PARADISE VALLEY
ESTATES

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
DBA PARADISE VALLEY ESTATES

STATE OF CALIFORNIA DEPARTMENT OF SOCIAL SERVICE

ANNUAL REPORT

CONTINUING CARE LICENSING DIVISION
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

PART 1

ANNUAL PROVIDER FEES

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	533
[2]	Number at end of fiscal year	499
[3]	Total Lines 1 and 2	1,032
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	516
	All Residents	
[6]	Number at beginning of fiscal year	555
[7]	Number at end of fiscal year	518
[8]	Total Lines 6 and 7	1,073
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	536.5
[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).	96.18%

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service – interest only)		37,652,798
[a]	Depreciation	4,919,513	
[b]	Debt Service (Interest Only)	1,080,569	
[2]	Subtotal (add Line 1a and 1b)		6,369,925
[3]	Subtract Line 2 from Line 1 and enter result.		31,652,716
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		96.18%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		30,443,582
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		30,443.58

PROVIDER: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
COMMUNITY: PARADISE VALLEY ESTATES

PART 2

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PARADISE VALLEY

ESTATES

April 27, 2021

State of California
Continuing Care Contracts Branch
California Department of Social Services
744 P. Street, M.S. 9-14-91
Sacramento, California 95814

This Certification Notice is submitted by the Northern California Retired Officers Community, dba Paradise Valley Estates; to The State of California, Community Care Licensing Division, Continuing Care Contracts Branch, pursuant to the requirements of the Continuing Care Contract Annual Reserve Report, for the year ended December 31, 2020.

To the best of my knowledge, after a review of the enclosed information, I certify the following to be true, complete and correct:

1. The Annual Report is correct.

2. Each continuing care contract form in use or offered for new residents has been approved by the Department.

3. The required reserves are being maintained.

Authorized Representative

K L Burke

Kevin L. Burke
Chief Executive Officer

PART 3

EVIDENCE OF FIDELITY BOND

Client#: 1565789 NORTHCAL8

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/29/2020

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

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

PRODUCER
USI Insurance Services, LLC
10940 White Rock Rd 2nd Fl
Rancho Cordova, CA 95670
916 589-8000

CONTACT NAME: Alicia Montore
PHONE (A/C, No, Ext): 916 589-8000 FAX (A/C, No):
E-MAIL ADDRESS: alicia.montore@usi.com

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A :	Arch Specialty Insurance Company	21199
INSURER B :	Ironshore Specialty Insurance Co	25445
INSURER C :	Great American Alliance Insurance Co.	26832
INSURER D :	Nationwide Mutual Insurance Company	23787
INSURER E :		
INSURER F :		

INSURED
Northern California Retired Officers Co
2600 Estates Drive
Fairfield, CA 94533

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY			ALCGL00001102	12/01/2020	12/01/2021	EACH OCCURRENCE	$1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$1,000,000
							MED EXP (Any one person)	$25,000
							PERSONAL & ADV INJURY	$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$3,000,000
	POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$3,000,000
	OTHER:							$
D	AUTOMOBILE LIABILITY			ACPBA3029611283	12/01/2020	12/01/2021	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	$
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	$
	X HIRED AUTOS ONLY / X NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	$
								$
B	X UMBRELLA LIAB X OCCUR			HC7AAB5CXS001	12/01/2020	12/01/2021	EACH OCCURRENCE	$10,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$10,000,000
	DED X RETENTION $0							$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WCE55348101	01/01/2021	01/01/2022	X PER STATUTE / OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N: N (Mandatory in NH)	N / A					E.L. EACH ACCIDENT	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE	$1,000,000
							E.L. DISEASE - POLICY LIMIT	$1,000,000

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

CERTIFICATE HOLDER

Northern California Retired
Officers Community
2600 Estates Drive
Fairfield, CA 94533

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

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Client#: 1565789 NORTHCAL8

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/03/2020

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PRODUCER
USI Insurance Services, LLC
10940 White Rock Rd 2nd Fl
Rancho Cordova, CA 95670
916 589-8000

CONTACT NAME: Alicia Montore
PHONE (A/C, No, Ext): 916 589-8000 FAX (A/C, No):
E-MAIL ADDRESS: alicia.montore@usi.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Federal Insurance Company	20281
INSURER B : HSB Specialty Insurance Company	14438
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Northern California Retired Officers Community
2600 Estates Drive
Fairfield, CA 94533

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N; ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	D & O			82487674	12/01/2020	12/01/2021	$5,000,000 w/$25K Ded	
B	Cyber Liab.			660622701	12/01/2020	12/01/2021	$2,000,000 w/$5K Ded	
A	Crime			82487674	12/01/2020	12/01/2021	$1,000,000 w/$10K Ded	

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

CERTIFICATE HOLDER
Northern California Retired
Officers Community
2600 Estates Drive
Fairfield, CA 94533

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

AUTHORIZED REPRESENTATIVE

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Client#: 1565789 NORTHCAL8

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/02/2020

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E-MAIL ADDRESS: alicia.montore@usi.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : RSUI Indemnity Company	22314
INSURER B : Federal Insurance Company	20281
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Northern California Retired Officers Community
2600 Estates Drive
Fairfield, CA 94533

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

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	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY / SCHEDULED AUTOS HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Excess D & O			NHS690662	12/01/2020	12/01/2021	$5,000,000 w/ $25K Ded	
B	EPLI incl 3-Party			82487674	12/01/2020	12/01/2021	$2,000,000 w/ $100K Ded	
B	Fiduciary Liab.			82487674	12/01/2020	12/01/2021	$2,000,000 no Ded	

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

CERTIFICATE HOLDER

Northern California Retired
Officers Community
2600 Estates Drive
Fairfield, CA 94533

CANCELLATION

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AUTHORIZED REPRESENTATIVE

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PART 4

AUDITED FINANCIAL STATEMENTS

Report of Independent Auditors and Financial Statements

PARADISE VALLEY ESTATES

December 31, 2020 and 2019

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

To the Board of Directors
Northern California Retired Officers Community d.b.a. Paradise Valley Estates

Report on the Financial Statements

We have audited the accompanying financial statements of Northern California Retired Officers Community d.b.a. Paradise Valley Estates (a California nonprofit public benefit Company) ("NCROC"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern California Retired Officers Community d.b.a. Paradise Valley Estates, as of December 31, 2020 and 2019, and the result 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.

Moss Adams LLP

San Francisco, California
March 19, 2021

Financial Statements

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,022,015	$ 2,937,957
Accounts receivable	296,321	390,903
Entrance fees receivable	212,000	782,500
Assets whose use is limited for current debt service	5,520,438	5,654,704
Restricted deposits	2,626,023	2,174,446
Investments	48,736,917	44,776,128
Prepaid expenses	1,322,338	1,052,974
Inventory	111,377	91,275
Pledges receivable	-	60,000
Total current assets	61,847,429	57,920,887
Assets whose use is limited for construction and debt service, net of current portion	42,387,076	80,751,936
Property and equipment, net	158,918,124	115,515,618
Other	5,138,713	5,322,945
Total assets	$ 268,291,342	$ 259,511,386
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 7,703,176	$ 3,757,166
Accrued personnel expenses	1,220,410	907,003
Accrued compensated annual leave	1,177,297	872,877
Other accrued liabilities	1,223,950	769,552
Accrued interest	2,751,422	2,822,797
Current portion of revenue bonds and notes payable	3,236,420	2,955,000
Refundable deposits	2,626,023	2,174,446
Total current liabilties	19,938,698	14,258,841
Revenue bonds and notes payable, net	141,189,396	141,448,734
Charitable remainder annuity trusts	44,601	42,058
Refundable entrance fees	9,033,573	8,058,833
Unearned entrance fees	61,082,495	65,437,655
Total liabilities	231,288,763	229,246,121
Net assets		
Without donor restriction	34,913,315	28,625,598
With donor restriction	2,089,264	1,639,667
Total net assets	37,002,579	30,265,265
Total liabilities and net assets	$ 268,291,342	$ 259,511,386

Statements of Activities and Changes in Net Assets
Years Ended December 31, 2020 and 2019

	2020	2019
Change in net assets without donor restriction		
Revenues		
Resident services	$ 19,502,185	$ 18,915,306
Health services	7,317,620	7,893,913
Amortization of entrance fees	8,449,120	7,627,555
Investment income	3,859,938	4,311,016
Unrealized change in value of investments	3,137,828	5,210,601
Other operating income	1,280,317	847,365
	43,547,008	44,805,756
Net assets released – restricted purpose met	135,079	309,574
Total unrestricted revenues	43,682,087	45,115,330
Operating expenses		
Salaries and benefits	20,475,952	19,591,402
Supplies	3,337,828	3,236,892
Other purchased services	1,218,207	1,206,175
Marketing and advertising	1,213,965	1,247,509
Repairs and maintenance	611,400	689,752
Utilities	2,439,769	2,351,914
Bad debt expense	-	29,972
Depreciation and amortization	4,919,513	4,594,668
Interest	1,080,569	1,252,208
Other operating expenses	2,355,595	2,555,702
Total operating expenses	37,652,798	36,756,194
Income from operations	6,029,289	8,359,136
Nonoperating income (expense)		
Unrealized change in value of investments	258,428	(346,359)
Total nonoperating income (expense)	258,428	(346,359)
Change in net assets without donor restriction	6,287,717	8,012,777
Change in net assets with donor restriction		
Restricted contributions	584,676	321,605
Net assets released – restricted purpose met	(135,079)	(309,574)
Change in net assets with donor restriction	449,597	12,031
Change in total net assets	6,737,314	8,024,808
Net assets, beginning of year	30,265,265	22,240,457
Net assets, end of year	$ 37,002,579	$ 30,265,265

