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, 2024

PART 1

ANNUAL PROVIDER FEES

FORM 1-1:RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	535
[2]	Number at end of fiscal year	537
[3]	Total Lines 1 and 2	1,072
		x.50
[4]	Multiply Line 3 by “.50” and enter result on Line 5.	
[5]	Mean number of continuing care residents	536
	All Residents	
[6]	Number at beginning of fiscal year	545
[7]	Number at end of fiscal year	556
[8]	Total Lines 6 and 7	1,101
		x.50
[9]	Multiply Line 8 by “.50” and enter result on Line 10.	
[10]	Mean number of *all* residents	551
[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).	97

FORM 1-2: ANNUAL PROVIDER FEE

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	53,611,249.00
[a]	Depreciation	7,786,308.00
[b]	Debt Service (Interest Only)	4,419,786.00
[2]	Subtotal (add Line 1a and 1b)	12,206,094.00
[3]	Subtract Line 2 from Line 1 and enter result.	41,405,155.00
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	97.28
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	40,278,934.78
[6]	**Total Amount Due** (multiply Line 5 by .001)	$ 40,278.93

PROVIDER: Northern California Retired Officers Community

COMMUNITY: Paradise Valley Estates

PART 2

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PARADISE VALLEY

ESTATES

April 29, 2025

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, 2024.

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

Kevin L. Burke
Chief Executive Officer

2600 Estates Drive • Fairfield, CA 94533 • (707) 432-1100 • FAX (707) 432-0959

PART 3

EVIDENCE OF FIDELITY BOND

Client#: 1565789 NORTHCAL8

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 12/16/2024

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
Lic # OG11911
10940 White Rock Rd 2nd Fl
Rancho Cordova, CA 95670

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 : Ironshore Specialty Insurance Co	25445
INSURER B : Great American Alliance Insurance Co.	26832
INSURER C : Great American Risk Surplus Lines Ins	35351B
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			HC7DAC53P0001	12/01/2024	12/01/2025	EACH OCCURRENCE	$1,000,000
	X CLAIMS-MADE ☐ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
	X BI/PD Ded:25000						MED EXP (Any one person)	$5,000
							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			ACPBA3069611283	12/01/2024	12/01/2025	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)	$200,000
								$
A	UMBRELLA LIAB ☐ OCCUR			HC7DAC53QG001	12/01/2024	12/01/2025	EACH OCCURRENCE	$5,000,000
	X EXCESS LIAB X CLAIMS-MADE						AGGREGATE	$5,000,000
	DED X RETENTION $0							$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N			WCE55348105	01/01/2025	01/01/2026	X PER STATUTE OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? N	N / A					E.L. EACH ACCIDENT	$1,000,000
	(Mandatory in NH)						E.L. DISEASE - EA EMPLOYEE	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - POLICY LIMIT	$1,000,000
C	Excess Liability			XSE78920503	12/01/2024	12/01/2025	$5,000,000 Occurrence $5,000,000 Aggregate	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Evidence of Insurance. The Commercial General Liability includes Professional Liability Coverage with limits at $1,000,000 Each Claim & $3,000,000 Aggregate. Retro-Date: 12/01/2016.

CERTIFICATE HOLDER
Office of Statewide Health
Planning & Development
Cal-Mortgage Loan Insurance Division
2020 W El Camino Ave
Sacramento, CA 95833

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™

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PRODUCER
USI Insurance Services, LLC
Lic # OG11911
10940 White Rock Rd 2nd Fl
Rancho Cordova, CA 95670

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 : At-Bay Specialty Insurance Company	19607
INSURER B : Federal Insurance Company	20281
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Northern California Retired Officers Co
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	Cyber Liability			AB660622705	12/01/2024	12/01/2025	$2,000,000 w/$5K Ret.	
B	Dir & Officers			82487674	12/01/2024	12/01/2025	$5,000,000 /$25K Ret.	
B	Crime			82487674	12/01/2024	12/01/2025	$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 Insurance

CERTIFICATE HOLDER
Office of Statewide Health
Planning & Development
Cal-Mortgage Loan Insurance Division
2020 W El Camino Ave
Sacramento, CA 95833

