton's financial position and ability to operate its business could be adversely affected.

Eskaton's operating facilities are located primarily in the Sacramento, California, metropolitan area. Eskaton 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):

	2022	2021
Medicare	$ 2,058	$ 2,139
Medi-Cal	3,168	2,308
Other third-party payors	3,727	2,626
Patients and residents	1,434	1,055
	$ 10,387	$ 8,128

The following represents accounts receivable, net, as of December 31:

	2022	2021	2020
Accounts receivable, net	$ 10,387	$ 8,128	$ 5,737

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 are as follows (in thousands):

	Year Ended December 31, 2022						
	Program Services				Support Services		
	Health Services	Residential Services	Community Services	Home Based Services	Fundraising	General & Admin	Total
Salaries and wages	$ 31,709	$ 29,637	$ 163	$ 1,970	$ 173	$ 20,332	$ 83,984
Employee benefits	9,495	8,919	67	630	49	(1,379)	17,781
Professional fees	8,190	3,471	-	173	3	1,212	13,049
Supplies	2,627	3,896	-	64	29	991	7,607
Purchased services	1,580	6,925	-	-	23	5,306	13,834
Ancillary costs	2,910	286	-	-	-	-	3,196
Utilities	1,090	3,445	2	64	-	1,726	6,327
Insurance and other	2,554	1,360	44	146	4	5,852	9,960
Depreciation	1,366	7,948	-	-	-	1,170	10,484
Interest and amortization	316	4,237	-	-	-	471	5,024
Total Expenses	$ 61,837	$ 70,124	$ 276	$ 3,047	$ 281	$ 35,681	$ 171,246

	Year Ended December 31, 2021						
	Program Services				Support Services		
	Health Services	Residential Services	Community Services	Home Based Services	Fundraising	General & Admin	Total
Salaries and wages	$ 28,562	$ 27,555	$ 200	$ 1,615	$ 104	$ 19,230	$ 77,266
Employee benefits	8,937	8,781	69	597	30	3,506	21,920
Professional fees	5,546	951	-	18	-	6,426	12,941
Supplies	2,648	3,689	-	80	-	689	7,106
Purchased services	1,742	6,836	-	-	-	5,105	13,683
Ancillary costs	2,999	246	-	51	-	-	3,296
Utilities	1,063	3,242	2	55	-	1,610	5,972
Insurance and other	2,425	832	33	117	138	5,119	8,664
Depreciation	1,509	9,437	-	-	-	707	11,653
Interest and amortization	295	4,130	-	-	-	498	4,923
Total Expenses	$ 55,726	$ 65,699	$ 304	$ 2,533	$ 272	$ 42,890	$ 167,424

Note 15 – Liquidity Disclosure

As of December 31, 2022 and 2021, Eskaton had a working capital surplus of $46.3 million and $72.4 million, and average days' cash on hand of 159 and 239 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:

	2022	2021
Cash and cash equivalents	$ 14,497	$ 16,392
Investments	55,309	83,875
Accounts receivable, net	10,387	8,128
Other receivables	3,470	3,503
	$ 83,663	$ 111,898

Eskaton manages its liquidity by developing annual operating budgets that provide sufficient funds to support operating expenditures, liabilities, and other obligations. Eskaton'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 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are issued. Eskaton 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'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.

Eskaton signed an asset purchase agreement on March 24, 2023, related to the Organization's planned sale of its three standalone skilled nursing care centers: Eskaton Care Center Fair Oaks, Eskaton Care Center Greenhaven, and Eskaton Care Center Manzanita. The sale is expected to close in 2023 for an aggregate purchase price of $35.6 million. Eskaton also signed a Management and Operations Transfer Agreement with the buyer on March 24, 2023, which governs the buyer's management and operation of the skilled nursing care centers during the post-sale period between the sale closing date and the date upon which the buyer has obtained all necessary licenses and permits from the California Department of Public Health. Management committed to a plan to sell these skilled nursing care centers in March 2023.

Subsequent events have been evaluated through May 16, 2023, which is the date the consolidated financial statements were issued.

Supplementary Information

Eskaton and Subsidiaries
Consolidating Schedule – Balance Sheet
December 31, 2022
(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
Assets																	
Current assets:																	
Cash and cash equivalents	$ 8,566	$ 388	$ 1,751	$ 10,705	$ -	$ 10,705	$ 175	$ 120	$ 1,142	$ 1,485	$ -	$ 778	$ -	$ 92	$ 14,497	$ -	$ 14,497
Assets limited as to use,																	
required for current liabilities	383	151	-	534	-	534	-	-	95	110	-	-	-	-	739	-	739
Investments	52,193	-	-	52,193	-	52,193	-	-	-	-	-	-	-	-	52,193	-	52,193
Accounts receivable, net	8,476	106	136	8,718	-	8,718	50	-	14	8	-	1,597	-	-	10,387	-	10,387
Other receivables	2,233	13	(1)	2,245	-	2,245	16	1,068	97	-	-	-	-	44	3,470	-	3,470
Inventories	640	12	21	673	-	673	-	-	20	9	-	96	-	-	798	-	798
Deposits and prepaid expenses	988	47	24	1,059	-	1,059	4	-	18	52	-	113	3	-	1,249	-	1,249
Due from related parties	9,754	-	-	9,754	(735)	9,019	(68)	-	-	-	-	-	171	26	9,148	(9,148)	-
Total current assets	83,233	717	1,931	85,881	(735)	85,146	177	1,188	1,386	1,664	-	2,584	174	162	92,481	(9,148)	83,333
Assets limited as to use, net of																	
amount required for current liabilities	6,048	2,008	-	8,056	-	8,056	-	-	341	738	-	2,483	-	1,597	13,215	-	13,215
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	3,116	3,116	-	3,116
Property and equipment, net	40,970	5,140	11,494	57,604	(86)	57,518	1,298	-	7,934	8,462	-	36,887	480	-	112,579	-	112,579
Other assets:																	
Due from liability insurer	3,214	-	-	3,214	-	3,214	-	-	-	-	-	-	-	-	3,214	-	3,214
Associate member/resident/patient deposits	1,634	-	-	1,634	-	1,634	-	-	-	-	-	5	-	-	1,639	-	1,639
Other	4,928	-	-	4,928	-	4,928	1,284	-	-	-	3,900	1,653	-	-	11,765	(1,225)	10,540
Due from related parties, net of current portion	3,147	-	-	3,147	-	3,147	-	-	-	-	-	-	-	-	3,147	(3,147)	-
	12,923	-	-	12,923	-	12,923	1,284	-	-	-	3,900	1,658	-	-	19,765	(4,372)	15,393
Total assets	$ 143,174	$ 7,865	$ 13,425	$ 164,464	$ (821)	$ 163,643	$ 2,759	$ 1,188	$ 9,661	$ 10,864	$ 3,900	$ 43,612	$ 654	$ 4,875	$ 241,156	$ (13,520)	$ 227,636

Eskaton and Subsidiaries
Consolidating Schedule – Balance Sheet (Continued)
December 31, 2022
(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
Liabilities and Net Assets (Deficit)																	
Current liabilities:																	
Current maturities of long-term debt	$ 2,753	$ 885	$ 1,035	$ 4,673	$ -	$ 4,673	$ -	$ -	$ 199	$ 263	$ -	$ 4,737	$ -	$ -	$ 9,872	$ -	$ 9,872
Current portion of deferred revenue from unamortized CCRC entrance fees	1,344	-	-	1,344	-	1,344	-	-	-	-	-	11	-	-	1,355	-	1,355
Deposits on unoccupied units	703	27	-	730	-	730	-	-	-	-	-	-	-	-	730	-	730
Accounts payable	5,179	251	179	5,609	-	5,609	13	13	175	244	-	876	-	35	6,965	3	6,968
Accrued liabilities:																	
Payroll and payroll taxes	1,445	112	175	1,732	-	1,732	15	311	125	51	-	435	-	-	2,669	-	2,669
Vacation	2,260	131	136	2,527	-	2,527	41	232	115	94	-	480	-	-	3,489	-	3,489
Current portion of self-insured workers' compensation	1,516	-	-	1,516	-	1,516	-	-	-	-	-	-	-	-	1,516	-	1,516
Self-insured employee health plan	2,823	-	-	2,823	-	2,823	-	-	-	-	-	-	-	-	2,823	-	2,823
Interest	332	119	50	501	-	501	-	-	15	30	-	16	-	-	562	-	562
Other	6,730	62	31	6,823	-	6,823	4	(1)	44	30	-	-	-	112	7,012	-	7,012
Due to related-parties	192	1	405	598	(735)	(137)	3,918	633	338	298	1,160	2,715	93	133	9,151	(9,151)	-
Total current liabilities	25,277	1,588	2,011	28,876	(735)	28,141	3,991	1,188	1,011	1,010	1,160	9,270	93	280	46,144	(9,148)	36,996
Other liabilities:																	
Self-insured workers' compensation, net of current portion	7,511	-	-	7,511	-	7,511	-	-	-	-	-	-	-	-	7,511	-	7,511
Interest rate swap agreements	-	-	1,255	1,255	-	1,255	-	-	-	-	-	-	-	-	1,255	-	1,255
Unfunded pension obligation	1,316	-	-	1,316	-	1,316	-	-	-	-	-	-	-	-	1,316	-	1,316
Professional liability	1,712	-	-	1,712	-	1,712	-	-	-	-	-	-	-	-	1,712	-	1,712
Associate member/resident/patient deposits	1,634	-	-	1,634	-	1,634	-	-	-	-	-	-	-	-	1,634	-	1,634
Other	56	2	22	80	-	80	-	-	5	2	-	-	-	-	87	-	87
Due to related-parties, net of current portion	-	-	-	-	-	-	-	-	-	-	3,147	-	-	-	3,147	(3,147)	-
	12,229	2	1,277	13,508	-	13,508	-	-	5	2	3,147	-	-	-	16,662	(3,147)	13,515
Long-term debt, net of current maturities	52,783	18,882	13,304	84,969	-	84,969	-	-	6,675	11,175	-	-	-	-	102,819	-	102,819
Refundable CCRC entrance fees	30	-	-	30	-	30	-	-	-	-	-	130	-	-	160	-	160
Deferred revenue from unamortized CCRC entrance fees, net of current portion	7,315	-	-	7,315	-	7,315	-	-	-	-	-	19	-	-	7,334	-	7,334
Total liabilities	97,634	20,472	16,592	134,698	(735)	133,963	3,991	1,188	7,691	12,187	4,307	9,419	93	280	173,119	(12,295)	160,824
Net assets (deficit):																	
Net assets (deficit) without donor restrictions	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 with donor restrictions	7	-	-	7	-	7	-	-	-	-	-	4,438	-	1,720	6,165	-	6,165
Total net assets (deficit)	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
Total liabilities and net assets (deficit)	$ 143,174	$ 7,865	$ 13,425	$ 164,464	$ (821)	$ 163,643	$ 2,759	$ 1,188	$ 9,661	$ 10,864	$ 3,900	$ 43,612	$ 654	$ 4,875	$ 241,156	$ (13,520)	$ 227,636