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from residents	$ 26,914,387	$ 26,943,559
Contributions and miscellaneous revenue	1,927,536	1,127,826
Unearned entrance fees received from residents	5,373,199	10,494,320
Refund of unearned entrance fees	(708,739)	-
Investment income received	3,859,938	4,311,016
Interest paid, net of amount capitalized	(1,638,106)	(1,775,257)
Cash paid to suppliers and employees	(29,926,202)	(30,761,291)
Net cash provided by operating activities	5,802,013	10,340,173
Cash flows from investing activities		
Net change in assets whose use is limited	16,779,733	(26,304,869)
Proceeds from sale of investments	36,399,568	32,734,570
Purchase of investments	(36,886,833)	(37,432,849)
Proceeds from sale of property and equipment	-	3,000
Purchase of property and equipment	(44,549,107)	(29,268,641)
Net cash used in investing activities	(28,256,639)	(60,268,789)
Cash flows from financing activities		
Payments on revenue bonds	(2,955,000)	(2,825,000)
Proceeds from debt issuance, net	3,328,396	98,939,302
Refundable entrance fees received	1,814,580	2,010,020
Refund of refundable entrance fees	(839,840)	(473,926)
Net cash provided by financing activities	1,348,136	97,650,396
Net change in cash, cash equivalents and restricted cash	(21,106,490)	47,721,780
Cash, cash equivalents and restricted cash, beginning of year	57,607,740	9,885,960
Cash, cash equivalents and restricted cash, end of year	$ 36,501,250	$ 57,607,740

See accompanying notes.

	2020	2019
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 6,737,314	$ 8,024,808
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of unearned entrance fees	(8,449,120)	(7,627,555)
Amortization of deferred financing costs	156,842	148,199
Depreciation and amortization	4,578,439	4,289,203
Net unearned entrance fees received	4,093,960	10,422,820
Unrealized gain on investments	(3,396,256)	(4,864,242)
Loss (gain) on disposal of property and equipment	41	(2,736)
Amortization of bond premium	(508,156)	(454,580)
(Increase) decrease in assets:		
Accounts receivable	94,582	134,340
Prepaid expenses	(85,132)	(47,053)
Inventory	(20,102)	17,296
Pledges receivable	60,000	-
Entrance fees receivable	570,500	71,500
Increase (decrease) in liabilities:		
Accounts payable and other accrued expenses	421,981	(733,813)
Accrued personnel expenses	313,407	194,279
Accrued compensated annual leave	304,420	73,043
Accrued interest	(71,375)	(68,469)
Refundable deposits	451,577	629,832
Other accrued liabilities	549,091	133,301
Net cash provided by operating activities	$ 5,802,013	$ 10,340,173
Non-Cash Investing Activities		
Purchases of property and equipment, accrued but not paid	$ 3,431,879	$ 2,476,521

NOTE 1 – ORGANIZATION

The Northern California Retired Officers Community ("NCROC"), located in Fairfield, California, is a California nonprofit public benefit corporation organized to provide housing facilities and related services primarily to retired commissioned officers of the Uniformed Services and their spouses.

The facility consists of 321 housing units, public spaces and amenities, a 32-room assisted living facility and an 88-bed health service facility with 28 beds licensed for assisted living and 60 beds licensed as a skilled nursing facility. NCROC has a memory care facility with 18 available units.

NCROC operates primarily under the "continuing care" concept in which residents enter into a residential contract that generally provides for a specified entrance fee, with certain options for refunds, and for monthly service fees throughout the residents' tenancy. Generally, payment of these fees entitles residents to the use and privileges of NCROC for life. Residents are also entitled to certain health care services provided in the NCROC assisted living and skilled nursing facility. The residency agreement does not entitle the residents to an ownership interest in NCROC.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> **Net assets without donor restrictions** – Represent unrestricted resources available to support NCROC operations and temporarily restricted resources that have become available for use by NCROC in accordance with the intention of the donor.
>
> **Net assets with donor restrictions** – Represent contributions that are limited in use by NCROC in accordance with donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Performance indicator – "Income from operations" as reflected in the accompanying statements of activities and changes in net assets, is the performance indicator. The performance indicator excludes receipt of contributions with donor restrictions and unrealized change in values of investments for debt securities.

Cash and cash equivalents – NCROC considers all highly liquid instruments, with a maturity of three months or less at the time of purchase, to be cash equivalents. The carrying amount reported in the statements of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

The following table provides a reconciliation of the cash, cash equivalents and restricted cash balances within the statements of financial position that sums to the total of the same amounts shown in the statements of cash flows:

	December 31, 2020	December 31, 2019
Reconciliation of cash, cash equivalents and restricted cash		
Cash and cash equivalents	$ 3,022,015	$ 2,937,957
Restricted deposits	2,626,023	2,174,446
Cash and cash equivalents in assets limited as to use	30,853,212	52,495,337
Total cash, cash equivalents and restricted cash on the statements of cash flows	$ 36,501,250	$ 57,607,740

Assets whose use is limited – Assets whose use is limited at December 31, 2020 and 2019, consist of cash, money market funds, and other investments whose use is restricted by donors, the Board of Directors, or the bond agreements. The use of the California Health Facilities Financing Authority Revenue Bonds Series 2019, Series 2016 and Series 2013 assets are legally restricted per the bond agreements. All limited use assets are reported at fair market value.

Restricted deposits – Restricted deposits include funds placed in escrow by prospective residents who wish to reserve an independent living unit in the proposed addition, The Ridge. The deposits are made according to the guidelines set for in The Continuing Care Contract Statutes for the State of California in the Health and Safety Codes Chapter 10 of Division 2, Section 1781, which requires all deposits shall be placed in an escrow account, and remain until the department has authorized the release of the deposits, as provided in Section 1783.3.

Accounts receivable – Accounts receivable represent amounts due from residents for deposits, monthly service fees and health service fees. An allowance for doubtful accounts is based upon an analysis of the collectability of outstanding amounts. Accounts deemed uncollectible are charged against the allowance. Subsequent recoveries of bad debts are credited to the allowance. As of December 31, 2020 and 2019, all accounts were deemed collectible. Accounts receivable balances over 90-days at December 31, 2020 and 2019, were $5,286 and $16,077, respectively.

Entrance fees receivable – Entrance fees receivable consist of amounts due from residents. These amounts are supported by a signed continuing care contract, and in some cases, a promissory note. Generally, these amounts are satisfied at, or about, the time of initial residency by the contract holder(s). Promissory notes may contain a grace period with respect to interest, but only for a limited time. If the promissory note is extended, a 5% interest rate is assessed.

Investments – Investments consist of long-term certificates of deposit, mutual funds and debt and equity securities recorded at fair value. Equity securities consist of stocks of companies listed with the New York Stock Exchange or Nasdaq Stock Market.

The fair values for debt and equity securities are based upon the quoted market prices at year end. Accordingly, net realized and unrealized gains and losses on debt and equity securities are reflected in the statements of activities and changes in net assets.

Inventory – Inventory consists primarily of food and miscellaneous supplies and is stated at the lower of cost or market (principally using the first-in, first-out method).

Property and equipment – Property and equipment acquisitions in excess of $2,500 and with an estimated useful life of more than three years are capitalized at historical cost. Depreciation is computed using the straight-line method based upon the following estimated useful lives:

Building and improvements	10 to 80 years
Furniture and equipment	3 to 20 years
Land improvements	7 to 80 years
Vehicles	3 to 10 years

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements of activities and changes in net assets.

NCROC evaluates whether events and circumstances have occurred that indicate whether the carrying value of long-lived assets have been impaired. In the event that NCROC determines that impairment has occurred, a write-down to estimated fair value would be recorded. Measurement is based on those assets' estimated fair values as compared to the carrying value. No events have occurred during the years ended December 31, 2020 and 2019, that would indicate an impairment of value.

Interest costs incurred on borrowed funds, less investment income earned on unspent borrowed proceeds during the period of construction of long-lived assets, are capitalized and amortized over the related assets' estimated useful lives.

Donated property – Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Pledges receivable – Unconditional promises to give are recorded in the financial statements as pledges receivable and contribution revenue in the period the promise is received. Pledges are written off in the period deemed uncollectible. The provision for uncollectible amounts is computed based upon management's evaluation of past experiences and analysis of current receivable balances. No pledges were written off for the years ended December 31, 2020 and 2019.