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

PART 4

AUDITED FINANCIAL STATEMENTS

Northern California
Retired Officers Community
d.b.a. Paradise Valley Estates

Financial Statements

December 31, 2024 and 2023

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Northern California Retired Officers Community d.b.a. Paradise Valley Estates (a California nonprofit public benefit corporation) (PVE), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PVE as of December 31, 2024 and 2023, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PVE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PVE's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PVE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

San Francisco, California
April 29, 2025

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Balance Sheets
December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 8,295,136	$ 1,432,574
Assets whose use is limited	8,395,461	8,276,057
Investments	16,302,699	20,016,706
Accounts receivable, net	947,885	1,552,867
Entrance fees receivable	1,504,900	1,319,000
Prepaid expenses and other current assets	1,884,510	1,764,925
Total current assets	37,330,591	34,362,129
Assets Whose Use is Limited	19,528,058	21,999,090
Property and Equipment, Net	166,814,246	170,167,701
Total assets	$ 223,672,895	$ 226,528,920
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 1,040,782	$ 871,597
Retainage payable	2,926,876	3,290,979
Accrued personnel expenses	1,322,840	787,220
Accrued compensated annual leave	1,221,920	1,284,837
Accrued interest	2,298,935	2,442,151
Current portion of long-term debt	3,630,000	3,475,000
Total current liabilities	12,441,353	12,151,784
Long-Term Debt, Net	90,691,076	98,648,313
Entrance Fee Deposits	262,800	3,598,172
Refundable Entrance Fees	18,775,662	12,793,202
Deferred Revenue From Entrance Fees	83,020,955	76,367,379
Total liabilities	205,191,846	203,558,850
Net Assets		
Without donor restriction	16,217,594	20,539,804
With donor restriction	2,263,455	2,430,266
Total net assets	18,481,049	22,970,070
Total liabilities and net assets	$ 223,672,895	$ 226,528,920

See notes to financial statements

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Statements of Operations and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	2024	2023
Change in Net Assets Without Donor Restrictions		
Revenues:		
Net resident service revenues	$ 44,918,213	$ 42,580,843
Other operating revenue	1,064,001	1,156,734
Net assets released from restrictions	418,197	132,339
Total revenues	46,400,411	43,869,916
Expenses:		
Salaries and benefits	23,549,756	22,244,191
Depreciation	7,786,308	7,829,869
Interest	4,419,486	4,667,640
Purchased services	5,110,899	3,686,276
Utilities	3,094,476	3,057,510
Food and beverage costs	2,474,899	2,364,114
Other operating expenses	2,659,770	2,004,725
Repairs and maintenance	1,309,294	1,191,404
Insurance	1,271,044	1,037,816
Supplies	1,142,624	1,035,731
Credit loss expense	512,048	442,609
Marketing and advertising	280,645	436,277
Total expenses	53,611,249	49,998,162
Operating loss	(7,210,838)	(6,128,246)
Other income:		
Investment return	2,888,628	3,963,749
Revenue less than expenses and change in net assets without donor restrictions	(4,322,210)	(2,164,497)
Change in Net Assets With Donor Restriction		
Restricted contributions	251,386	226,614
Net assets released from restrictions	(418,197)	(132,339)
Change in net assets with donor restrictions	(166,811)	94,275
Change in net assets	(4,489,021)	(2,070,222)
Net Assets, Beginning	22,970,070	25,040,292
Net Assets, Ending	$ 18,481,049	$ 22,970,070

See notes to financial statements

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Cash received from residents with continuing-care contracts	$ 29,822,794	$ 28,479,533
Cash received related to residents who did not have a continuing-care contract	7,089,343	5,929,031
Contributions and other revenue	1,315,387	1,383,348
Proceeds from nonrefundable entrance fees and entrance fee deposits, existing units	11,869,446	8,812,200
Investment income received	1,078,403	1,089,617
Interest paid	(4,639,939)	(4,930,229)
Cash paid to employees and suppliers	(40,883,152)	(38,635,596)
Net cash provided by operating activities	5,652,282	2,127,904
Cash Flows From Investing Activities		
Net sales of investments and assets whose use is limited	193,621	7,686,109
Purchases of property and equipment	(4,432,853)	(3,623,355)
Net cash (used in) provided by investing activities	(4,239,232)	4,062,754
Cash Flows From Financing Activities		
Payment of retainage payable	(364,103)	-
Payments on long-term debt	(7,725,000)	(9,310,000)
Proceeds from refundable entrance fees, existing units	5,129,430	1,398,300
Proceeds from entrance fees, new units	2,979,440	7,174,800
Refunds of entrance fees	(2,252,494)	(686,492)
Net cash used in financing activities	(2,232,727)	(1,423,392)
Net change in cash, cash equivalents and restricted cash and cash equivalents	(819,677)	4,767,266
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Beginning	20,639,767	15,872,501
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Ending	$ 19,820,090	$ 20,639,767
Reconciliation of Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 8,295,136	$ 1,432,574
Cash and cash equivalents included in assets whose use is limited	11,524,954	19,207,193
Total cash, cash equivalents and restricted cash and cash equivalents	$ 19,820,090	$ 20,639,767