Eskaton and Subsidiaries
Consolidating Schedule – Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2022
(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:																	
Net patient service revenue	$ 41,753	$ -	$ -	$ 41,753	$ -	$ 41,753	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,753	$ -	$ 41,753
Resident service revenue, including amortization of CCRC entrance fees	48,918	9,905	7,839	66,662	-	66,662	-	-	4,910	7,195	-	15,057	-	-	93,824	-	93,824
Home based services revenue	3,173	-	-	3,173	-	3,173	820	-	-	-	-	-	-	-	3,993	-	3,993
Government grant revenue	126	-	-	126	-	126	-	-	-	-	-	-	-	-	126	-	126
Other, net	8,005	273	721	8,999	(1,130)	7,869	37	8,961	906	33	-	778	-	162	18,746	(2,066)	16,680
Total revenues, gains, and other support	101,975	10,178	8,560	120,713	(1,130)	119,583	857	8,961	5,816	7,228	-	15,835	-	162	158,442	(2,066)	156,376
Expenses:																	
Salaries and wages	55,348	3,230	3,615	62,193	-	62,193	806	6,926	2,613	2,208	-	9,168	-	70	83,984	-	83,984
Employee benefits	9,520	1,077	1,097	11,694	-	11,694	268	2,033	790	756	-	2,235	-	5	17,781	-	17,781
Professional fees	8,950	581	202	9,733	-	9,733	-	-	9	604	-	2,700	-	3	13,049	-	13,049
Supplies	4,583	819	647	6,049	-	6,049	24	-	316	540	5	646	-	27	7,607	-	7,607
Purchased services	9,373	1,265	1,110	11,748	(1,130)	10,618	268	-	718	733	2	3,192	2	23	15,556	(1,722)	13,834
Ancillary costs	2,823	29	28	2,880	-	2,880	-	-	17	26	-	273	-	-	3,196	-	3,196
Utilities	4,051	557	281	4,889	-	4,889	6	2	295	308	-	827	-	-	6,327	-	6,327
Insurance and other	7,490	445	391	8,326	-	8,326	176	-	222	318	-	927	11	324	10,304	(344)	9,960
Depreciation	6,155	741	739	7,635	(9)	7,626	18	-	512	665	-	1,631	32	-	10,484	-	10,484
Interest and amortization	2,731	929	473	4,133	-	4,133	-	-	224	461	-	206	-	-	5,024	-	5,024
Total operating expenses	111,024	9,673	8,583	129,280	(1,139)	128,141	1,566	8,961	5,716	6,619	7	21,805	45	452	173,312	(2,066)	171,246
(Loss) income from operations	(9,049)	505	(23)	(8,567)	9	(8,558)	(709)	-	100	609	(7)	(5,970)	(45)	(290)	(14,870)	-	(14,870)
Nonoperating revenue (expenses):																	
Investment income	(11,949)	(53)	-	(12,002)	-	(12,002)	-	-	-	1	-	(1,772)	-	(637)	(14,410)	-	(14,410)
Interest rate swap activities	-	-	2,040	2,040	-	2,040	-	-	-	-	-	-	-	-	2,040	-	2,040
Loss on early repayment of debt	(259)	-	-	(259)	-	(259)	-	-	-	-	-	-	-	-	(259)	-	(259)
Other components of net periodic pension cost	(971)	-	-	(971)	-	(971)	-	-	-	-	-	-	-	-	(971)	-	(971)
Other	228	3	-	231	-	231	-	-	-	-	-	-	-	-	231	-	231
Total nonoperating revenue (expenses), net	(12,951)	(50)	2,040	(10,961)	-	(10,961)	-	-	-	1	-	(1,772)	-	(637)	(13,369)	-	(13,369)
Excess (deficiency) of revenues, gains, and other support over expenses	$ (22,000)	$ 455	$ 2,017	$ (19,528)	$ 9	$ (19,519)	$ (709)	$ -	$ 100	$ 610	$ (7)	$ (7,742)	$ (45)	$ (927)	$ (28,239)	$ -	$ (28,239)

Eskaton and Subsidiaries
Consolidating Schedule – Operations and Changes in Net Assets (Deficit) (Continued)
Year Ended December 31, 2022
(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 41)	$ (22,000)	$ 455	$ 2,017	$ (19,528)	$ 9	$ (19,519)	$ (709)	$ -	$ 100	$ 610	$ (7)	$ (7,742)	$ (45)	$ (927)	$ (28,239)	$ -	$ (28,239)
Pension-related changes other than net periodic pension cost	(1,751)	-	-	(1,751)	-	(1,751)	-	-	-	-	-	-	-	-	(1,751)	-	(1,751)
Reclassification to net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	(201)	-	-	(201)	-	(201)
Transfers between related entities	700	200	-	900	-	900	-	-	(252)	(648)	-	-	-	-	-	-	-
Change in net assets (deficit) without donor restrictions	(23,051)	655	2,017	(20,379)	9	(20,370)	(709)	-	(152)	(38)	(7)	(7,943)	(45)	(927)	(30,191)	-	(30,191)
Net assets (deficit) without donor restrictions, beginning of year	68,584	(13,262)	(5,184)	50,138	(95)	50,043	(523)	-	2,122	(1,285)	(400)	37,698	606	3,802	92,063	(1,225)	90,838
Net assets without donor restrictions, end 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 with donor restrictions:																	
Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 67	$ -	$ 61	$ 128	$ -	$ 128
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	(315)	(315)	-	(315)
Reclassification from net assets without donor restrictions	-	-	-	-	-	-	-	-	-	-	-	201	-	-	201	-	201
Net assets released from restriction used for operations	-	-	-	-	-	-	-	-	-	-	-	(165)	-	(98)	(263)	-	(263)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	103	-	(352)	(249)	-	(249)
Net assets with donor restrictions, beginning of year	7	-	-	7	-	7	-	-	-	-	-	4,335	-	2,072	6,414	-	6,414
Net assets with donor restrictions, end of year	$ 7	$ -	$ -	$ 7	$ -	$ 7	$ -	$ -	$ -	$ -	$ -	$ 4,438	$ -	$ 1,720	$ 6,165	$ -	$ 6,165
Change in net assets (deficit)	$ (23,051)	$ 655	$ 2,017	$ (20,379)	$ 9	$ (20,370)	$ (709)	$ -	$ (152)	$ (38)	$ (7)	$ (7,840)	$ (45)	$ (1,279)	$ (30,440)	$ -	$ (30,440)
Net assets (deficit), beginning of year	68,591	(13,262)	(5,184)	50,145	(95)	50,050	(523)	-	2,122	(1,285)	(400)	42,033	606	5,874	98,477	(1,225)	97,252
Net assets (deficit), end 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