Deferred financing costs – Costs associated with the issuance of bonds are amortized over the term of the respective bonds using the effective interest method. As of December 31, 2020 and 2019, accumulated amortization was $1,108,575 and $951,733, respectively. For the years ended December 31, 2020 and 2019, amortization expense was $156,842 and $148,199, respectively. Deferred financing costs are included as a component of Revenue bonds, net in the accompanying Statements of Financial Position.

Bond premium – The bond premium is netted with the related Series 2013, Series 2016 and Series 2019 bonds and is amortized over the term of the bonds using the effective interest method. As of December 31, 2020 and 2019, accumulated amortization was $2,838,887 and $2,330,721, respectively. For the years ended December 31, 2020 and 2019, amortization expense was $508,156 and $454,580, respectively. In connection with the issuance of the Series 2016 $22,080,000 bonds (see Note 7), the Office of Statewide Health Planning and Development of the State California ("Cal-Mortgage") was paid $673,177 at the bond closing November 30, 2016, for the cost of insuring the bonds over the 30-year term. In connection with the issuance of the Series 2019 $95,985,000 bonds (see Note 7), Cal-Mortgage was paid $4,853,783 at the bond closing February 21, 2019, for the cost of insuring the bonds over the 30-year term.

Refundable and unearned entrance fees – Refundable entrance fees have been recorded as a liability and unearned entrance fees have been recorded as deferred revenue in the statements of financial position. NCROC offers one basic residency agreement (the "Agreement") with three different refund programs. The differences amongst the Agreement refund programs relate primarily to the amount of entrance fees refundable to the resident (or resident's estate) upon termination of the residency agreement. Under all plans, the resident has a limited time period to cancel the contract and receive a 100% refund of all entrance fees. This cancellation period is three months for contracts signed January 1, 2002, or later. Plan "0" provides for a declining refundable amount based on the length of residency and, generally, requires no refund after approximately four and one-half years of residency. Plans "50" and "95" provide for refunds of 50% and 95%, respectively, of entrance fees upon termination of the residency agreement.

The total liability for the refundable entrance fee contracts was $9,033,573 and $8,058,833 at December 31, 2020 and 2019, respectively. As required by the state of California, NCROC has established an escrow account that holds funds for the sole purpose of refunding entrance fees. The escrow balance is included in assets whose use is limited on the statements of financial position and was $7,016,448 and $5,386,227 as of December 31, 2020 and 2019, respectively.

Fees paid by the resident upon entering into a residency agreement, net of the portion thereof that is estimated refundable entrance fees and an administrative fee of $7,500 for Plan 0, are recorded as unearned entrance fees and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. Resident life expectancy is reevaluated annually.

Future service obligation – NCROC annually calculates the present value of the costs of future services and the use of facilities to be provided to current residents and compares that amount to expected resident service income and deferred revenue from unearned entrance fees. The calculation is an actuarially determined amount of future net cash flows, which is based on the present value of cash outflows and inflows (using a discount rate of 5.5% for 2020 and 2019) and adjusted for certain noncash items as compared to the balance of unearned entrance fees. This calculation indicates that no net liability for future service to current residents existed at December 31, 2020 and 2019.

Charitable remainder annuity trusts – NCROC has established a program under which donors may setup charitable remainder annuity trusts. Under this program, donors can contribute assets to NCROC and in return receive a guaranteed fixed income for life. NCROC recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability.

Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions for those annuities that have not been reinsured. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced either as payments are made to the donor or as annuities are reinsured. The present value of future payment liabilities of charitable gift annuities was $44,601 and $42,058 at December 31, 2020 and 2019, respectively.

Revenue recognition – NCROC has elected the lessor practical expedient Accounting Standards Update (“ASU”) 2018-11, *Leases, Targeted Improvements* (“ASU 2018-11”) within Accounting Standards Codification ("ASC") 842, *Leases* ("ASC 842") and recognizes, measures, presents, and discloses the revenue for services under their senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. NCROC has determined that the services included under their independent living residency agreements have the same timing and pattern of transfer. NCROC has estimated that the lease component of such residency agreements are the predominant component of the contract and therefore recognizes resident services revenue under ASC 842.

NCROC has concluded that the nonlease components of their assisted living, skilled nursing and memory care residency agreements are the predominant component of the contract for existing agreements as of January 1, 2019, and therefore recognizes these revenues under ASC 606.

Resident services revenue

Resident services revenue is reported at the amount that reflects the consideration to which NCROC expects to be entitled to in exchange for the services provided. Under NCROC’s resident services agreement, NCROC provides senior living services to residents for a stated monthly fee. For the years ended December 31, 2020 and 2019, independent living revenue was recognized under ASC 842. The resident service agreements were determined to be accounted for as month-to-month leases as the residents have the right to terminate the contract at any time.

Health services revenue

Health services revenue is reported at the amount that reflects the consideration to which NCROC expects to be entitled to in exchange for providing care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others and includes variable consideration for retroactive adjustments due to settlement of audits, reviews and investigations. Generally, NCROC bills patients and third-party payors at the beginning of each month and sends a final bill or reconciliation at the time of discharge. Revenue is recognized in the month in which the performance obligations are satisfied.

Revenue for health service performance obligations satisfied over time is recognized based on actual charges incurred. NCROC believes 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. Generally, performance obligations satisfied over time relate to residents in our skilled nursing facility and memory care facility. NCROC measures the performance obligation from admission into the skilled nursing facility or memory care facility to the point when it is no longer required to provide health care services to that resident, which is generally at the time of discharge.

NCROC determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors. NCROC determines its estimates of contractual adjustments based on contractual agreements and historical experience.

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Certain health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic or other factors. Certain services are paid based on a cost-reimbursement methodologies subject to certain limits. Physical services are paid based upon established fee schedules.

- Secondary Insurance: Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge NCROC's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon NCROC.

Settlements with third-party payors for retroactive adjustments due to audits, review or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and NCROC's historic settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price, were not significant in 2020 or 2019.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. NCROC estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments determined on a resident by resident basis. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to health services revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2020 and 2019, was not significant.

The following table shows health services revenue by line of service:

	Year ended December 31, 2020	Year ended December 31, 2019
Health services line of service		
Assisted living	$ 2,915,096	$ 2,778,472
Memory care	1,013,922	987,424
Skilled nursing	3,388,602	4,128,017
	$ 7,317,620	$ 7,893,913

Amortization of entrance fees

NCROC receives an upfront entrance fee when the basic residency agreement is signed. The basic residency agreement includes weekly housekeeping and 30 meals per month. In exchange for this fixed entrance fee and the monthly resident service fees the resident has the right to occupy a unit and continue to live in NCROC. The basic residency agreement creates a performance obligation to be satisfied over the resident's remaining life at NCROC. NCROC recognizes the revenue associated with the entrance fee using a straight-line method over the actuarially determined estimated life of each resident. Resident life expectancies are reevaluated annually and any changes in the revenue as a result of that revaluation will be recognized in the period noted. As of December 31, 2020 and 2019, NCROC had $61,082,495 and $65,437,655 in unearned entrance fee revenue to be recognized as the performance obligations are satisfied. See note 8 for changes in the unearned entrance fee revenue for the years ended December 31, 2020 and 2019. The performance obligation is satisfied upon termination of the residency agreement.

Contributions – NCROC reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. Contributions received are recorded as either unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Donor-restricted contributions and related gains and investment income are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Charity care – NCROC provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because NCROC does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Donated services – Significant amounts of time from a number of people have been donated to NCROC. The accompanying financial statements do not reflect the value of those donated services, as no reliable basis exists for reasonably determining the amounts involved.

Marketing and Advertising Expenses – The cost of advertising, promotion and marketing programs are charged to expense in the year incurred. For the years ended December 31, 2020 and 2019, NCROC incurred marketing and advertising costs of $1,213,965 and $1,247,509, respectively.

Workers' compensation plan – NCROC is self-insured for workers' compensation. Claims are accrued under the plan as the incidents that give rise to them occur. Unpaid claims accruals, including estimates of incurred but not reported claims, are based on the estimated ultimate cost of settlement, including claim settlement expenses, in accordance with NCROC's past experience. There is no workers' compensation reserve liability as of December 31, 2020 and 2019.

Concentration of credit risk – Financial instruments potentially subjecting NCROC to concentrations of credit risk consist primarily of bank demand deposits in excess of the Federal Deposit Insurance Corporation insurance thresholds and cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds. Demand deposits are placed with local financial institutions, and management has not experienced any loss related to these demand deposits in the past. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. It is at least reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect the amount reported in the financial statements. The risk associated with the investments is mitigated through diversification.

Concentration of credit risk results from NCROC granting credit without collateral to its residents and patients, most of whom are local residents and insured under third-party payor agreements. The mix of receivables as of December 31, 2020 and 2019, from residents and third-party payors is listed in Note 16.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues, expenses, gains, and losses during the reporting period. Significant items subject to such estimates and assumptions include the fair values of investments, future service obligation, depreciation, and unearned entrance fees. Actual results could differ from those estimates.