See notes to financial statements

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	$ (4,489,021)	$ (2,070,222)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of entrance fees	(8,611,058)	(8,549,672)
Amortization of debt issuance costs	430,920	385,205
Depreciation	7,786,308	7,829,869
Proceeds from nonrefundable entrance fees, existing units	15,390,718	5,739,700
Credit loss expense	512,048	442,609
Net unrealized (gain)/loss on investments	(1,156,007)	(2,917,743)
Net realized loss (gain) on sales of investments	(654,218)	43,611
Amortization of bond premium	(508,156)	(508,156)
(Increase) decrease in assets:		
Accounts receivable	92,934	(65,216)
Prepaid expenses	(119,585)	(67,585)
Entrance fees receivable	(185,900)	(194,500)
Increase (decrease) in liabilities:		
Accounts payable and other accrued expenses	169,185	(468,071)
Retainage payable	(364,103)	-
Accrued personnel expenses	535,620	(492,089)
Accrued compensated annual leave	(62,917)	(107,198)
Accrued interest	(143,216)	(139,638)
Entrance fee deposits	(3,335,372)	3,267,000
Net cash provided by (used in) operating activities	5,288,180	2,127,904
Cash Flows From Investing Activities		
Net sale/(purchase) of assets whose use is limited	(5,330,611)	937,378
Net sales of investments	5,524,232	6,748,731
Purchases of property and equipment	(4,432,853)	(3,623,355)
Net cash provided by investing activities	(4,239,232)	4,062,754
Cash Flows From Financing Activities		
Payments on long-term debt	(7,725,001)	(9,310,000)
Proceeds from refundable entrance fees, existing units	5,129,430	3,738,150
Proceeds from entrance fees, new units	2,979,440	4,834,950
Refunds of entrance fees	(2,252,494)	(686,492)
Net cash used in financing activities	(1,868,625)	(1,423,392)
Net change in cash, cash equivalents and restricted cash and cash equivalents	(819,677)	4,767,266
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Beginning	20,639,767	15,872,501
Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents, Ending	$ 19,820,090	$ 20,639,767
Noncash Investing Activities		
Purchase of property and equipment, accrued but not paid	$ -	$ -
Reconciliation of Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 8,295,136	$ 1,432,574
Cash and cash equivalents included in assets whose use is limited	11,524,954	19,207,193
Total cash, cash equivalents and restricted cash and cash equivalents	$ 19,820,090	$ 20,639,767
Supplemental Information		
Cash paid for interest	$ 4,480,597	$ 5,089,668

See notes to financial statements

1. Organization

The Northern California Retired Officers Community d.b.a. Paradise Valley Estates (PVE) is a California nonprofit public benefit corporation organized to provide retired uniformed services officers and their spouses, widows and widowers with housing facilities and healthcare services.

PVE operates a continuing care retirement community (the Community) consisting of 391 independent living (IL) units, 60 assisted living (AL) units, 18 AL memory care (MC) units, a 60-bed skilled nursing (SN) facility and public spaces and amenities. The Community is located in Fairfield, California.

PVE is certified as a continuing care retirement community (CCRC) by the State of California Department of Social Services.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, money market funds and overnight investments considered to be cash equivalents. For the purposes of the statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include investments purchased with an initial maturity of three months or less.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include cash and cash equivalents restricted in their use by debt agreements or donors.