Eskaton and Subsidiaries
Consolidating Schedule – Cash Flows
Year Ended December 31, 2022
(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)	$ (23,051)	$ 655	$ 2,017	$ (20,379)	$ 9	$ (20,370)	$ (709)	$ -	$ (152)	$ (38)	$ (7)	$ (7,840)	$ (45)	$ (1,279)	$ (30,440)	$ -	$ (30,440)
Adjustments to reconcile change in net assets (deficit)																	
to net cash provided by (used in) operating activities:																	
Depreciation	6,155	741	739	7,635	(9)	7,626	18	-	512	665	-	1,631	32	-	10,484	-	10,484
Amortization of deferred financing costs and premium	(11)	(61)	32	(40)	-	(40)	-	-	11	15	-	9	-	-	(5)	-	(5)
Amortization of CCRC entrance fees	(2,072)	-	-	(2,072)	-	(2,072)	-	-	-	-	-	(45)	-	-	(2,117)	-	(2,117)
Net realized and unrealized loss on assets limited as to use	235	67	-	302	-	302	-	-	-	-	-	-	-	345	647	-	647
Net realized and unrealized loss on investments	12,730	-	-	12,730	-	12,730	-	-	-	-	-	1,899	-	696	15,325	-	15,325
Pension related changes other than net periodic pension cost	1,751	-	-	1,751	-	1,751	-	-	-	-	-	-	-	-	1,751	-	1,751
Change in fair value of derivative instruments	-	-	(2,401)	(2,401)	-	(2,401)	-	-	-	-	-	-	-	-	(2,401)	-	(2,401)
Transfers between related entities	(700)	(200)	-	(900)	-	(900)	-	-	252	648	-	-	-	-	-	-	-
CCRC resales of nonrefundable contracts	777	-	-	777	-	777	-	-	-	-	-	-	-	-	777	-	777
CCRC sales of nonrefundable contracts	2,796	-	-	2,796	-	2,796	-	-	-	-	-	115	-	-	2,911	-	2,911
(Gain) loss on disposal of property and equipment	3	(3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on early repayment of debt	259	-	-	259	-	259	-	-	-	-	-	-	-	-	259	-	259
Change in operating assets and liabilities:																	
Change in receivables	(2,606)	(54)	5	(2,655)	-	(2,655)	59	(293)	50	8	23	626	-	(44)	(2,226)	-	(2,226)
Change in inventories	(39)	8	(9)	(40)	-	(40)	-	-	(9)	3	4	-	-	-	(42)	-	(42)
Change in deposits and prepaid expenses	(22)	(1)	7	(16)	-	(16)	(4)	-	15	22	14	152	(3)	-	180	-	180
Change in other assets	589	-	-	589	-	589	-	-	-	-	-	384	-	-	973	-	973
Change in accounts payable	2,730	145	52	2,927	-	2,927	10	(64)	137	156	2	423	-	34	3,625	-	3,625
Change in accrued liabilities	3,914	36	63	4,013	-	4,013	35	47	111	64	(60)	56	-	112	4,378	-	4,378
Change in unfunded pension obligation	2,060	-	-	2,060	-	2,060	-	-	-	-	-	-	-	-	2,060	-	2,060
Change in other liabilities	(6,082)	(3)	(16)	(6,101)	-	(6,101)	(4)	-	(37)	2	(1)	-	-	(134)	(6,275)	-	(6,275)
Net cash provided by (used in) operating activities	(584)	1,330	489	1,235	-	1,235	(595)	(310)	890	1,545	(25)	(2,590)	(16)	(270)	(136)	-	(136)
Purchases of assets limited as to use	(4,520)	(1,775)	-	(6,295)	-	(6,295)	-	-	-	-	-	-	-	(13)	(6,308)	-	(6,308)
Proceeds from sale of assets limited as to use	4,468	1,764	-	6,232	-	6,232	-	-	-	-	-	-	-	64	6,296	-	6,296
Purchase of investments	(13,254)	-	-	(13,254)	-	(13,254)	-	-	-	-	-	(9,671)	-	(766)	(23,691)	-	(23,691)
Proceeds from sale of investments	17,612	-	-	17,612	-	17,612	-	-	-	-	-	15,896	-	956	34,464	-	34,464
Expenditures for property and equipment	(4,545)	(679)	(291)	(5,515)	-	(5,515)	(50)	-	(148)	(411)	-	(547)	(100)	-	(6,771)	-	(6,771)
Proceeds from disposal of property and equipment	-	3	-	3	-	3	-	-	-	-	-	-	-	-	3	-	3
Net cash provided by (used in) investing activities	(239)	(687)	(291)	(1,217)	-	(1,217)	(50)	-	(148)	(411)	-	5,678	(100)	241	3,993	-	3,993
CCRC contracts refunded	(137)	-	-	(137)	-	(137)	-	-	-	-	-	(10)	-	-	(147)	-	(147)
Change in deposits on unoccupied units	(87)	22	(1)	(66)	-	(66)	-	-	-	-	-	-	-	-	(66)	-	(66)
Proceeds from issuance of long-term debt	8,954	-	15,154	24,108	-	24,108	-	-	-	-	-	-	-	-	24,108	-	24,108
Principal payments on long-term debt	(12,231)	(777)	(15,267)	(28,275)	-	(28,275)	-	-	(189)	(247)	-	(285)	-	-	(28,996)	-	(28,996)
Debt issuance costs	(198)	-	(418)	(616)	-	(616)	-	-	-	-	-	-	-	-	(616)	-	(616)
Net change in due to/due from related entities	2,034	201	90	2,325		2,325	521	186	(194)	(598)	15	(2,378)	116	7	-	-	-
Net cash provided by (used in) financing activities	(1,665)	(554)	(442)	(2,661)	-	(2,661)	521	186	(383)	(845)	15	(2,673)	116	7	(5,717)	-	(5,717)
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,488)	89	(244)	(2,643)	-	(2,643)	(124)	(124)	359	289	(10)	415	-	(22)	(1,860)	-	(1,860)
Cash, cash equivalents and restricted cash, beginning of year	11,415	415	1,995	13,825	-	13,825	299	244	1,219	2,044	10	378	-	175	18,194	-	18,194
Cash, cash equivalents and restricted cash, end of year	$ 8,927	$ 504	$ 1,751	$ 11,182	$ -	$ 11,182	$ 175	$ 120	$ 1,578	$ 2,333	$ -	$ 793	$ -	$ 153	$ 16,334	$ -	$ 16,334
Supplemental disclosure:																	
Cash paid for interest	2,704	988	444	4,136	-	4,136	-	-	198	416	-	198	-	-	4,948	-	4,948

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Balance Sheet
December 31, 2022
(In Thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
Assets											
Current assets:											
Cash and cash equivalents	$ 8,446	$ 1	$ 1	$ 1	$ 112	$ 1	$ 1	$ 1	$ 2	$ -	$ 8,566
Assets limited as to use, required for current liabilities	75	-	-	-	-	-	78	-	230	-	383
Investments	47,295	-	-	-	-	-	-	-	4,898	-	52,193
Accounts receivable, net	6	2,392	2,889	1,508	18	29	43	730	861	-	8,476
Other receivables	1,406	14	-	-	3	1	4	-	805	-	2,233
Inventories	378	51	19	45	11	6	12	9	109	-	640
Deposits and prepaid expenses	224	142	202	101	22	34	23	20	220	-	988
Due from related parties	9,754	-	-	-	-	-	-	-	-	-	9,754
Total current assets	67,584	2,600	3,111	1,655	166	71	161	760	7,125	-	83,233
Assets limited as to use, net of amount required for current liabilities	994	-	-	-	-	-	1,045	-	4,009	-	6,048
Property and equipment, net	1,052	1,217	3,170	3,355	2,912	2,057	5,329	15	21,863	-	40,970
Other assets:											
Due from liability insurer	3,214	-	-	-	-	-	-	-	-	-	3,214
Associate member/resident/patient deposits	-	8	6	44	-	-	-	-	1,576	-	1,634
Other	3,584	-	-	-	-	-	-	-	1,344	-	4,928
Due from related parties, net of current portion	3,147	-	-	-	-	-	-	-	-	-	3,147
	9,945	8	6	44	-	-	-	-	2,920	-	12,923
Total assets	$ 79,575	$ 3,825	$ 6,287	$ 5,054	$ 3,078	$ 2,128	$ 6,535	$ 775	$ 35,917	$ -	$ 143,174

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Balance Sheet (Continued)
December 31, 2022
(In Thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
Liabilities and Net Assets (Deficit)											
Current liabilities:											
Current maturities of long-term debt	$ 461	$ 32	$ 117	$ 140	$ 42	$ 87	$ 460	$ -	$ 1,414	$ -	$ 2,753
Current portion of deferred revenue from unamortized CCRC entrance fees	-	-	-	-	-	-	-	-	1,344	-	1,344
Deposits on unoccupied CCRC units	-	-	-	-	-	-	-	-	703	-	703
Accounts payable	1,472	570	857	703	249	110	262	20	936	-	5,179
Accrued liabilities:											
Payroll and payroll taxes	358	148	218	196	29	74	132	55	235	-	1,445
Vacation	590	317	326	356	50	36	104	87	394	-	2,260
Current portion of self-insured workers' compensation	1,516	-	-	-	-	-	-	-	-	-	1,516
Self-insured employee health plan	2,823	-	-	-	-	-	-	-	-	-	2,823
Interest	60	2	7	8	2	5	62	-	186	-	332
Other	6,336	40	71	55	122	13	35	4	54	-	6,730
Due to related parties	174	2	6	3	1	-	1	2	3	-	192
Total current liabilities	13,790	1,111	1,602	1,461	495	325	1,056	168	5,269	-	25,277
Other liabilities:											
Self-insured workers' compensation, net of current portion	7,511	-	-	-	-	-	-	-	-	-	7,511
Unfunded pension obligation	1,316	-	-	-	-	-	-	-	-	-	1,316
Professional liability	1,712	-	-	-	-	-	-	-	-	-	1,712
Associate member/resident/patient deposits	-	8	6	44	-	-	-	-	1,576	-	1,634
Other	-	-	-	-	1	-	14	-	41	-	56
	10,539	8	6	44	1	-	14	-	1,617	-	12,229
Long-term debt, net of current maturities	9,637	408	1,496	1,785	532	1,111	9,826	-	27,988	-	52,783
Refundable CCRC entrance fees	-	-	-	-	-	-	-	-	30	-	30
Deferred revenue from unamortized CCRC entrance fees, net of current portion	-	-	-	-	-	-	-	-	7,315	-	7,315
Total liabilities	33,966	1,527	3,104	3,290	1,028	1,436	10,896	168	42,219	-	97,634
Net assets (deficit):											
Net assets (deficit) without donor restrictions	45,609	2,298	3,183	1,764	2,050	692	(4,361)	607	(6,309)	-	45,533
Net assets with donor restrictions	-	-	-	-	-	-	-	-	7	-	7
Total net assets (deficit)	45,609	2,298	3,183	1,764	2,050	692	(4,361)	607	(6,302)	-	45,540
Total liabilities and net assets (deficit)	$ 79,575	$ 3,825	$ 6,287	$ 5,054	$ 3,078	$ 2,128	$ 6,535	$ 775	$ 35,917	$ -	$ 143,174