Fair value of financial instruments – NCROC's financial instruments consist of accounts receivable, entrance fees receivable, pledges receivable, investments, assets whose use is limited, deposits, accounts payable, accrued expenses, charitable gift annuities, and revenue bonds. It is management's opinion that NCROC is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise indicated, the fair value of all reported assets and liabilities that represented financial instruments approximate their carrying values. NCROC's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period. Please see Note 5 for fair value hierarchy disclosures.

New accounting pronouncements – In August 2018, the FASB issued ASU 2018-15, *Intangibles – Internal-Use Software (Subtopic 350-40)* ("ASU 2016-13"). ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The adoption of ASU 2018-15 is effective for NCROC beginning January 1, 2021. The adoption of ASU 2018-15 is not expected to have a material impact on NCROC's financial statements.

Reclassifications – Certain financial statement reclassifications have been made to prior year balances for comparability purposes and had no impact on change in net assets as previously reported.

NOTE 3 – TAX STATUS

NCROC has been granted an exemption from federal income tax under the Internal Revenue Code, Section 501(c)(3). This Internal Revenue Code section provides for taxation of certain unrelated business income. Management believes that NCROC has had no significant unrelated business income to date. NCROC is exempt from state income tax under similar provisions of the Franchise Tax Board of the State of California. At December 31, 2020 and 2019, there were no such uncertain tax positions.

NOTE 4 – ASSETS WHOSE USE IS LIMITED

The use of these assets is restricted as follows:

	2020	2019
Funds held by trustee		
2013 Bond funds:		
Interest fund	$ 369,478	$ 425,638
Principal fund	2,551,296	2,456,830
Reserve fund	3,260,701	3,285,191
	6,181,475	6,167,659
2016 Bond funds:		
Interest fund	419,991	430,964
Principal fund	520,537	502,363
	940,528	933,327
2019 Bond funds:		
Capitalized interest fund	212,945	2,315,089
Interest fund	1,970,750	1,970,750
Revenue fund	10,880	58,700
Project fund	26,073,333	64,581,859
Reserve fund	3,021,019	3,092,722
	31,288,927	72,019,120
Other limited uses		
Benevolence fund	2,334,125	1,679,549
Entrance fee refund escrow	7,016,448	5,386,227
Charitable annuities	146,011	220,758
	9,496,584	7,286,534
	47,907,514	86,406,640
Less: current portion	(5,520,438)	(5,654,704)
Non-current portion	$ 42,387,076	$ 80,751,936

Expenditures of $42,864 and $125,035 were made from the benevolence fund during the years ended December 31, 2020 and 2019, respectively.

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB 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. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are observable, either directly or indirectly, but are not quoted prices included within Level 1. Level 2 includes those financial instruments that are valued using external inputs with models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the statements of financial position at December 31, 2020 and 2019, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Cash and cash equivalents – Level 1 securities include cash and cash equivalents, including those held in bond sinking funds and held for refundable deposits, as recapped below.

Investments and assets whose use is limited – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, exchange traded equities, growth funds, debt securities and equity securities, and are valued at the closing price reported in the active market in which the individual security is traded. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset values. Level 2 investments consist of certificates of deposit.

Charitable remainder annuity trusts – The fair value for charitable remainder annuity trusts is determined by calculating the present value of cash flows expected to be paid out, using various discount rates and life expectancy tables.

NCROC's Board of Directors meets with management and the investment advisors to review the strategy and ongoing performance of all investments, including analyzing changes in fair value measurements from period to period.

The following tables present the fair value hierarchy for those financial instruments measured at fair value on a recurring basis:

	December 31, 2020			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at fair market value:				
Cash and cash equivalents	$ 35,314,231	$ 35,314,231	$ -	$ -
Certificates of deposit	223,548	-	223,548	-
Government securities	16,271,920	16,271,920	-	-
Corporate bonds	7,553,844	7,553,844	-	-
U.S. equity securities	4,285,104	4,285,104	-	-
Mutual funds	32,995,784	32,995,784	-	-
Total assets at fair market value	$ 96,644,431	$ 96,420,883	$ 223,548	$ -
Liabilities:				
Charitable annuity trusts	$ 44,601	$ -	$ -	$ 44,601

	December 31, 2019			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets at fair market value:				
Cash and cash equivalents	$ 54,445,252	$ 54,445,252	$ -	$ -
Certificates of deposit	555,906	-	555,906	-
Government securities	33,212,067	33,212,067	-	-
Corporate bonds	7,038,093	7,038,093	-	-
U.S. equity securities	9,684,983	9,684,983	-	-
Mutual funds	26,246,467	26,246,467	-	-
Total assets at fair market value	$ 131,182,768	$ 130,626,862	$ 555,906	$ -
Liabilities:				
Charitable annuity trusts	$ 42,058	$ -	$ -	$ 42,058

NOTE 6 – PROPERTY AND EQUIPMENT, NET

A summary of property and equipment is as follows:

	2020	2019
Land	$ 9,863,452	$ 9,863,452
Land improvements	13,689,527	13,531,875
Building and improvements	89,679,617	86,834,934
Furniture and equipment	24,800,555	24,603,208
Vehicles	954,447	918,545
	138,987,598	135,752,014
Less: accumulated depreciation	(67,491,094)	(62,916,588)
	71,496,504	72,835,426
Construction in progress	87,421,620	42,680,192
	$ 158,918,124	$ 115,515,618

Depreciation charged to expense was $4,578,439 and $4,289,203 for the years ended December 31, 2020 and 2019, respectively. During the years ended December 31, 2020 and 2019, interest of $3,941,500 and $1,248,142, respectively was capitalized into construction in progress.

Construction contracts of approximately $79,100,000 exist for construction of the Ridge campus expansion project. As of December 31, 2020, the remaining commitment on these contracts is approximately $15,900,000.

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health & Safety Code. Through December 31, 2020, NCROC has expended $77,680,483 for the Ridge campus extension project.

NOTE 7 – REVENUE BONDS AND NOTES PAYABLE, NET

A summary of revenue bonds is as follows:

	2020	2019
California Health Facilities Financing Authority Revenue Bonds, Series 2013:		
Interest from 2.0% to 3.5% payable semi-annually. Beginning January 1, 2014, principal payments due serially to January 2026.	$ 17,030,000	$ 19,485,000
California Health Facilities Financing Authority Revenue Bonds, Series 2016:		
Interest from 2.0% to 5.0% payable semi-annually. Beginning January 1, 2017, principal payments due serially to January 2047.	20,620,000	21,120,000
California Health Facilities Financing Authority Revenue Bonds, Series 2019:		
Interest from 2.0% to 5.0% payable semi-annually. Beginning July 1, 2019, principal payments due serially to January 2049.	95,685,000	95,685,000
Payroll Protection Program Loan		
Promissory note through the Paycheck Protection Program of the U.S. Small Business Administration (SBA). The note was issued on May 3, 2020, with Wells Fargo in the amount of $3,328,396. Principal and interest on the note is payable commencing October 2021 and will be amortized over a 5 year period. The loan bears interest at 1.0% per annum. It is the NCROC's policy to account for this loan in accordance with FASB ASC *Topic 470, Debt* , with interest accrued and expensed over the term of the loan, or until forgiveness is granted, releasing NCROC from being the primary obligor.	3,328,396	-
Total	136,663,396	136,290,000
Less: current portion	(3,236,420)	(2,955,000)
Plus: unamortized bond premium	10,201,847	10,710,003
Less: unamortized deferred financing costs	(2,439,427)	(2,596,269)
Revenue bonds and notes payable, net	$ 141,189,396	$ 141,448,734

In February 2019, NCROC issued $95,685,000 California Municipal Finance Authority Insured Revenue Bonds, Series 2019 (“Series 2019 Bonds”), net of bond premium of $9,643,790. Proceeds from the Series 2019 Bonds were used to finance the construction, improvement, furnishing and equipping of the Ridge campus expansion project. The Series 2019 Bonds are secured on a parity basis with the California Municipal Finance Authority Insured Revenue and Refunding Bonds, Series 2016 (“Series 2016 Bonds”), and California Health Facilities Financing Authority Insured Revenue Bonds, Series 2013 (“Series 2013 Bonds”) by the lien of Deed of Trust and a pledge of the gross revenues from NCROC.

In December 2016, NCROC refinanced its California Health Facilities Financing Authority Insured Revenue Bonds, Series 2005 (“Series 2005 Bonds”) through the issuance of the $22,080,000 Series 2016 Bonds, net of bond premium of $285,636. Proceeds from the Series 2016 Bonds were used to (1) refinance the Series 2005 Bonds; and (2) finance or reimburse NCROC for the costs of constructing, expanding, remodeling, renovating, and furnishing NCROC. The Series 2016 Bonds are secured on a parity basis with the California Health Facilities Financing Authority Insured Revenue Bonds, Series 2013 (“Series 2013 Bonds”) by the lien of Deed of Trust and a pledge of the gross revenues from NCROC.