Accounts Receivable and Entrance Fee Receivables

Resident accounts receivable are reported net of an allowance for credit losses, which represents PVE’s estimate of expected losses as of the balance sheet date. The adequacy of PVE’s allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivables portfolios by payor source, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance as necessary. The allowance for credit losses was approximately $298,000 and $413,000 at December 31, 2024 and December 31, 2023, respectively.

Entrance fee receivables are evaluated for collectability prior to residents being admitted to the Community based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Investments, Assets Whose Use is Limited and Investment Risk

Investments primarily include assets set aside for the general use and purposes of PVE.

Assets whose use is limited primarily include assets held by a trustee under indentures for the Series 2013 Bonds, Series 2016 Bonds and Series 2019 Bonds; assets whose use by PVE has been limited by donors to specific time periods or purposes; and a refund reserve to fund the payment of entrance fee refunds. Amounts available to meet current liabilities have been classified as current assets on the balance sheets.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Investment return is included in operating loss unless the investment return is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on the trade date.

PVE's investments are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is possible that the amounts reported in the balance sheets could change materially in the near term.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted income. Net assets with donor restrictions are reclassified and reported as an increase in net assets without donor restriction when an asset is purchased with the donated funds and placed in service.

Property and equipment will be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were recognized in 2024 or 2023.

Debt Issuance Costs and Bond Premiums

Costs incurred and bond premiums received in connection with the issuance of long-term debt are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method and are presented in PVE's balance sheets as a direct addition to or reduction of long-term debt.

Debt issuance costs totaled $9,074,962 at December 31, 2024 and 2023. Accumulated amortization was $4,031,816 and $3,600,896 at December 31, 2024 and 2023, respectively. Amortization expense is recorded as an adjustment to interest expense in the amounts of $430,920 and $385,205 in 2024 and 2023, respectively.

Bond premiums totaled $13,040,724 at December 31, 2024 and 2023. Accumulated amortization was $4,871,502 and $4,363,345 at December 31, 2024 and 2023, respectively. Amortization of the bond premiums is recorded as an adjustment to interest expense and was $508,156 in 2024 and 2023.

Continuing Care Contracts and Entrance Fees

Under continuing care contracts (CCCs) for the majority of PVE's IL units, residents pay an entrance fee and a monthly fee according to the type of residence selected, the refund plan chosen and the number of residents who occupy the unit. Under all entrance fee refund plans, residents have the right to cancel the CCC with or without cause within 90 days of occupancy of the IL unit (the Cancellation Period). In the case of such cancellation, PVE is obligated to refund the entrance fee, the monthly fee, and all other fees paid to PVE, less the reasonable value of services rendered to the resident pursuant to the cancelled CCC.

PVE offers one basic CCC with three different refund plans; a nonrefundable plan, a 50% refund plan and a 90% refund plan. Under the nonrefundable plan, following the Cancellation Period and upon termination of the CCC, the entrance fee will be refunded, less a $7,500 processing fee and less 2% of the entrance fee per month of residency until no entrance fee remains to be refunded. Under the 50% refund plan, following the Cancellation Period and upon termination of the CCC, the entrance fee will be refunded, less a $7,500 processing fee and less 2% of the entrance fee per month of residency until 50% of the entrance fee remains to be refunded. Under the 90% refund plan, following the Cancellation Period and upon termination of the CCC, the entrance fee will be refunded, less a $7,500 processing fee and less 2% of the entrance fee per month of residency until 90% of the entrance fee remains to be refunded. The 50% and 90% refund plans are generally only available to prospective residents that have not attained the age of 81 by the date of occupancy.

All entrance fee refunds are paid within 14 days after the resident vacates the IL unit.

PVE is required to maintain an entrance fee refund escrow to fund the payment of entrance fee refunds to residents who elected the 50% and 90% refund plans. This escrow is included in assets whose use is limited.

The guaranteed refund component of entrance fees under the 50% and 90% refund plans is not amortized to income and is classified as refundable entrance fees on the balance sheets. The balance of entrance fees received is classified as deferred revenue from entrance fees in the balance sheets. The deferred revenue is amortized to income over the annually adjusted actuarially determined life expectancy of the residents using the straight-line method, which approximates the period of time that goods and services under the CCCs are expected to be transferred to residents and PVE's performance obligation to the residents is satisfied.

The gross amount of contractual refund obligations under existing CCCs approximated $49,880,000 and $40,793,000 at December 31, 2024 and 2023, respectively.