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2022
(In Thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	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:											
Net patient service revenue	$ -	$ 10,895	$ 17,081	$ 13,777	$ -	$ -	$ -	$ -	$ -	$ -	$ 41,753
Resident service revenue, including amortization of CCRC entrance fees	-	-	-	-	4,430	2,740	6,652	-	35,096	-	48,918
Home based services revenue	-	-	-	-	-	-	-	3,173	-	-	3,173
Government grant revenue	-	28	44	44	-	-	-	-	10	-	126
Other, net	13,251	27	10	7	190	48	171	-	917	(6,616)	8,005
Total revenues, gains, and other support	13,251	10,950	17,135	13,828	4,620	2,788	6,823	3,173	36,023	(6,616)	101,975
Expenses:											
Salaries and wages	9,938	7,300	10,297	9,180	1,197	1,379	2,853	2,395	10,809	-	55,348
Employee benefits	(4,633)	2,351	3,148	2,876	393	446	891	768	3,280	-	9,520
Professional fees	1,065	1,030	2,150	3,140	14	474	416	173	488	-	8,950
Supplies	391	573	944	859	517	265	562	79	393	-	4,583
Purchased services	2,792	1,171	1,584	1,459	605	458	830	344	6,746	(6,616)	9,373
Ancillary costs	-	714	787	652	-	14	24	-	632	-	2,823
Utilities	256	318	361	347	358	167	320	60	1,864	-	4,051
Insurance and other	1,453	955	1,430	1,350	169	150	318	282	1,383	-	7,490
Depreciation	322	191	307	319	373	250	630	3	3,760	-	6,155
Interest and amortization	473	17	64	76	23	48	483	-	1,547	-	2,731
Total operating expenses	12,057	14,620	21,072	20,258	3,649	3,651	7,327	4,104	30,902	(6,616)	111,024
(Loss) income from operations	1,194	(3,670)	(3,937)	(6,430)	971	(863)	(504)	(931)	5,121	-	(9,049)
Nonoperating revenue (expenses):											
Investment loss	(10,804)	-	-	-	-	-	(27)	-	(1,118)	-	(11,949)
Loss on early repayment of debt	(10)	(13)	(49)	(59)	(17)	(36)	-	-	(75)	-	(259)
Other components of net periodic pension cost	(971)	-	-	-	-	-	-	-	-	-	(971)
Other	231	-	-	-	(3)	-	-	-	-	-	228
Total nonoperating revenue (expenses), net	(11,554)	(13)	(49)	(59)	(20)	(36)	(27)	-	(1,193)	-	(12,951)
Excess (deficiency) of revenues, gains, and other support over expenses	$ (10,360)	$ (3,683)	$ (3,986)	$ (6,489)	$ 951	$ (899)	$ (531)	$ (931)	$ 3,928	$ -	$ (22,000)

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Operations and Changes in Net Assets (Deficit) (Continued)
Year Ended December 31, 2022
(In Thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
Excess (deficiency) of revenues, gains, and other support over expenses (page 46)	$ (10,360)	$ (3,683)	$ (3,986)	$ (6,489)	$ 951	$ (899)	$ (531)	$ (931)	$ 3,928	$ -	$ (22,000)
Pension-related changes other than net periodic pension cost	(1,751)	-	-	-	-	-	-	-	-	-	(1,751)
Transfers between related entities	(11,520)	4,435	5,457	7,020	(594)	903	326	865	(6,192)	-	700
Change in net assets (deficit) without donor restrictions	(23,631)	752	1,471	531	357	4	(205)	(66)	(2,264)	-	(23,051)
Net assets (deficit) without donor restrictions, beginning of year	69,240	1,546	1,712	1,233	1,693	688	(4,156)	673	(4,045)	-	68,584
Net assets (deficit) without donor restrictions, end of year	$ 45,609	$ 2,298	$ 3,183	$ 1,764	$ 2,050	$ 692	$ (4,361)	$ 607	$ (6,309)	$ -	$ 45,533
Net assets with donor restrictions:											
Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-
Net assets with donor restrictions, beginning of year	-	-	-	-	-	-	-	-	7	-	7
Net assets with donor restrictions, end of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7	$ -	$ 7
Change in net assets (deficit)	$ (23,631)	$ 752	$ 1,471	$ 531	$ 357	$ 4	$ (205)	$ (66)	$ (2,264)	$ -	$ (23,051)
Net assets (deficit), beginning of year	69,240	1,546	1,712	1,233	1,693	688	(4,156)	673	(4,038)	-	68,591
Net assets (deficit), end of year	$ 45,609	$ 2,298	$ 3,183	$ 1,764	$ 2,050	$ 692	$ (4,361)	$ 607	$ (6,302)	$ -	$ 45,540

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Cash Flows
Year Ended December 31, 2022
(In Thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
Change in net assets (deficit)	$ (23,631)	$ 752	$ 1,471	$ 531	$ 357	$ 4	$ (205)	$ (66)	$ (2,264)	$ -	$ (23,051)
Adjustments to reconcile change in net assets (deficit)											
to net cash provided by (used in) operating activities:											
Depreciation	322	191	307	319	373	250	630	3	3,760	-	6,155
Amortization of deferred financing costs and premium	(28)	3	12	14	4	9	(32)	-	7	-	(11)
Amortization of CCRC entrance fees	-	-	-	-	-	-	-	-	(2,072)	-	(2,072)
Net realized and unrealized gain on assets limited as to use	33	-	-	-	-	-	35	-	167	-	235
Net realized and unrealized gain on investments	11,625	-	-	-	-	-	-	-	1,105	-	12,730
Pension related changes other than net periodic pension cost	1,751	-	-	-	-	-	-	-	-	-	1,751
Transfers between related entities	11,520	(4,435)	(5,457)	(7,020)	594	(903)	(326)	(865)	6,192	-	(700)
CCRC resales of nonrefundable contracts	-	-	-	-	-	-	-	-	777	-	777
CCRC sales of nonrefundable contracts	-	-	-	-	-	-	-	-	2,796	-	2,796
Loss on disposal of property and equipment	-	-	-	-	3	-	-	-	-	-	3
Loss on early repayment of debt	10	13	49	59	17	36	-	-	75	-	259
Change in operating assets and liabilities:											
Change in receivables	775	(1,106)	(1,279)	(344)	(8)	(21)	(20)	32	(635)	-	(2,606)
Change in inventories	(10)	(19)	4	12	(9)	1	(6)	-	(12)	-	(39)
Change in deposits and prepaid expenses	(14)	(12)	(21)	(8)	3	-	6	3	21	-	(22)
Change in other assets	123	-	1	(10)	-	-	-	-	475	-	589
Change in accounts payable	1,028	322	88	322	165	53	196	7	549	-	2,730
Change in accrued liabilities	3,939	111	91	93	(4)	36	26	27	(405)	-	3,914
Change in unfunded pension obligation	2,060	-	-	-	-	-	-	-	-	-	2,060
Change in other liabilities	(5,676)	2	(8)	4	1	(1)	(1)	(1)	(402)	-	(6,082)
Net cash provided by (used in) operating activities	3,827	(4,178)	(4,742)	(6,028)	1,496	(536)	303	(860)	10,134	-	(584)
Purchases of assets limited as to use	(879)	-	-	-	-	-	(924)	-	(2,717)	-	(4,520)
Proceeds from sale of assets limited as to use	873	-	-	-	-	-	918	-	2,677	-	4,468
Purchase of investments	(12,224)	-	-	-	-	-	-	-	(1,030)	-	(13,254)
Proceeds from sale of investments	16,693	-	-	-	-	-	-	-	919	-	17,612
Expenditures for property and equipment	(160)	(185)	(440)	(662)	(810)	(160)	(216)	(6)	(1,910)	-	(4,549)
Proceeds from disposal of property and equipment	-	-	-	-	4	-	-	-	-	-	4
Net cash provided by (used in) investing activities	4,303	(185)	(440)	(662)	(806)	(160)	(222)	(6)	(2,061)	-	(239)
CCRC contracts refunded	-	-	-	-	-	-	-	-	(137)	-	(137)
Change in deposits on unoccupied units	-	-	-	-	-	-	-	-	(87)	-	(87)
Proceeds from issuance of long-term debt	331	462	1,696	2,023	603	1,260	-	-	2,579	-	8,954
Principal payments on long-term debt	(763)	(527)	(1,936)	(2,309)	(687)	(1,439)	(404)	-	(4,166)	-	(12,231)
Debt issuance costs	(7)	(10)	(38)	(45)	(13)	(28)	-	-	(57)	-	(198)
Net change in due to/due from related entities	(10,194)	4,436	5,460	7,021	(593)	903	326	866	(6,191)	-	2,034
Net cash provided by (used in) financing activities	(10,633)	4,361	5,182	6,690	(690)	696	(78)	866	(8,059)	-	(1,665)
Net (decrease) increase in cash, cash equivalents and restricted cash	(2,503)	(2)	-	-	-	-	3	-	14	-	(2,488)
Cash, cash equivalents and restricted cash, beginning of year	11,007	3	1	1	112	1	59	1	230	-	11,415
Cash, cash equivalents and restricted cash, end of year	$ 8,504	$ 1	$ 1	$ 1	$ 112	$ 1	$ 62	$ 1	$ 244	$ -	$ 8,927
Supplemental disclosure:											
Cash paid for interest	498	13	46	55	17	34	514	-	1,527	-	2,704

Eskaton and Subsidiaries
Eskaton Consolidating Schedule – Balance Sheet
December 31, 2022
(In Thousands)

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 11	$ -	$ 164	$ -	$ 175
Accounts receivable, net	-	-	50	-	50
Other receivables	16	-	-	-	16
Due from related parties	(68)	-	-	-	(68)
Total current assets	(41)	-	218	-	177
Property and equipment, net	1,210	-	88	-	1,298
Other assets	1,284	-	-	-	1,284
	2,494	-	88	-	2,582
Total assets	$ 2,453	$ -	$ 306	$ -	$ 2,759
Liabilities and Net Assets (Deficit)					
Current liabilities:					
Accounts payable	$ 3	$ (5)	$ 15	$ -	$ 13
Accrued liabilities:					
Payroll and payroll taxes	6	-	9	-	15
Vacation	4	-	37	-	41
Other	4	-	-	-	4
Due to related-parties	1,789	578	1,551	-	3,918
Total current liabilities	1,806	573	1,612	-	3,991
Total liabilities	1,806	573	1,612	-	3,991
Net assets (deficit):					
Net assets (deficit) without donor restrictions	647	(573)	(1,306)	-	(1,232)
Net assets with donor restrictions	-	-	-	-	-
Total net assets (deficit)	647	(573)	(1,306)	-	(1,232)
Total liabilities and net assets (deficit)	$ 2,453	$ -	$ 306	$ -	$ 2,759