The Series 2013, 2016 and 2019 Bonds are collateralized by current and future gross revenues of NCROC and all real property. Additionally, NCROC is required to comply with certain debt covenants with respect to additional borrowings, maintenance of insurance, financial reporting, and maintenance of certain financial ratios. Also, under the terms of the bonds, NCROC is required to maintain certain deposits with a trustee. NCROC cured its violation of covenants at December 31, 2020 by obtaining a waiver from the lender. Management believes that they are in compliance with these covenants as of December 31, 2019.

Future principal payments on the bonds and notes payable are as follows:

Year Ending December 31,	Series 2013	Series 2016	Series 2019	Paycheck Protection Program Loan	Total
2021	2,550,000	520,000	-	166,420	$ 3,236,420
2022	2,635,000	540,000	15,665,000	665,679	$ 19,505,679
2023	2,755,000	565,000	13,215,000	665,679	$ 17,200,679
2024	2,895,000	580,000	220,000	665,679	$ 4,360,679
2025	3,035,000	595,000	-	665,679	$ 4,295,679
Thereafter	3,160,000	17,820,000	66,585,000	499,260	$ 88,064,260
	$ 17,030,000	$ 20,620,000	$ 95,685,000	$ 3,328,396	$ 136,663,396

NOTE 8 – UNEARNED ENTRANCE FEES

	2020	2019
Balance, beginning of year	$ 65,437,655	$ 62,642,390
New fees received	4,802,699	10,422,820
Entrance fees refunded	(708,739)	-
Amortization of fees	(8,449,120)	(7,627,555)
Balance, end of year	$ 61,082,495	$ 65,437,655

Entrance fees still within a potentially refundable declining period at December 31, 2020 and 2019, were $26,450,003 and $30,877,048, respectively. Based on the past five years actual refunds have averaged $1,115,941 per year for the potentially refundable declining period.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary donor restrictions consist of the following:

	2020	2019
Benevolence fund	$ 1,864,832	$ 1,430,134
Scholarship fund	77,673	64,218
Termites	12,405	10,357
Specific use fund	97,023	108,002
Worship committee	12,902	13,622
Philanthropy	11,763	-
Other	12,666	13,334
	$ 2,089,264	$ 1,639,667

NOTE 10 – THIRD-PARTY PAYOR REVENUE

NCROC has agreements to provide care to recipients of the Medicare program. NCROC charges these residents based on normal posted rates, however, reimbursement by the Medicare program is restricted by various reimbursement guidelines. Net revenues include contractual adjustments, which represent the difference between customary charges and actual payments. Net health service revenues from Medicare for the years ended December 31, 2020 and 2019, were $1,192,859 and $1,685,483, respectively.

The above Medicare revenues for the years ended December 2020 and 2019, are subject to audit based upon annual cost reports. Upon audit by Medicare intermediaries, there is a possibility of adjustment to revenues.

NOTE 11 – INVESTMENT INCOME

Investment income consists of the following:

	2020	2019
Interest and dividends	$ 1,916,331	$ 2,665,695
Net realized gains	2,240,519	1,904,060
External investment expenses	(296,912)	(258,739)
	$ 3,859,938	$ 4,311,016

NOTE 12 – LEASES

NCROC leases out certain space within the facility to a bank. The current monthly payment is $1,800 per month and will increase three percent per year over the term of the lease, which expires in 2022. The future minimum lease payments due to NCROC are as follows:

Year Ending December 31,	
2021	$ 23,662
2022	22,285
	$ 45,947

In addition, NCROC rents out other space and equipment to a beauty salon and exam room on a month-to-month basis. Payments are set at 6% of gross receipts. Total rental income under both leases and for the years ended December 31, 2020 and 2019, was $30,009 and $33,527, respectively, and was included in other income in the statements of activities and changes in net assets.

NOTE 13 – DEFINED CONTRIBUTION PLANS

NCROC sponsors a defined contribution retirement plan available to substantially all employees who are at least 18 years old and have been continuously employed by NCROC for at least six months. Participants can make pre-tax contributions up to certain limits while NCROC provides a matching contribution determined annually by the Board. Total administrative costs incurred by NCROC related to this plan during the years ended December 31, 2020 and 2019, were $3,437 and $408, respectively.

As of December 2013, NCROC also sponsors a second defined contribution retirement plan available to employees who meet additional eligibility requirements. Participants can make pre-tax contributions up to certain limits while NCROC may make discretionary contributions, as determined by the Board. Total administrative costs incurred by NCROC related to this plan during the years ended December 31, 2020 and 2019, were $1,774 and $838, respectively.

Total contribution expense related to both plans for the years ended December 31, 2020 and 2019, was $496,198 and $453,613, respectively.

NOTE 14 – STATUTORY RESERVES

NCROC is certified as a Continuing Care Retirement Community ("CCRC") by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires CCRCs to establish "liquid reserves" (cash, marketable securities, etc.) equal to, or greater than the annual principal and interest payments on long-term obligations plus 75 days of the CCRC's adjusted operating expenses. NCROC's liquid reserves at December 31, 2020 and 2019, were sufficient to meet this requirement.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

NCROC is party to various claims and legal actions in the normal course of business. In the opinion of management, NCROC has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of NCROC.

On March 23, 2010, the Patient Protection and Affordable Care Act ("PPACA") was signed into law. On March 30, 2010, the Health Care and Education Reconciliation Act of 2010 was signed, amending the PPACA (collectively the "Affordable Care Act"). The Affordable Care Act addresses a broad range of topics affecting the health care industry, including a significant expansion of health care coverage. The expansion is accomplished primarily through incentives to individuals to obtain and employers to provide health care coverage and an expansion in Medicaid eligibility. The Affordable Care Act also includes incentives for medical research and the use of electronic health records; changes designed to curb fraud, waste and abuse; and creates new agencies and demonstration projects to promote the innovation and efficiency in the health care delivery system. Some provisions of the health care reform legislation were effective immediately; others phased in over time. Further legislative policies are required for several provisions that will be effective in future years. The impact of this legislation will likely affect NCROC. The effect of the changes that will be required in future years are not determinable at this time.

NCROC is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations relate to, among other things, matters such as licensure, accreditation, and government health care program participation requirements, regulations regarding reimbursement for patient services and regulations regarding Medicare billing, fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of fines and penalties, as well as significant repayments for patient services previously billed. NCROC has implemented a voluntary corporate compliance program which includes guidance for all NCROC employees' adherence to applicable laws and regulations. Management is not aware of any actions or potential actions at December 31, 2020 and 2019.

COVID-19 pandemic – In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The related adverse public health developments, including orders to shelter-in-place, travel restrictions, and mandated business closures, have adversely affected workforces, organizations, their patients and customers, economies, and financial markets globally, leading to increased market volatility and disruptions in normal business operations, including NCROC's operations.

On March 27, 2020, the United States Congress passed the Coronavirus Aid, Relief, and Economic Securities ("CARES") Act. The CARES Act included provisions for health care under the Provider Relief Fund. Throughout 2020, NCROC received funds under the Provider Relief Fund, administered by the U.S. Department of Health & Human Services ("HHS") of approximately $818,533. NCROC was required to and did timely sign attestations agreeing to the terms and conditions of payment. Those terms and conditions include measures to prevent fraud and misuse. Documentation is required to ensure that these funds are to be used for healthcare-related expenses or lost revenue attributable to COVID-19, limitations of out of pocket payments from certain patients, and the acceptance of several other reporting and compliance requirements. It is noted that anti-fraud monitoring and auditing will be performed by HHS and the Office of the Inspector General. For the year ended December 31, 2020, NCROC has recognized approximately $818,533 of the Provider Relief Fund in other operating income on its statements of activities and changes in net assets.

NCROC's management has been closely monitoring the impact of COVID-19 on NCROC's operations, including the impact on its patients and employees. The duration and intensity of the pandemic is uncertain but may influence patient decisions, donor decisions, and may also negatively impact collections of the NCROC's receivables.

NOTE 16 – CONCENTRATIONS OF CREDIT RISK

NCROC provides care to residents under the Medicare program. The Centers for Medicare & Medicaid Services is the agency responsible for payment for services to Medicare residents.

Accounts receivable as of December 31 consisted of the following:

	2020	2019
Medicare	$ 150,054	$ 181,595
Private pay	74,139	172,782
Secondary insurance	68,223	34,464
Other	3,905	2,062
	$ 296,321	$ 390,903

Accounts receivable, gross by payor, as of December 31, consisted of the following:

	2020	2019
Medicare	51%	46%
Private pay	25%	44%
Secondary insurance	23%	9%
Other	1%	1%

In addition, NCROC grants credit to private residents, on an unsecured basis, most of whom are local residents.

NOTE 17 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, comprise the following:

	2020	2019
Cash and cash equivalents	$ 3,022,015	$ 2,937,957
Accounts receivable	296,321	390,903
Entrance fees receivable	212,000	782,500
Investments	48,736,917	44,776,128
	$ 52,267,253	$ 48,887,488

As part of the NCROC's liquidity management plan, it invests cash in excess of its daily requirements in short-term investment which can be sold and used for operations if necessary.