Amortization of entrance fees was $8,611,058 in 2024 and $8,549,672 in 2023. A significant portion of amortization revenue in 2024 and 2023 was included in deferred revenue from entrance fees as of the beginning of each year.

Under the majority of existing CCCs, upon permanent transfer to AL, AL MC or SN, IL residents pay the daily resident healthcare rate, which is approximately equal to the weighted average of all first-person monthly fees for IL units. The CCC does not entitle the residents to an interest in the property owned by PVE.

PVE also offers rental contracts to prospective residents. Under these arrangements, residents do not pay an entrance fee. Residents are only obligated to pay a monthly fee according to the type of residence selected and the number of residents who occupy the IL unit.

Effective January 2023, PVE began offering modified life care contracts to prospective residents. Under these arrangements, residents pay an entrance fee and monthly fee according to the type of residence selected, the refund plan chosen, and the number of residents who occupy the IL unit. Residents are entitled on an annual basis to 30 days of temporary AL, AL MC or SN care and services, based on medical necessity, which is noncumulative from year to year. This benefit shall be at no extra charge to the resident except for the payment of the Daily Supplemental Fee, as defined. In addition, under the modified life care contracts, residents are entitled to 90 days of AL, AL MC or SN care and services upon permanent transfer to these levels of care. The residents continue paying the monthly fee for the IL unit vacated, and the Daily Supplemental Fee, as defined, during the 90-day period. After 90 days, residents pay current market rates for AL, AL MC or SN care and services.

Future Service Obligation

PVE 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 with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (future service obligation) with the corresponding charge to expense. There was no liability for a future service obligation at December 31, 2024 or 2023.

Net Assets

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 - This classification includes net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net Assets With Donor Restrictions - This classification includes net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor 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.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration PVE expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Payment terms and conditions for PVE's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service revenues for recurring and routine monthly services due from private pay residents are generally billed monthly in advance. Net resident service revenues for ancillary services due from private pay residents are generally billed monthly in arrears. Net resident service revenues due from Medicare and other third-party payor programs are billed monthly in arrears.

Net resident service revenues are primarily comprised of SN, AL, AL MC and IL revenue streams, which are primarily derived from providing housing and SN, AL, AL MC and IL services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. PVE has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, PVE considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, SN, AL, AL MC and IL revenues are recognized on a daily or month-to-month basis as services are rendered.

PVE receives revenue for SN services under third-party payor programs, including Medicare and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. PVE estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends. Retroactive adjustments are recognized in future periods as final settlements are determined.

Contract Assets and Liabilities

Contract assets represent PVE's right to consideration in exchange for goods or services that PVE has transferred to a resident when that right is conditioned on something other than the passage of time (for example, PVE's future performance). Contract liabilities represent PVE's obligation to transfer goods or services to a resident for which PVE has received consideration (or the amount is due) from the resident.

As of December 31, 2024 and 2023, opening and closing balances of contract assets consisting of accounts receivable and contract liabilities consisting of deferred revenue, were as follows:

	December 31, 2024	December 31, 2023	December 31, 2022
Accounts receivable, net	$ 947,885	$ 1,552,867	$ 1,930,260
Deferred revenue from entrance fees	83,020,955	76,367,379	74,782,621

Income Taxes

PVE is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

Measure of Operations

PVE's operating loss includes only those operating revenues and expenses that are an integral part of PVE's program activities and net assets released from donor restrictions to support operating expenditures. Nonoperating activities are limited to resources that generate return on investments and other activities considered to be more unusual and nonrecurring in nature.

Performance Indicator

PVE's performance indicator is revenues less than expenses as reflected in the accompanying statements of operations and changes in net assets. Revenues less than expenses includes all changes in net assets other than changes in net assets with donor restrictions.

Reclassifications

For comparative purposes, certain amounts in prior year's financial information have been reclassified to conform to current year presentation.

Subsequent Events

PVE evaluated subsequent events for recognition or disclosure through April 29, 2025, the date the financial statements were issued.