Eskaton and Subsidiaries
Eskaton Consolidating Schedule – Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2022
(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	$ -	$ -	$ 820	$ -	$ 820
Other, net	37	-	-	-	37
Total revenues, gains, and other support	37	-	820	-	857
Expenses:					
Salaries and wages	229	-	577	-	806
Employee benefits	94	-	174	-	268
Supplies	13	-	11	-	24
Purchased services	113	-	155	-	268
Utilities	2	-	4	-	6
Insurance and other	76	-	100	-	176
Depreciation	-	-	18	-	18
Total operating expenses	527	-	1,039	-	1,566
Nonoperating revenue (expenses):					
Other	-	-	-	-	-
Total nonoperating revenue (expenses), net	-	-	-	-	-
Change in net assets without donor restrictions	(490)	-	(219)	-	(709)
Net assets (deficit) without donor restrictions, beginning of year	1,137	(573)	(1,087)	-	(523)
Net assets (deficit) without donor restrictions, end of year	$ 647	$ (573)	$ (1,306)	$ -	$ (1,232)

Eskaton and Subsidiaries
Eskaton Consolidating Schedule – Cash Flows
Year Ended December 31, 2022
(In Thousands)

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
Cash flows from operating activities:					
Change in net assets (deficit)	$ (490)	$ -	$ (219)	$ -	$ (709)
Adjustments to reconcile change in net assets to net cash used in operating activities:					
Depreciation	-	-	18	-	18
Change in operating assets and liabilities:	-	-	-	-	
Change in receivables	(37)	-	96	-	59
Change in deposits and prepaid expenses	-	-	(4)	-	(4)
Change in accounts payable	3	-	7	-	10
Change in accrued liabilities	9	-	26	-	35
Change in other liabilities	(4)	-	-	-	(4)
Net cash used in operating activities	(519)	-	(76)	-	(595)
Cash flows from investing activities:					
Expenditures for property and equipment	(50)	-	-	-	(50)
Net cash used in investing activities	(50)	-	-	-	(50)
Cash flows from financing activities:					
Net change in due to/due from related entities	545	-	(24)	-	521
Net cash provided by (used in) financing activities	545	-	(24)	-	521
Net decrease in cash, cash equivalents and restricted cash	(24)	-	(100)	-	(124)
Cash, cash equivalents and restricted cash, beginning of year	35	-	264	-	299
Cash, cash equivalents and restricted cash, end of year	$ 11	$ -	$ 164	$ -	$ 175

Eskaton and Subsidiaries
Supplementary Information – Social Responsibility (Unaudited)
Years Ended December 31, 2022 and 2021

Eskaton 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 provides the following community service programs:

Resident Assistance Funds – Eskaton 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 and net assets and family resources and eligible residents are provided a monthly assistance stipend to supplement available income as necessary.

Outreach & Impact (formerly Telephone Reassurance Program) – Eskaton owns and operates a telephone reassurance/home visitor program. The program is provided primarily by volunteers, is free to clients, and includes daily telephone calls and/or weekly home visits to isolated older adults.

Scholarship Commitments – During 2021 Eskaton committed $250,000 of scholarship funds to local colleges and universities to help develop a diverse workforce in the aging services industry. These scholarships are intended to help support and promote future leaders who are majoring in gerontology and nursing programs. These commitments will be paid over five years, including $50,000 paid in 2022.

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):

	2022	2021
Community sponsorships	$ 68	$ 50
Aging services sponsorships	95	33
Resident Assistance Funds	232	381
Outreach and impact	485	461
Total	$ 880	$ 925
Community service program operating statistics:		
Resident Assistance Funds:		
Months of assistance	48	289
Residents assisted	7	27
Telephone Reassurance Program:		
Telephone calls	50,291	40,042
Home visits	474	587

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PART 5

LIQUID RESERVES

Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community

December 31, 2022

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MOSSADAMS

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, 2022.

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, 2022, 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 5-1 – 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, and 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.

Moss Adams LLP

San Francisco, California
May 17, 2023

Continuing Care Liquid Reserve Schedules

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

FORM 5-1: LONG-TERM DEBT INCURRED IN PRIOR FISCAL YEAR (INCLUDING BALLOON DEBT)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	5/22/2012	$ 1,220,000	$ 1,457,000	$ -	$ 2,677,000
2	6/6/2013	$ 1,565,000	$ 1,991,000	-	3,556,000
3	12/1/2010	$ 285,000	$ 198,000	-	483,000
4					
5					
6					
7					
8					
	TOTAL:	$ 3,070,000	$ 3,646,000		$ 6,716,000

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

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

PROVIDER: Eskaton

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	8/31/2022	240,000	310,000	12	3,720,000
2					
3					
4					
5					
6					
7					
8					
	TOTAL:	$ 240,000	$ 310,000	12	$ 3,720,000

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

NOTE:

PROVIDER: Eskaton

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Form 5-3
Calculation of Long-Term Debt Reserve Amount

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$ 6,716,000
2	Total from Form 5-2 bottom of Column (e)	$ 3,720,000
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	$ -
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$ 10,436,000

PROVIDER: Eskaton

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Form 5-4
Calculation of Net Operating Expenses

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$ 30,902,000
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$ 1,527,000	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$ -	
	c.	Depreciation	$ 3,760,000	
	d.	Amortization	$ 7,000	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$ 9,695,000	
	f.	Extraordinary expenses approved by the Department	$ -	
3		Total Deductions		$ 14,989,000
4		Net Operating Expenses		$ 15,913,000
5		Divide Line 4 by 365 and enter the result.		$ 43,597.26
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$ 3,270,000

PROVIDER: Eskaton

COMMUNITY: Eskaton Village Carmichael

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$ 21,805,000
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$ 198,000	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$ -	
	c.	Depreciation	$ 1,631,000	
	d.	Amortization	$ 9,000	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$ 7,725,000	
	f.	Extraordinary expenses approved by the Department	$ -	
3		Total Deductions		$ 9,563,000
4		Net Operating Expenses		$ 12,242,000
5		Divide Line 4 by 365 and enter the result.		$ 33,539.73
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$ 2,515,000

PROVIDER: Eskaton

COMMUNITY: The Reutlinger Community

FORM 5-5: ANNUAL RESERVE CERTIFICATION

Provider Name: Eskaton
Fiscal Year Ended: December 31, 2022

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2022, and are in compliance with those requirements.

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

		Amount
[1]	Debt Service Reserve Amount	$ 10,436,000
[2]	Operating Expense Reserve Amount	$ 5,785,000
[3]	**Total Liquid Reserve Amount:**	$ 16,221,000

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	$ -	$ 12,678,000
[5]	Investment Securities	$ -	$ -
[6]	Equity Securities	$ 3,000,000	$ 48,173,000
[7]	Unused/Available Lines of Credit	$ -	$ -
[8]	Unused/Available Letters of Credit	$ -	$ -
[9]	Debt Service Reserve	$ 8,590,000	(not applicable)
[10]	Other:	$ -	$ -

Qualifying assets used in these reserves are described as follows:

Total Amount of Qualifying Assets

		Debt Service Reserve		Operating Reserve
Listed for Reserve Obligation:	[11]	$ 11,590,000	[12]	$ 60,851,000
Reserve Obligation Amount:	[13]	$ 10,436,000	[14]	$ 5,785,000
Surplus/(Deficiency):	[15]	$ 1,154,000	[16]	$ 55,066,000

Signature: Mark

(Authorized Representative)

Date: May 17, 2023

Chief Financial Officer
(Title)

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 Care Center Manzanita, Eskaton Care Center Fair Oaks, Eskaton Care Center Greenhaven, Eskaton Monroe Lodge, Eskaton Lodge Cameron Park, Eskaton Gold River Lodge, Eskaton Home Healthcare, Eskaton Village Carmichael, Eskaton Village Grass Valley, and Eskaton Village Roseville.

Note 2 – Long-Term Debt

On August 31, 2022, Eskaton issued Series 2022 Tax-Exempt Variable-Rate Revenue and Refunding Bonds ("Series 2022 Bonds") with principal and variable rate interest due monthly. The interest rate as of December 31, 2022, was 4.76%. The 2022 Bonds mature in 2037, but are held by Truist Commercial Equity, Inc. under a direct placement agreement that expires in 2029. Eskaton received total proceeds of $24,109,000 from the Series 2022 Bonds, which were used to pay costs of issuance and to defease the Series 2006 and 2008A Bonds, which originated on December 27, 2006 and April 10, 2008, respectively.

The amount of the most recent payment on the debt of $310,000 included on Form 5-2 represents the monthly principal and interest payment on the Series 2022 Bonds that was paid on December 1, 2022, and consists of $222,000 of principal and $88,000 of interest.