NOTE 18 – FUNCTIONAL EXPENSES

	Year Ended December 31, 2020				
	Residential Services	Health Care Services	Dining Services	General and Administrative	Total
Salaries and benefits	$ 7,084,818	$ 6,473,455	$ 3,599,440	$ 3,318,239	$ 20,475,952
Supplies	385,787	368,183	2,537,815	46,043	3,337,828
Other purchased services	453,354	378,432	79,496	306,925	1,218,207
Marketing and advertising	-	343,725	-	870,240	1,213,965
Repairs and maintenance	611,090	-	-	310	611,400
Utilities	1,950,087	435,394	27,332	26,956	2,439,769
Depreciation and amortization	3,932,128	877,921	55,111	54,353	4,919,513
Interest	863,691	192,835	12,105	11,938	1,080,569
Other	288,258	43,957	34,216	1,989,164	2,355,595
	$ 15,569,213	$ 9,113,902	$ 6,345,515	$ 6,624,168	$ 37,652,798

	Year Ended December 31, 2019				
	Residential Services	Health Care Services	Dining Services	General and Administrative	Total
Salaries and benefits	$ 6,410,862	$ 6,726,540	$ 3,491,123	$ 2,962,877	$ 19,591,402
Supplies	334,234	311,784	2,537,446	53,428	3,236,892
Other purchased services	481,474	188,378	87,565	448,758	1,206,175
Marketing and advertising	-	407,410	-	840,099	1,247,509
Repairs and maintenance	687,344	-	-	2,408	689,752
Utilities	1,879,867	419,715	26,347	25,985	2,351,914
Bad debt expense	29,972	-	-	-	29,972
Depreciation and amortization	3,672,482	819,950	51,472	50,764	4,594,668
Interest	962,565	257,533	16,167	15,943	1,252,208
Other	588,096	16,726	82,887	1,867,993	2,555,702
	$ 15,046,896	$ 9,148,036	$ 6,293,007	$ 6,268,255	$ 36,756,194

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

NOTE 19 – SUBSEQUENT EVENTS

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

NCROC evaluated all events or transactions that occurred after December 31, 2020, through March 19, 2021, the date the financial statements are issued.

PART 5

LIQUID RESERVES

Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

PARADISE VALLEY
ESTATES

For the Year Ended December 31, 2020

MOSSADAMS

Table of Contents

Report of Independent Auditors

To the Board of Directors
Northern California Retired Officers Community d.b.a. Paradise Valley Estates

Report on the Financial Statements

We have audited the accompanying financial statements of Northern California Retired Officers Community d.b.a. Paradise Valley Estates (the "Company"), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 for the year ended December 31, 2020.

Management's Responsibility 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserve of the Company as of and for the year ended December 31, 2020, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules of Supplementary Form 5-1, Reconciliation to Audit Report; Supplementary Form 5-4, Reconciliation to Audit Report; and Supplementary Form 5-5, Reconciliation to Audit Report, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with 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 the Company 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
March 19, 2021

Continuing Care Reserve Schedules

FORM 5-1
LONG-TERM DEBT INCURRED
IN A 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	04/04/13	$2,455,000	$788,125		$3,243,125
2	11/30/16	$500,000	$849,981		$1,349,981
3	02/21/19	$0	$3,941,500		$3,941,500
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$2,955,000	$5,579,606	$0	$8,534,606

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

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

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					$0
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$0	$0		$0

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

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

PROVIDER: Northern California Retired Officers Community

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$ 8,534,606
2	Total from Form 5-2 bottom of Column (e)	$ -
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	$ -
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$ 8,534,606

PROVIDER: Northern California Retired Officers Community

FORM 5-4

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$ 37,652,798
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$ 1,638,106	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$ -	
	c.	Depreciation	$ 4,578,439	
	d.	Amortization	$ 341,074	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$ 837,394	
	f.	Extraordinary expenses approved by the Department	$ -	
3		Total deductions		$ 7,395,013
4		Net operating expenses		$ 30,257,785
5		Divide line 4 by 365 and enter the result.		$ 82,898
6		**Multiply line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$ 6,217,350

PROVIDER: Northern California Retired Officers Community

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Northern California Retired Officers Community
Fiscal Year Ended: 12/31/2020

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2020 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	$ 8,534,606
[2]	Operating Expense Reserve Amount	$ 6,217,350
[3]	**Total Liquid Reserve Amount:**	$ 14,751,956

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

	Qualifying Asset Description		Amount (market value at end of quarter) Debt Service Reserve		Operating Reserve
[4]	Cash and Cash Equivalents		$ -		$ 3,022,015
[5]	Investment Securities		$ -		$ 48,736,917
[6]	Equity Securities		$ -		$ -
[7]	Unused/Available Lines of Credit		$ -		$ -
[8]	Unused/Available Letters of Credit		$ -		$ -
[9]	Debt Service Reserve		$ 12,337,597		(not applicable)
[10]	Other: (describe qualifying asset)		$ -		$ -
	Listed for Reserve Obligation:	[11]	$ 12,337,597	[12]	$ 51,758,932
	Reserve Obligation Amount:	[13]	$ 8,534,606	[14]	$ 6,217,350
	Surplus/(Deficiency):	[15]	$ 3,802,991	[16]	$ 45,541,582

Signature:
K L Burl
(Authorized Representative)

Date: 3/18/21

Chief Executive Officer
(Title)

Supplementary Schedules

Form 5-1 Reconciliation c

INTEREST PAID	$ 5,579,606
LESS: INTEREST CAPITALIZED	(3,941,500)
	$ 1,638,106

See note to supplementary schedules.

Form 5-4 Reconciliation 2e

HEALTH SERVICES	$ 7,317,620
RESIDENT SERVICES	19,502,185
LESS: CCRC AND OTHER REVENUE	(5,251,053)
LESS: MEDICARE REVENUE	(1,192,859)
LESS: HMO REVENUE	(36,314)
LESS: IL REVENUE	(19,502,185)
	$ 837,394

Form 5-4 Reconciliation 2c and 2d

DEPRECIATION AND AMORTIZATION EXPENSE	$ 4,919,513
LESS: AMORTIZATION	(341,074)
	$ 4,578,439

Form 5-5 Reconciliation

DEBT SERVICE RESERVE	
2013 BOND FUNDS	
Interest fund	$ 369,478
Principal fund	2,551,296
Reserve fund	3,260,701
	6,181,475
2016 BOND FUNDS	
Interest fund	419,991
Principal fund	520,537
	940,528
2019 BOND FUNDS	
Revenue fund	10,880
Interest fund	1,970,750
CAP interest fund	212,945
Reserve fund	3,021,019
	5,215,594
TOTAL DEBT SERVICE RESERVE	12,337,597
2019 BOND PROJECT FUND	26,073,333
OTHER ASSETS LIMITED TO USE	9,496,584
TOTAL ASSETS LIMITED AT TO USE	$ 47,907,514

NOTE 1 – BASIS OF ACCOUNTING

The accompanying supplementary schedules have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of Northern California Retired Officers Community d.b.a. Paradise Valley's assets, liabilities, revenues, and expenses.

PART 6

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Continuing Care Retirement Community Disclosure Statement

Date Prepared: 4/27/2021

FACILITY NAME: PARADISE VALLEY ESTATES

ADDRESS: 2600 ESTATES DRIVE, FAIRFIELD, CA ZIP CODE: 94533 PHONE: 707-432-1100

PROVIDER NAME: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY (NCROC) FACILITY OPERATOR: NCROC

RELATED FACILITIES: NONE RELIGIOUS AFFILIATION: NONE

YEAR OPENED: 1997 # OF ACRES: 68 ❑ SINGLE STORY ❑ MULTI-STORY ❑ OTHER: BOTH MILES TO SHOPPING CTR: 4 MILES TO HOSPITAL: 5.6

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING		**HEALTH CARE**	
APARTMENTS – STUDIO:	0	ASSISTED LIVING:	60
APARTMENTS – 1 BDRM:	18	SKILLED NURSING:	60
APARTMENTS – 2 BDRM:	104	SPECIAL CARE:	20
COTTAGES/HOUSES:	199	DESCRIPTION: >	MEMORY CARE ASSISTED LIVING
RLU OCCUPANCY (%) AT YEAR END:	91%	OVERALL CCRC OCCUPANCY (%) AT YEAR END:	85%

* *

TYPE OF OWNERSHIP: ☑ NOT-FOR-PROFIT ❑ FOR- PROFIT ACCREDITED?: ☑ YES ❑ NO BY: CARF

FORM OF CONTRACT: *(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 ❑ Repayable ❑ 90% ❑ 75% ☑ 50% ☑ OTHER: 95%

RANGE OF ENTRANCE FEES: $232,000 - $ 1,138,100 **LONG-TERM CARE INSURANCE REQUIRED?** ❑ YES ☑ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: YES

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD:
(briefly describe provider's compliance and residents' roles) > RESIDENT SITS ON THE BOD, RESIDENT COUNCIL
> PRESIDENT AND ONE GUEST ARE INVITED TO ATTEND EACH BOARD MEETING