3. Liquidity and Availability

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

	2024	2023
Cash and cash equivalents	$ 8,295,136	$ 1,432,574
Accounts receivable, net	947,885	1,552,867
Entrance fees receivable	1,504,900	1,319,000
Investments	16,302,699	20,016,706
Total	$ 27,050,620	$ 24,321,147

PVE has assets whose use is limited that include assets held by a trustee under bond indentures for the Series 2019 Bonds, Series 2016 Bonds and Series 2013 Bonds; assets whose use by PVE has been limited by donors to specific purposes; and an entrance fee refund escrow. These assets are generally not available for general expenditure within the next year and are not reflected in the amounts above.

As part of PVE's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Net Resident Service Revenues

PVE disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended December 31:

	2024			
	Skilled Nursing	Assisted Living and Memory Care	Independent Living	Total
Private pay	$ 2,218,695	$ 4,149,809	$ 24,523,058	$ 30,891,562
Medicare and other	5,415,593	-	-	5,415,593
Total	$ 7,634,288	$ 4,149,809	$ 24,523,058	36,307,155
Amortization of entrance fees				8,611,058
Net resident service revenues				$ 44,918,213

	2023			
	Skilled Nursing	**Assisted Living and Memory Care**	**Independent Living**	**Total**
Private pay	$ 1,865,233	$ 4,004,609	$ 23,621,301	$ 29,491,143
Medicare and other	4,540,028	-	-	4,540,028
Total	$ 6,405,261	$ 4,004,609	$ 23,621,301	34,031,171
Amortization of entrance fees				8,549,672
Net resident service revenues				$ 42,580,843

PVE has an agreement with Medicare that provides for payments at amounts different from established rates. Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on PVE's clinical assessment of its residents. PVE is required to clinically assess its residents at predetermined time periods throughout the year which are subject to review and adjustment by the Medicare program.

5. Fair Value Measurements, Assets Whose Use is Limited and Investments

Fair Value Measurements

For financial instruments required to be measured at fair value on a recurring basis, fair value is defined as the price that would be received to sell an asset or paid to dispose of a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to PVE for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the instrument through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following tables present the fair value hierarchy for those financial instruments measured at fair value on a recurring basis at December 31:

	2024		
	Total	**Level 1**	**Level 2**
Assets:			
Investments and assets whose use is limited:			
Equity mutual funds	$ 7,631,000	$ 7,631,000	$ -
Equity exchange-traded funds	7,082,596	7,082,596	-
Fixed income securities:			
Corporate bonds and securities	7,733,671	-	7,733,671
Municipal bonds	104,370	-	104,370
U.S. treasury obligations	7,758,796	-	7,758,796
U.S. government agency obligations	1,317,462	-	1,317,462
Foreign bonds	28,090	-	28,090
Total measured at fair value	31,655,985	$ 14,713,596	$ 16,942,389
Cash and cash equivalents	12,570,233		
Total investments and assets whose use is limited	$ 44,226,218		

	2023		
	Total	**Level 1**	**Level 2**
Assets:			
Investments and assets whose use is limited:			
Equity mutual funds	$ 8,056,821	$ 8,056,821	$ -
Fixed income mutual funds	5,855,340	5,855,340	-
Equity exchange-traded funds	5,188,228	5,188,228	-
Fixed income securities:			
Corporate bonds and securities	2,503,416	-	2,503,416
Municipal bonds	179,077	-	179,077
U.S. treasury obligations	3,038,245	-	3,038,245
U.S. government agency obligations	5,638,835	-	5,638,835
Foreign bonds	30,626	-	30,626
Total measured at fair value	30,490,588	$ 19,100,389	$ 11,390,199
Cash and cash equivalents	19,801,265		
Total investments and assets whose use is limited	$ 50,219,853		

Investments and assets whose use is limited are presented together in the tables above as there are various investment and cash accounts that are allocated between the investment and assets whose use is limited lines on the balance sheets. Total investments and assets whose use is limited are presented on the balances sheets as follows:

	2024	2023
Current portion of assets whose use is limited	$ 8,395,461	$ 8,276,057
Investments	16,302,699	20,016,706
Assets whose use is limited	19,528,058	21,999,090
Total investments and assets whose use is limited	$ 44,226,218	$ 50,291,853

Valuation Methodologies

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2024 and 2023.

Mutual funds and exchange-traded funds are valued at fair value based on quoted market prices in active markets.

Corporate bonds and securities, municipal bonds, corporate obligations, U.S. treasury obligations, U.S. government agency obligations and foreign bonds are generally valued using quoted market prices of similar securities.