Supplementary Schedules

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Statement of Cash Flows – Direct Method
December 31, 2022

Cash flows from operating activities:	
Cash received from ILU contract residents	$ 23,579,000
Cash received from ALU contract residents	1,869,000
Cash received from SNF contract residents	1,796,000
Cash received from non-contract residents	8,778,000
Cash received from other revenue	927,000
Cash received from investment income	154,000
Cash paid for interest	(1,527,000)
Cash paid for other operating expenses	(25,442,000)
Net cash provided by operating activities	10,134,000
Cash flows from investing activities:	
Purchases of assets limited as to use	(2,717,000)
Proceeds from sale of assets limited as to use	2,677,000
Purchases of investments	(1,030,000)
Proceeds from sale of investments	919,000
Expenditures for capital maintenance	(1,910,000)
Net cash used in investing activities	(2,061,000)
Cash flows from financing activities:	
CCRC contracts refunded	(137,000)
Change in deposits on unoccupied CCRC units	(87,000)
Proceeds from issuances of long-term debt	2,579,000
Principal payments on long-term debt	(4,166,000)
Debt issuance costs	(57,000)
Change in due from related party - current year cash flow	(6,191,000)
Net cash used in financing activities	(8,059,000)
Net change in cash	14,000
Cash, cash equivalents, and restricted cash at December 31, 2021	230,000
Cash, cash equivalents, and restricted cash at December 31, 2022	$ 244,000

PROVIDER: Eskaton
COMMUNITY: Eskaton Village Carmichael

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Statement of Cash Flows – Direct Method (Continued)
December 31, 2022

Cash flows from operating activities:	
Cash received from ALU contract residents	$ 7,202,000
Cash received from SNF contract residents	1,347,000
Cash received from non-contract residents	7,193,000
Cash received from other revenue	1,075,000
Cash received from investment income	127,000
Cash paid for interest	(198,000)
Cash paid for other operating expenses	(19,336,000)
Net cash used in operating activities	(2,590,000)
Cash flows from investing activities:	
Purchases of investments	(9,671,000)
Proceeds from sale of investments	15,896,000
Expenditures for capital maintenance	(547,000)
Net cash used in investing activities	5,678,000
Cash flows from financing activities:	
CCRC contracts refunded	(10,000)
Principal payments on long-term debt	(285,000)
Change in due from related party - current year cash flow	(2,378,000)
Net cash provided by financing activities	(2,673,000)
Net change in cash	415,000
Cash, cash equivalents, and restricted cash at December 31, 2021	378,000
Cash, cash equivalents, and restricted cash at December 31, 2022	$ 793,000

PROVIDER: Eskaton
COMMUNITY: The Reutlinger Community

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Supplementary Form 5-1 – Reconciliation to Audit Report
December 31, 2022

Cash payments for interest - Obligated Group (per consolidated financial statements)	$ 4,136,000
Cash payments for interest - The Reutlinger Community (per consolidated financial statements)	198,000
Less: Cash payments for interest for 2022 Bonds	(240,000)
Less: Cash payments for interest for 2006 and 2008A Bonds refinanced as of December 31, 2022	(448,000)
Cash paid for interest	$ 3,646,000
Cash payments for principal - Obligated Group (per consolidated financial statements)	$ 28,275,000
Cash payments for principal - The Reutlinger Community (per consolidated financial statements)	285,000
Less: Cash payments for principal for 2022 Bonds	(665,000)
Less: Cash payments for principal for 2006 and 2008A Bonds refinanced as of December 31, 2022	(24,825,000)
Cash paid for principal	$ 3,070,000

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Supplementary Form 5-4 – Reconciliation to Audit Report
December 31, 2022

Cash received from non-contract residents (per Statement of Cash Flows - Direct Method)	$	8,778,000
Cash received from other revenue (per Statement of Cash Flows - Direct Method)		927,000
Less: Cash receipts from government grant revenue		(10,000)
Reimbursements for services to persons who did not have a CCRC contract	$	9,695,000

Independent living reimbursements for services to non-contract residents	$	468,000
Assisted living reimbursements for services to non-contract residents		3,034,000
Skilled nursing reimbursements for services to non-contract residents		5,276,000
Reimbursements for non-resident services		917,000
Reimbursements for services to persons who did not have a CCRC contract	$	9,695,000

PROVIDER: Eskaton
COMMUNITY: Eskaton Village Carmichael

Cash received from non-contract residents (per Statement of Cash Flows - Direct Method)	$	7,193,000
Cash received from other revenue (per Statement of Cash Flows - Direct Method)		1,075,000
Less: Cash receipts from contributions		(543,000)
Reimbursements for services to persons who did not have a CCRC contract	$	7,725,000

Assisted living reimbursements for services to non-contract residents	$	268,000
Skilled nursing reimbursements for services to non-contract residents		6,925,000
Reimbursements for non-resident services		532,000
Reimbursements for services to persons who did not have a CCRC contract	$	7,725,000

PROVIDER: Eskaton
COMMUNITY: The Reutlinger Community

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Supplementary Form 5-5 – Description of Reserves Under SB 1212
December 31, 2022

Financial Statements and Footnote Description	Eskaton	Obligated Group	The Reutlinger Community	Total	Qualifying Asset Description (Form 5-5)
Cash and cash equivalents	$ 175,000	$ 10,705,000	$ 778,000	$ 11,658,000	[4] Cash and cash equivalents
Investments - cash and short-term investments	-	1,020,000		1,020,000	[4] Cash and cash equivalents
Investments - equity securities and mutual funds	-	48,173,000		48,173,000	[6] Equity securities
	$ 175,000	$ 59,898,000	$ 778,000	$ 60,851,000	**Operating Reserve**
Investments - equity securities and mutual funds	$ -	$ 3,000,000	$ -	$ 3,000,000	[6] Equity securities
Assets limited as to use - cash and short-term investments	-	478,000	-	478,000	[9] Debt service reserve
Assets limited as to use - U.S. Treasury notes, government securities, and other corporate debt securities	-	8,112,000	-	8,112,000	[9] Debt service reserve
	$ -	$ 11,590,000	$ -	$ 11,590,000	**Debt Service Reserve**
Total	$ 175,000	$ 71,488,000	$ 778,000	$ 72,441,000	

Reconciliation to Audited Financial Statements	Eskaton	Obligated Group	The Reutlinger Community	Total
Cash and cash equivalents	$ 175,000	$ 10,705,000	$ 778,000	$ 11,658,000
Assets limited as to use, required for current liabilities	-	534,000	-	534,000
Assets limited as to use, net of amount required for current liabilities	-	8,056,000	-	8,056,000
Investments, current	-	52,193,000	-	52,193,000
	$ 175,000	$ 71,488,000	$ 778,000	$ 72,441,000
Total amount of qualifying assets as filed for operating reserve	$ 175,000	$ 59,898,000	$ 778,000	$ 60,851,000
Total amount of qualifying assets as filed for debt service reserve	-	11,590,000	-	11,590,000
	$ 175,000	$ 71,488,000	$ 778,000	$ 72,441,000

Per Capita Cost of Operations	Eskaton Village Carmichael	The Reutlinger Community
Operating expenses (Form 5-4, line 1)	$ 30,902,000	$ 21,805,000
Mean Number of CCRC Residents	445.00	112.00
Per Capita Cost of Operations	$ 69,443	$ 194,688

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community

Supplementary Form 5-5 – ALATU – Composition of Assets

December 31, 2022

	Total	Cash and ST Investments	U.S. Treasury Notes, Government Securities, and Other Corporate Debt Securities
2012 Bonds	$ 4,239,000	$ 244,000	$ 3,995,000
2013 Bonds	4,351,000	234,000	4,117,000
TOTAL DEBT SERVICE RESERVE	$ 8,590,000	$ 478,000	$ 8,112,000

PROVIDER: Eskaton

MOSSADAMS

PART 6

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 4/28/2023

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: 95.3%

Type of Ownership: ☑ Not for Profit ☐ For Profit

Accredited? ☐ Yes By: ☑ No

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

Refund Provisions: (Check all that apply) ☐ Refundable ☑ 90% ☐ 50% ☑ Repayable ☐ 75% ☑ Other: Fully amortized

Range of Entrance Fees: $135,000 - $ 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 attachment to disclosure worksheet.

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
Beauty/Barber Shop	☑	☑
Billiard Room	☑	☐
Bowling Green	☐	☐
Card Rooms	☑	☐
Chapel	☑	☐
Coffee Shop	☑	☑
Craft Rooms	☑	☐
Exercise Room	☑	☐
Golf Course Access	☐	☐
Library	☑	☐
Putting Green	☑	☐
Shuffleboard	☐	☐
Spa	☑	☐
Swimming Pool – Indoor	☑	☐
Swimming Pool – Outdoor	☐	☐
Tennis Court	☐	☐
Workshop	☑	☐
Other: Garden Area	☑	☐

Services Available	Included in Fee	For Extra Charge
Housekeeping (4 Times/ Month at $_______each)	☑	☐
Meals (3 /Day)	☑	☐
Special Diets Available	☑	☐
24-Hour Emergency Response	☑	☐
Activities Program	☑	☐
All Utilities Except Phone	☑	☐
Apartment Maintenance	☑	☐
Cable TV	☑	☐
Linens Furnished	☑	☐
Linens Laundered	☑	☐
Medication Management	☐	☑
Nursing/Wellness Clinic	☑	☐
Personal Home Care	☐	☑
Transportation – Personal	☐	☑
Transportation – Prearranged	☑	☐
Other: 24 hour security	☑	☐

PROVIDER NAME: ESKATON

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
The Reutlinger Community	Danville, CA	925-648-2800

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)
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 Lodge Granite Bay	Granite Bay, CA	916-789-0326

INDEPENDENT LIVING	LOCATION (City, State)	PHONE (with area code)
Eskaton Monroe Lodge	Sacramento, CA	916-441-1015

FREE-STANDING ASSISTED LIVING	LOCATION (City, State)	PHONE (with area code)
Eskaton Lodge Gold River	Gold River, CA	916-852-7900
Eskaton Lodge Cameron Park	Cameron Park, CA	530-672-8900

FREE-STANDING SKILLED NURSING	LOCATION (City, State)	PHONE (with area code)
Eskaton Care Center Manzanita	Carmichael, CA	916-331-8513
Eskaton Care Center Fair Oaks	Fair Oaks, CA	916-965-4663
Eskaton Care Center Greenhaven	Sacramento, CA	916-393-2550

SUBSIDIZED SENIOR HOUSING	LOCATION (City, State)	PHONE (with area code)

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

Provider Name: Eskaton (Eskaton Village Carmichael)

Income and Expenses [Year]	2019	2020	2021	2022
Income from Ongoing Operations Operating Income (Excluding amortization of entrance fee income)	145,886	142,630	148,382	153,525
Less Operating Expenses (Excluding depreciation, amortization, and interest)	132,672	146,460	150,848	155,738
Net Income From Operations	13,214	(3,830)	(2,466)	(2,213)
Less Interest Expense	(5,868)	(5,424)	(4,913)	(5,029)
Plus Contributions	144	4,043	562	734
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	9,188	10,313	15,254	(13,369)
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	16,678	5,102	8,437	(19,877)
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	2,764	1,762	1,300	3,541

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

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
2022 Bonds	$23,446,000	4.00%	Aug-22	2029	15 years
2013 Bonds	$38,250,000	2 -5.00%	Jun-13	2035	22 years
2012 Bonds	$26,815,000	2 -5.25%	May-12	2034	22 years
First Republic Bank	$4,852,251	3.85%	Dec-10	2035	25 years

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

Financial Ratios [Year]	**CCAC Medians 50th Percentile** *(optional)*	2020	2021	2022
Debt to Asset Ratio		44.99%	35.82%	45.17%
Operating Ratio		103.68%	104.84%	104.72%
Debt Service Coverage Ratio		1.51	1.23	(1.15)
Days Cash On Hand Ratio		216	226	151

Provider Name: Eskaton (Eskaton Village Carmichael)

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

Residence/Service [Year]	2019	%	2020	%	2021	%	2022	%
Studio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
One Bedroom	4,280	3.75%	4,430	3.50%	4,630	4.50%	4,854	4.85%
Cottage/House	5,759	3.75%	5,960	3.50%	6,228	4.50%	6,531	4.85%
Assisted Living	6,607	3.75%	5,803	3.50%	6,064	4.50%	6,358	4.85%
Skilled Living	11,430	3.75%	12,211	3.50%	12,766	4.50%	13,387	4.85%
Special Care	8,390	3.75%	7,527	3.50%	7,866	4.50%	8,248	4.85%

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

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

Days Cash On Hand Ratio

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

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

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

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.