* *

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	**SERVICES AVAILABLE**	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	❑	☑	HOUSEKEEPING (4 TIMES/MONTH)	☑	❑
BILLIARD ROOM	☑	❑	MEALS (1 /DAY)	☑	❑
BOWLING GREEN	❑	❑	SPECIAL DIETS AVAILABLE	☑	❑
CARD ROOMS	☑	❑			
CHAPEL	☑	❑	24-HOUR EMERGENCY RESPONSE	☑	❑
COFFEE SHOP	❑	☑	ACTIVITIES PROGRAM	☑	❑
CRAFT ROOMS	☑	❑	ALL UTILITIES EXCEPT PHONE	☑	❑
EXERCISE ROOM	☑	❑	APARTMENT MAINTENANCE	☑	❑
GOLF COURSE ACCESS	❑	☑	CABLE TV	☑	❑
LIBRARY	☑	❑	LINENS FURNISHED	❑	❑
PUTTING GREEN	☑	❑	LINENS LAUNDERED	❑	☑
SHUFFLEBOARD	❑	❑	MEDICATION MANAGEMENT	☑	❑
SPA	☑	❑	NURSING/WELLNESS CLINIC	☑	❑
SWIMMING POOL-INDOOR	☑	❑	PERSONAL HOME CARE	❑	☑
SWIMMING POOL-OUTDOOR	❑	❑	TRANSPORTATION-PERSONAL	❑	☑
TENNIS COURT	☑	❑	TRANSPORTATION-PREARRANGED	☑	❑
WORKSHOP	☑	❑	OTHER	❑	❑
OTHER BOCCE BALL COURT	☑	❑			

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.

PROVIDER NAME: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
UNIVERSITY RETIREMENT COMMUNITY	DAVIS, CA	530-747-7000
SPRING LAKE VILLAGE	SANTA ROSA, CA	707-538-8400
ESKATON VILLAGE	CARMICHAEL, CA	916-974-2000
ALTAVITA	RIVERSIDE, CA	951-697-2100

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)

FREE-STANDING SKILLED NURSING	LOCATION (City, State)	PHONE (with area code)
VACAVILLE CONVALESCENT & REHAB	VACAVILLE, CA	707-449-8000

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

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

PROVIDER NAME: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

	2017	2018	2019	2020
INCOME FROM ONGOING OPERATIONS **OPERATING INCOME** (Excluding amortization of entrance fee income)	26,857,958	27,142,390	37,487,775	35,232,967
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	(28,689,893)	(29,752,465)	(30,909,318)	(31,652,716)
NET INCOME FROM OPERATIONS	(1,831,935)	(2,610,075)	6,578,457	3,580,251
LESS INTEREST EXPENSE	(1,753,435)	(1,654,336)	(1,252,208)	(1,080,569)
PLUS CONTRIBUTIONS	168,846	186,198	321,605	584,676
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	4,273,100	(3,785,207)	(346,359)	258,428
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	856,576	(7,863,420)	5,301,495	3,342,786
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	8,979,104	11,476,509	12,430,739	5,639,200

* *

DESCRIPTION OF SECURED DEBT *(as of most recent fiscal year end)*

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
CAL MORTGAGE	17,030,000	3%	04/04/2013	10/01/2026	13 YEARS
CAL MORTGAGE	20,620,000	4%	11/30/2016	01/01/2047	30 YEARS
CAL MORTGAGE	95,685,000	2% - 5%	2/2019	01/2049	30 YEARS

* *

FINANCIAL RATIOS (see next page for ratio formulas)

	2019 CCAC Medians 50th Percentile *(optional)*	2018	2019	2020
DEBT TO ASSET RATIO	34.09%	29%	55.6%	51.4%
OPERATING RATIO	101.6	116%	116.3%	116.5%
DEBT SERVICE COVERAGE RATIO	2.73	1.92	2.91	1.42
DAYS CASH ON HAND RATIO	538	438	534	568

* *

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2017	%	2018	%	2019	%	2020
STUDIO							
ONE BEDROOM	2,795	3.4	2,890	4.5	3,020	4.5	3,231
TWO BEDROOM	4,227	3.4	4,370	4.5	4,567	4.5	4,887
COTTAGE/HOUSE	4,292	3.4	4,438	4.5	4,638	4.5	5,086
ASSISTED LIVING	4,170	3.4	4,440	4.5	4,640	4.5	4,849
SKILLED NURSING	4,170	3.4	4,440	4.5	4,640	4.5	4,849
SPECIAL CARE	4,170	3.4	4,440	4.5	4,640	4.5	4,849

* *

* **COMMENTS FROM PROVIDER:** SECOND PERSON FEES: 2018 $1,288 (+3.4%), 2019 $1,346 (+4.5%), 2020 $1,449 (+7.6%) [Tier 3 pricing introduced in 2020)

>

PROVIDER NAME: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.

PART 7

REPORT ON CCRC MONTHLY SERVICE FEES

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	$3,055 - $6,100	$4,532 - $4,958	$4,532 - $4,958
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.5%	4.5%	4.5%

☐ 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: 01/01/2020
(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:** 11/29/19 **Method of Notice:** Letter

■ 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:** 11/14/19

■ 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 provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** 10/21/19

■ 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:** 10/21/19 **Location of Posting:** newletter, intranet, town hall

[5] On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code. See **PART 7 REPORT ON CCRC MONTHLY CARE FEE** in the **Annual Report Instruction** booklet for further instructions.

PROVIDER: Northern California Retired Officers Community
COMMUNITY: Paradise Valley Estates

FORM 7-1 Explanations for Adjustments in Monthly Fees

Summary of Documents Used in Determining Rate Adjustment

The following documents were used in developing the monthly fee adjustments for 2020

NCROC Operating Budget for 2020	Internally developed document detailing all revenues and expenses for projected fiscal year 2020. Developed by Paradise Valley Estates management and approved by the Board of Directors.
Report on Actuarial Study and Cash Flow Projection for Paradise Valley Estates	Report completed in conjunction with the actuarial firm, A.V. Powell & Associates. The report contains observations and recommendations regarding pricing policies in order to meet reserve requirements , thus helping ensure the long-term success of Paradise Valley Estates.
Statements of Operations	The operating results of Paradise Valley Estates during fiscal year 2019, based on actual performance.

Details of Rate Adjustment

Unit Type	Configuration	Square Ftg	Monthly Fee @ 1/1/19		Monthly Fee @ 1/1/20	
Apt - Traditional	1Bed/1Bath	803	2,923	3,117	3,055	3,320
Apt - Custom	2Bed/2Bath	1140	3,605	3,848	3,767	4,098
Apt - Deluxe	2Bed/2Bath	1291	3,911	4,173	4,087	4,444
Apt - Luxury	2Bed/2Bath/Den	1534	4,395	4,691	4,593	4,996
Apt - Royale	2Bed/2Bath/Den	1584	4,498	4,799	4,700	5,111
Apt - Grande	2Bed/2Bath/Den	1846	5,027	5,365	5,253	5,714
Apt - Grande Plus	2Bed/2Bath/Den	1870	5,077	5,414	5,305	5,766
Home-Quadraplex	2Bed/2Bath	1340	4,011	4,277	4,191	4,555
Home - Duplex One	2Bed/2Bath/Den	1451	4,230	4,515	4,420	4,854
Home - Duplex Two	2Bed/2Bath/Den	1505	4,341	4,629	4,536	4,976
Home - Manor	2Bed/2Bath/Den	2015	5,369	5,728	5,611	6,100
Second Person	Variable	Variable	1,301	1,391	1,360	1,481

FORM 7-1 Explanations for Adjustments in Monthly Fees

Basis of monthly Care Fee Adjustment

Methodology for Rate Adjustment

Paradise Valley Estates (PVE), a continuing care retirement community located in Fairfield, California, has been in operation since 1997. The 2020 budget was based on a mix of historical operational results, as well as projected expenses associated with budgeted occupancy. Labor is a large part of the operating budget and as such mandanted minimum wage increases combined with local labor markets had a impact the projected costs. Other factors taken into account are historial attrition rates and assumptions relating to new move in numbers and timing for those move ins.

PVE must maintain certain financial ration, according to covenants mandated by financing arrangements. These ratios include days cash on hand, current, and debt service coverage ratios. These financial obligations also dictate the continuance of financial health for PVE and as such are an important part of the revenue and pricing target decisions.

Summary/Overview Rate Adjustment

After review and preparation of analysis, PVE did increase monthly service fees for Independent Living units. PVE also increased daily rates for skilled nursing and assisted living at Laurel Creek Health Center and assisted living at the Quail Creek and Deer Creek facilities. PVE also implemented Tier 3 pricing for new residents moving to the campus starting 1/1/2020

FORM 7-1 ATTACHMENT
MONTHLY CARE FEE INCREASE (MCFI) FOR 2020

			($000's)	
LINE	**Fiscal Years**	**2018**	**2019**	**2020**
1	2018 Operating Expenses	($35,706,591)		
2	2019 Operating Expenses		($36,756,194)	
3	Projected 2020 Operating Expenses			($38,436,700)
4	Projected 2020 Revenue without MCFI			$35,742,649
5	Projected 2020 Net Operating Income without MCFI			($2,694,051)
6	Projected 2020 Revenue with MCFI			$36,980,338
7	Projected 2020 Net Operating Income after 4.5% MCFI			($1,456,362)

Monthly Care Fee Increase: 4.5%

Notes:
- 2020 operating budget (without MCFI increase) projected a net loss of nearly ($2.7MM)
- With a 4.5% MCFI increase, the projected net loss was reduced to about ($1.5MM). Even with MCFI, PVE still projected an operating loss for 2020.

ATTACHMENT TO FORM 7-1

REPORT ON CCRC MONTHLY SERVICE FEES

EXPLANATION FOR INCREASE IN MONTHLY SERVICE FEES

The goal of PVE's annual budgeting and rate setting process is to establish a financial plan that balances providing residents with a highest level of service and value while also ensuring the long term financial sustainability of the organization.

In 2020, service fees were increased by 4.5% for all levels of care to help offset a projected ($2.7MM) operating loss. With the 4.5% increase, the projected net operating loss was reduced to about ($1.5MM). By far the largest cost increase from 2019 was labor, which represented a ($1.6MM) or 8% increase over 2019. The increase in labor costs was due to several factors as listed below:

- Minimum wage in California increased from $12.00 per hour to $13.00 per hour in 2020, which was an increase of 8.3%. The increase was mandatory and impacted a large number of PVE employees.
- Market rate increases were also required for certain positions to ensure PVE could retain critical staff in an increasingly competitive and scarce labor market.
- Health insurance costs increased an average of 8.5%

In addition to increased labor costs, PVE saw cost increases in supply and purchased services, in particular food costs, which increased an average of 8.4% in the SF Bay area. Other services such as utilities, contracted services, and supplies that were consistent with general COLA increases in the SF Bay area

Paradise Valley Estates

H&SC SECTION 1790(a)(2) and (3) DISCLOSURE

Description of all Reserves Maintained	December 31, 2020	December 31, 2019
2013 Bond funds:		
Interest fund	369,478	425,638
Principal fund	2,551,296	2,456,830
Reserve fund	3,260,701	3,285,191
	6,181,475	6,167,659
2016 Bond funds:		
Interest fund	419,991	430,964
Revenue fund	-	-
Project fund	-	-
Principal fund	520,537	502,363
	940,528	933,327
2019 Bond funds:		
Capitalized Interest fund	212,945	2,315,089
Interest fund	1,970,750	1,970,750
Revenue fund	10,880	58,700
Project fund	26,073,333	64,581,859
Reserve fund	3,021,019	3,092,722
	31,288,927	72,019,120
Other Limited Use fund		
Benevolence fund	2,334,125	1,679,549
Entrance fee refund escrow	7,016,448	5,386,227
Charitable annuities	146,011	220,758
Other	-	-
	9,496,584	7,286,534
	$ 47,907,514	$ 86,406,640

Funds Accumulated for Specific Projects or Purposes

The benevolence funds will be used to provide resident assistance.

The charitable gift annuity fund is set aside for payment of gift annuities.

Per Capita Cost of Operations

Total Operating Expenses (Form 5-4, Line 1)	$ 37,652,798
Mean number of all residents (Form 1-1, Line 10)	536.5
	$ 70,182

PART 8

KEY INDICATORS REPORT

KEY INDICATORS REPORT

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY dba PARADISE VALLEY ESTATES

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

Chief Executive Officer Signature

	Actual						Projected	Forecast				Preferred Trend Indicator
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
OPERATIONAL STATISTICS												
1. Average Annual Occupancy by Site (%)	87%	90%	84%	90%	93%	89%	86%	89%	93%	93%	93%	N/A
MARGIN (PROFITABILITY) INDICATORS												
2. Net Operating Margin (%)	-10%	-12%	-18%	-17%	-12%	-13%	-11%	-10%	-6%	-6%	-6%	↑
3. Net Operating Margin - Adjusted (%)	24%	14%	14%	19%	22%	6%	21%	22%	24%	25%	25%	↓
LIQUIDITY INDICATORS												
4. Unrestricted Cash and Investments ($000)	40,827	43,622	44,843	37,694	47,714	51,759	49,098	47,710	51,164	52,473	54,466	↑
5. Days Cash on Hand (Unrestricted)	548	583	538	438	534	568	493	416	430	431	434	↑
CAPITAL STRUCTURE INDICATORS												
6. Deferred Revenue from Entrance Fees ($000)	63,103	63,183	65,508	69,165	73,496	70,116	90,080	105,565	112,728	116,897	121,535	N/A
7. Net Annual E/F proceeds ($000)	10,251	7,108	8,979	11,477	12,030	5,639	11,824	14,103	14,775	15,522	16,344	N/A
8. Unrestricted Net Assets ($000)	19,870	22,467	25,583	20,613	28,626	34,913	35,543	31,544	29,353	27,629	26,079	N/A
9. Annual Capital Asset Expenditure ($000)	4,027	12,850	9,901	9,405	29,269	44,549	24,340	5,242	5,398	5,560	5,727	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	-0.10	0.14	-0.58	-0.57	0.24	0.10	0.18	-0.25	-0.13	-0.12	-0.12	↑
11. Annual Debt Service Coverage (x)	2.31	2.32	1.91	1.92	2.91	1.42	2.04	1.46	1.74	1.85	1.95	↑
12. Annual Debt Service/Revenue (%)	13%	10%	10%	15%	10%	10%	16%	18%	16%	16%	15%	↓
13. Average Annual Effective Interest Rate (%)	4%	3%	4%	4%	3%	1%	2%	3%	4%	4%	4%	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	110%	78%	99%	88%	36%	39%	48%	50%	56%	60%	65%	↑
15. Average Age of Facility (years)	14	13	13	14	15	15	12	11	11	12	12	↓

SIGNIFICANT TRENDS OR VARIANCES IN KEY OPERATIONAL INDICATORS

Margin (Profitability Indicators) – Items 2 & 3

- Net operating margins after 2021 are expected to improve once our site expansion (the Ridge) is completed in mid-2021 and we begin to fill those units.

Capital Structure Indicators

6. Deferred Revenue from Entrance Fees – Deferred revenues from entrance fees are projected to increase once the Ridge is opened

9. Capital Asset Expenditure – Most of the increase in 2019 and 2020 is due to the Ridge construction project. This is projected to decrease once the Ridge is completed.

10 & 11. Debt Service Coverage – DSC is projected to improve as the Ridge approaches steady state occupancy and monthly service fee revenues increase.

14. Unrestricted Cash & Investments/Long term debt (%) – This metric declined in 2019 and 2020 due to bond financing to fund PVE's Ridge expansion. This metric is projected to improve once the Ridge is open and PVE begins collecting monthly service fees.

PART 9

REFUND RESERVE REPORT

FOR

REFUNDABLE CONTRACTS

FORM 9-1
CALCULATION OF REFUND RESERVE AMOUNT

12/31/2020

	[1] Resident Name	[2] Sex	DOB	[3] Entrance Fee	[4] Refund %	[5] Refund Amount (promised after 6 yrs)	[6] Age	[7] 7500	6% [9] Present Value Multiplier	[10] Present Value of Refund
1				$383,040	50%	$191,520.00	94	3.579	0.812	155,469
2				$407,513	50%	$203,756.00	89	5.200	0.739	150,494
3				$365,600	50%	$182,800.00	85	6.956	0.667	121,885
4				$418,900	50%	$209,450.00	85	6.956	0.667	139,654
5				$364,234	50%	$182,117.00	84	7.438	0.648	118,066
6				$430,600	50%	$215,300.00	74	13.189	0.464	99,835
7				$365,600	50%	$182,800.00	70	15.553	0.404	73,857
8				$267,128	95%	$253,772.00	103	2.022	0.889	225,567
9				$718,830	95%	$682,889.00	94	3.579	0.812	554,345
10				$592,900	95%	$563,255.00	90	4.838	0.754	424,889
11				$728,500	95%	$692,075.00	89	5.200	0.739	511,167
12				$587,200	95%	$557,840.00	88	5.613	0.721	402,224
13				$722,100	95%	$685,995.00	86	6.494	0.685	469,878
14				$857,000	95%	$814,150.00	84	7.438	0.648	527,812
15				$1,005,200	95%	$954,940.00	74	13.189	0.464	442,810
16				$586,028	50%	$293,014.00	94	2.903	0.844	247,415
17				$334,400	50%	$167,201.00	87	4.806	0.756	126,363
18				$460,500	50%	$230,250.00	86	6.494	0.685	157,711
19				$644,200	95%	$611,990.00	90	3.957	0.794	485,970
20				$955,800	95%	$908,010.00	72	12.073	0.495	449,338
21				$470,900	50%	$235,450.00	81	9.060	0.590	138,876
				$11,666,173		$9,018,574				
									TOTAL AMOUNT REQUIRED FOR REFUND RESERVE :	$6,023,624

PROVIDER: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
COMMUNITY: PARADISE VALLEY ESTATES

Investment Entrance Fee Account Balance GL 15-4027 15-4028

From Union Bank Statement 7,016,448

Overage / Shortage 992,824