2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.

3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.

4. Check *each* of the appropriate boxes.

5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

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

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

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

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

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1.	Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	$4,485-6,880	$6,138-7,331	$8248-10,627	12960-15450
2.	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.85%	4.85%	4.85%	4.85%

☐ Check here if monthly care fees at this community were not 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: 01/01/2022
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

☑ Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.

☑ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
Date of Notice: 11/01/2021 **Method of Notice:** Letters to residents

☑ At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 11/01/2021

☑ 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.

☑ The Provider distributed the documents to all residents by [Optional - check all that apply]:

- ☐ Emailed the documents to those residents for whom the provider had email addresses on file
- ☑ Placed hard copies in resident cubby
- ☑ Placed hard copies at designated locations
- ☑ Provided hard copies to residents upon request, and/or
- ☐ Other: [please describe] ______________________
- ☑ **Date of Notice:** 11/01/2021

☑ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
Date of Notice: 10/15/2021

☑ 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: 10/15/2021 **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 cost of providing services, reasonable operating margins necessary to ensure the sustainability of the community, and the organizational mission. The cost of providing 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 4.85% for all levels of care in 2022. 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 5.00% in 2022 due to minimum wage requirements in California increasing by 8% (from $14.00 per hour to $15.00 per hour) and the indirect effects that increase 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 2021 (the period when the budget was finalized) reflected an increase of 3.8% to 6.3% for San Francisco-Oakland-Hayward and Western Cities with populations under 2.5 million, the market areas most relevant to Sacramento, California.

The projected 2022 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 2022 MONTHLY CARE FEE INCREASE (MCFI) (in thousands)
ESKATON VILLAGE CARMICHAEL

		2020	2021	2022
1	2020 Operating Expenses (audited)	(28,565)		
2	2021 Operating Expenses		(29,494)	
3	Projected 2022 Operating Expenses			(30,492)
4	Projected 2022 Revenue without a MCFI			34,123
5	Projected 2022 Net Operating Income without a MCFI			3,631
6	Projected 2022 Revenue with MCFI 4.85%			35,399
7	Projected 2022 Net Operating Income After 4.85% MCFI			4,907

Monthly Care Fee Increase: 4.85%

Notes:
Total increase in revenues related to monthly care fee increase is estimated at $1,276,000
Total projected increase in expenses is estimated at $ 998,000
EVC 2022 principal due on debt was $1,566,000

Welcome

Eskaton Village Carmichael

2022 Budget Review Meeting

October 29, 2021

ESKATON
Transforming the Aging Experience

2022 Budget Review Meeting

AGENDA

1. Budget Development Considerations
2. Occupancy Statistics
3. Final 2022 Budget *vs.* 2021 Budget
4. Capital Overview 2022
5. 8-year Rate History
6. Increase for 2022
7. Questions

2022 Budget Review Meeting

Budget Development Considerations

Revenue

2022 Budget Review Meeting

Budget Development Considerations

ILU Revenue

- Despite COVID-19, in ILU, strong census during 2021 keeps us optimistic for 2022
- YTD occupancy is 97.4% versus budget of 96.9%
- YTD as of 9/30/21 there have been 23 resales – 3.25 less than budget
- Number of ILU memberships for sale is currently 7

2022 Budget Review Meeting

Budget Development Considerations

ILU Revenue

- For 2022, we are budgeting for occupancy of 97.3%, which is slightly higher than the 97.0%, budgeted for 2021. (8 empty units versus 9 vacant units)
- Very strong pipeline- 70 prospective residents at various stages of the approval process

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2022 Budget Review Meeting

Budget Development Considerations

ALU Revenue

- Despite COVID-19, in ALU, we're optimistic census will be strong in 2022 with our **new sales counselor** and as residents continue to recognize benefits of transferring for assistance with ADLs.

- YTD as of 9/30/21 census has been 75.0% versus a budgeted census of 95.6%. Has since rebounded and was recently 97%.

- For 2022, we are budgeting for occupancy of 94.7% for the first nine months and 97.4% for the last three months, which equals 2 and1 vacant unit respectively.

2022 Budget Review Meeting

Budget Development Considerations

MCU Revenue

- ILU and ALU residents continue to recognize the benefits of the care and programming in MCU
- YTD as of 9/30/21 census has been 71.2% versus a budgeted census of 88.4%
- For 2022, we are budgeting for gradual increase in occupancy from 90% to 95%. Recent occupancy was 90%.

2022 Budget Review Meeting

Budget Development Considerations

Care Center Census/Revenue

- The COVID-19 situation has had a big impact on skilled nursing, but we are doing better than planned as various restrictions have eased.
- Year-to-date, census has been 80.4% versus budget of 77.4%

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2022 Budget Review Meeting

Budget Development Considerations

Care Center Census/Revenue

- We are still required to keep a "red" room on hold for potential COVID cases, limiting our ability to fill all beds at the same time.

2022 Budget Review Meeting

Budget Development Considerations

Care Center Census/Revenue

- Very minimal changes in Medicare and Medi-Cal reimbursement rates (SNF) respectively:
  - Medicare $806 to $813
  - Medi-Cal $360 to ?
  - For 2022, we are budgeting for gradual increase in census from January (85.7%) to December (94.3%)
    - 30 to 33 out of 35 beds filled

2022 Budget Review Meeting

Budget Development Considerations

Expenses

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2022 Budget Review Meeting

Budget Development Considerations

Expenses

- Department managers continue to practice good expense control
- 2022 budget based upon 2021 actual experience, as well as various assumptions, including:
  - Continued expense impact of COVID-19 pandemic
  - Projected inflationary and supply chain factors
  - Governmental mandates for employee wages and benefits
  - Overall wage pressure given current worker shortages

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Budget Development Considerations

Expenses

- Additional important considerations:
  - No reduction in programs or services in 2022
    - Some continued modifications due to COVID-19
  - No increase in Home Office overhead

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2022 Budget Review Meeting

Budget Development Considerations

Expenses

- Wages & Salaries: Budgeting for an overall 4.5% increase for existing positions. Impacted by:

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- ***Wages & Salaries impacted by:***
- Minimum wage rising from $14.00 to $15.00 on January 1
- "Ripple effect"

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- ***Wages & Salaries impacted by (cont.):***
- Longevity Increases
- Market rate increases when appropriate
- Merit-based 3% (0% - 6%) annual increase for employees

2022 Budget Review Meeting

Budget Development Considerations

Expenses - Staffing

- For 2022, we added positions:
  - ALU/MCU Sales Counselor
  - Infection Control RN in Care Center

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- California Paid Sick Leave, which requires 24 hours of paid sick leave for all employees, is still in effect.

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- All told:
- Wages and salaries increasing by $443,988
- Payroll taxes and benefits increasing by $67,885

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- Other expenses:
  - Eskaton Health Plan: 14.75% of salaries. Same as 2021
  - Worker's Compensation: 6.0% of salaries. In 2021 it was 6.75%

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- Other expenses:
  - Supplies: Increasing budget by 2.1%.
    - Even with continued COVID-19 costs and inflation, we will endeavor to obtain best possible pricing for goods and services

2022 Budget Review Meeting

Budget Development Considerations

Expenses

- Other expenses:
  - Food: Working with Morrison to keep increases in food service costs reasonable in 2022
  - Likely rolling out POS system to increase efficiency and decrease FTEs
  - No changes in quality
  - Total Morrison contract cost about $4M

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2022 Budget Review Meeting

Budget Development Considerations

Expenses

- Other expenses:
  - Purchased Services: 3.5% increase.
    - Includes: Repair and Maintenance, Morrison, HVAC, Landscaping, Advertising and Marketing, Pool, Fire Systems, Activities, Entertainment, Copy Machines, Printers
    - Cost of K4 Connect is about $130,000 per year.
  - Utilities: 4.54% increase due to rising utility costs. Total utility budget for 2022 is over $1.8M

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2022 Budget Review Meeting

Budget Development Considerations

Expenses

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

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2022 Budget Review Meeting

Eskaton Village Carmichael

2022 Final Budget Comparison

	2021 Budget	2022 Budget	% Change
Revenue	33,930,494	36,633,597	7.97%
Operating Expenses	23,631,656	24,775,706	4.84%
Operating Margin	10,298,838	11,857,891	15.14%
Total Fixed Expenses	5,769,906	5,715,947	(0.94%)
Net Operating Income	4,528,932	6,141,944	31.4%

2022 Budget Review Meeting

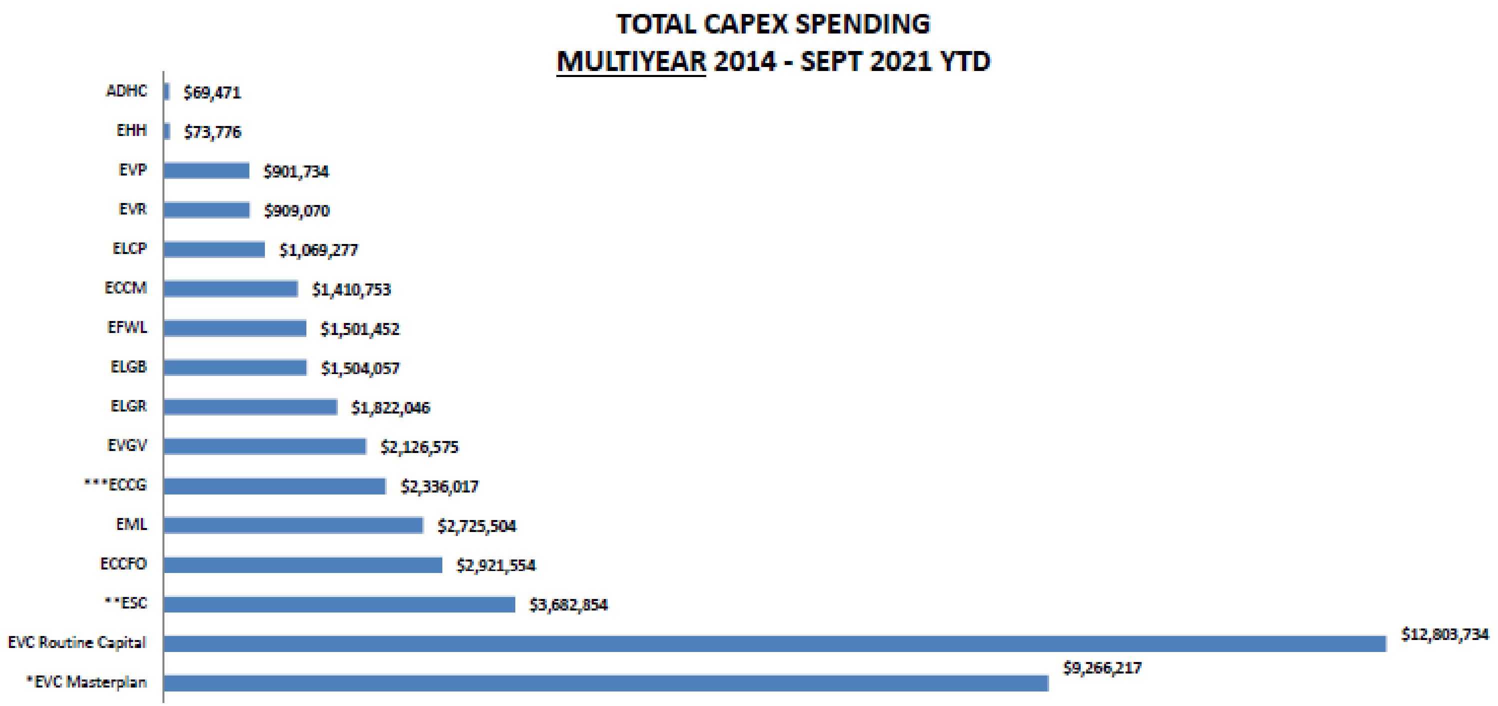
Capital Budget Plan

2022 Budget Review Meeting

Capital Budget Plan

- Fewer indoor capital projects in 2021 due to COVID-19
- 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

2022 Budget Review Meeting



EVC= $22,069,951

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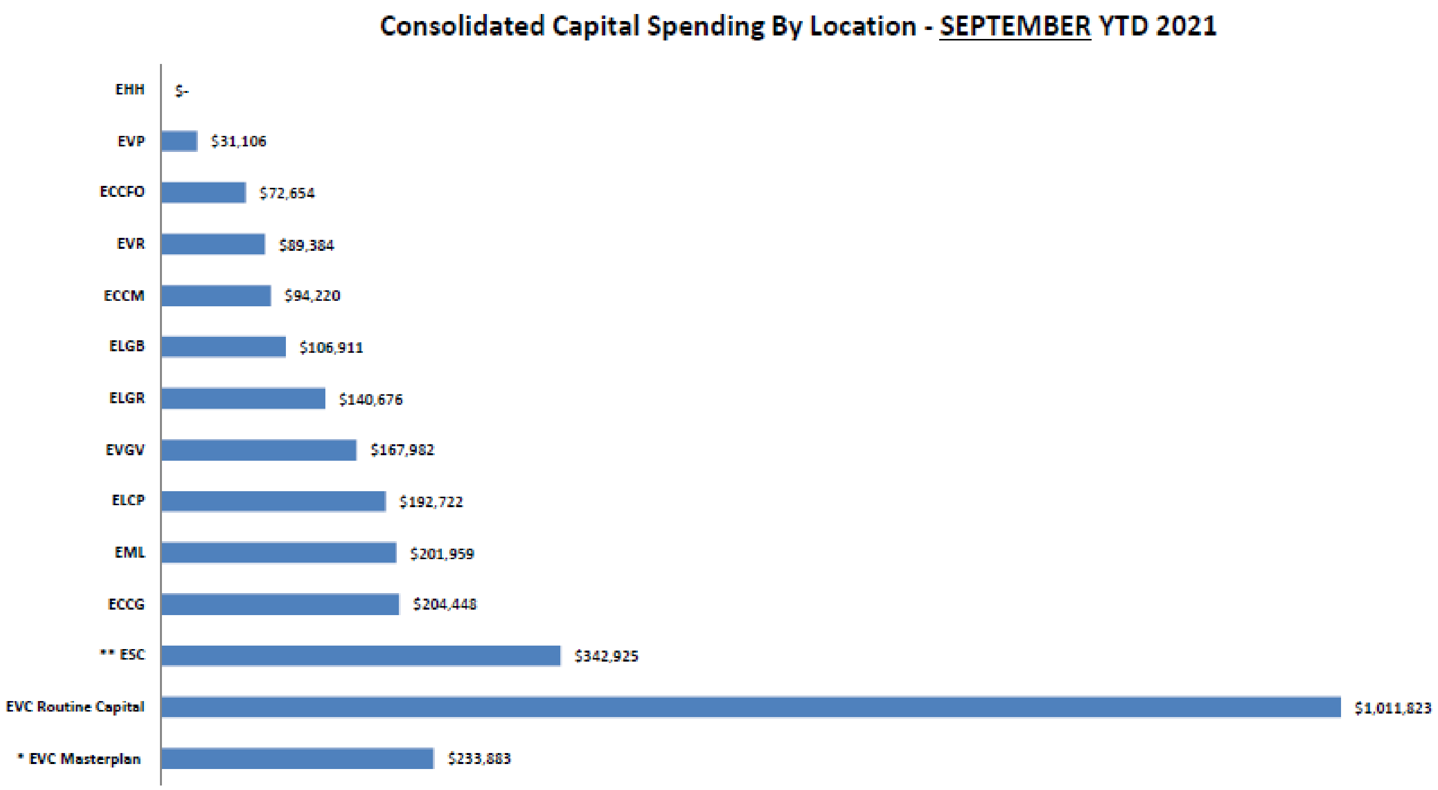
2022 Budget Review Meeting



EVC = $1,245,706

2022 Budget Review Meeting

Capital Budget Plan

- Projects completed or in-progress for 2021 include but not limited too:

- ILU cottage and apartment renovations

- Landscape improvements

- New Outdoor furniture

- New kitchen equipment
  - Braising Pan ($21,000)
  - Hot Boxes/Holding Cabinets for Main Kitchen

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2022 Budget Review Meeting

Capital Budget Plan

- Projects completed or in-progress for 2021 include but not limited too (continued):

- EVC Main Kitchen Dishwasher Installation

- Compressor Chiller #2 Replacement ($75,000)

- ILU Boilers 1-4 ($166,000)

- Halo Fogger for SNF ($11,000)

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2022 Budget Review Meeting

Capital Budget Plan

- Projects completed or in-progress for 2021 include but not limited too (continued):
- Movie Room Chairs ($22,500)
- EVC (6) ADA Automatic Door Operators ($26,000)
- Replacement of HVAC Controls System ($250,000)
- iN2L Mobile Display and Services for ALU and MCU ($22,000)

2022 Budget Review Meeting

Capital Budget Plan

- Anticipated projects for 2022 include:

- Continue ILU cottage and apartment renovations.
- Continued landscape improvements
- New ALU building and parking lot by MCU
- Refurbishing of art studio, chapel, craft room and fitness room in apartment building

2022 Budget Review Meeting

Capital Budget Plan

Anticipated projects for 2022 include (con’t):

- Refurbishing of life enrichment office
- Refurbishing of resident meeting room(s)
- More Drainage and concrete repair projects
- Remodel inside of guard shack

2022 Budget Review Meeting

Capital Budget Plan

Anticipated projects for 2022 include (con't):

- Replacement of aged kitchen equipment
- Proactive replacement of HVAC units
- Replacement indoor and outdoor signage
- Electric Vehicle Charging Stations
- Upgrade street lights to LEDs

2022 Budget Review Meeting

Capital Budget Plan

Anticipated projects for 2022 include (con't):

- Refurbishment of patient rooms in care center
- Refurbishment of ALU dining room and library
- Replace MCU Living Room furniture
- Replacement vehicles and golf carts
- Remodel ALU lobby

2022 Budget Review Meeting

Eskaton Village Carmichael

8-Year Historical Summary

Annual Rate Increases

2014	2.90%
2015	3.50%
2016	4.50%
2017	3.00%
2018	3.80%
2019	3.75%
2020	3.50%
2021	4.50%
Average	3.68%

2022 Budget Review Meeting

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2022 Budget Review Meeting

Rate Increase for 2022

4.85%

ILU, ALU, MCU and Care Center

2022 Budget Review Meeting

Ancillary Fee Increase for 2022

Approximately 4.85%

ILU, ALU, MCU and Care Center

(i.e., Guest meals, guest rooms, extra housekeeping/maintenance, etc.)

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Thank You