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. PVE's liquid reserves at December 31, 2024 and 2023 were sufficient to meet this requirement.

Assets whose use is limited are classified as follows:

	2024	2023
Assets whose use is limited:		
Under trust indenture, held by trustee:		
Bond reserve funds	$ 6,386,853	$ 6,277,899
Bond principal funds	3,626,801	3,475,024
Bond interest funds	2,207,962	2,332,812
Project fund	2,560,698	2,468,221
Redemption fund	-	478,000
	14,782,314	15,031,956
Other:		
Entrance fee refund reserve and entrance fee deposits	9,371,252	11,734,798
Benevolence fund	2,404,523	2,396,021
Other	701,067	599,897
Ziegler Link-Age fund	575,000	425,000
Charitable annuities	89,363	87,475
Total assets whose use is limited	27,923,519	30,275,147
Less current portion	(8,395,461)	(8,276,057)
Assets whose use is limited	$ 19,528,058	$ 21,999,090

Investment return (loss) without donor restrictions is comprised of the following for the years ended December 31:

	2024	2023
Investment income:		
Interest and dividends, net	$ 1,078,403	$ 1,089,617
Net realized gain (loss) on sales of investments	654,218	(43,611)
Change in net unrealized gains and losses on investments	1,156,007	2,917,743
Total investment return	$ 2,888,628	$ 3,963,749

6. Property and Equipment, Net

A summary of property and equipment is as follows:

	2024	2023
Land	$ 9,872,311	$ 9,872,311
Land improvements	21,871,326	21,824,064
Buildings and improvements	198,688,271	195,831,090
Furniture and equipment	27,924,793	27,910,991
Vehicles	953,908	842,395
	259,310,609	256,280,851
Less accumulated depreciation	(95,589,679)	(87,803,371)
	163,720,930	168,477,480
Construction in progress	3,093,316	1,690,221
Total	$ 166,814,246	$ 170,167,701

PVE had retainage payable of $2,926,876 and $3,290,979 on its balance sheet at December 31, 2024 and 2023, respectively. The retainage payable represents an estimate of the final payment due to the contractor in connection with construction and equipping of an IL expansion project, consisting of 70 IL cottage and villa units (known as The Ridge at Paradise Valley Estates). Negotiations related to the final payment amount are ongoing.

7. Long-Term Debt

Series 2019 Bonds

In February 2019, the California Municipal Finance Authority (CMFA) issued, on behalf of PVE, $95,685,000 of Insured Revenue Bonds (NCROC-Paradise Valley Estates Project), Series 2019 (the Series 2019 Bonds). The proceeds from the Series 2019 Bonds were used to finance the construction and equipping The Ridge at Paradise Valley Estates, fund interest on the Series 2019 Bonds during the construction period, fund a Bond Reserve Account and pay a portion of the costs of issuing the Series 2019 Bonds. The Series 2019 Bonds were issued in two series: Series 2019A Bonds totaling $66,585,000 and Series 2019B Bonds totaling $29,100,000.

The Series 2019A Bonds are due in varying annual installments beginning January 2027 through January 2049 and bear interest at 5.0% payable semi-annually. The Series 2019B Bonds were due in July 2024 ($17,000,000) and July 2025 ($12,100,000). Proceeds from entrance fees for the new IL units were used to repay the Series 2019B Bonds prior to maturity. Through December 31, 2024, PVE made payments on the Series 2019B Bonds of $29,100,000. Interest on the Series 2019B Bonds ranged from 2.0% to 2.25% payable semi-annually.

Series 2016 Bonds

In November 2016, CMFA issued, on behalf of PVE, $22,080,000 of Insured Revenue Bonds (NCROC-Paradise Valley Estates Project), Series 2016 (the Series 2016 Bonds). The proceeds from the Series 2016 Bonds were used to finance certain capital projects, refinance the outstanding balance of California Health Facilities Financing Authority (CHFFA) Series 2005 Bonds and pay a portion of the costs of issuing the Series 2016 Bonds.

The Series 2016 Bonds are due in varying annual installments through January 2047 and bear interest at rates ranging from 2.75% to 5.0% payable semi-annually.

Series 2013 Bonds

In March 2013, CHFFA issued, on behalf of PVE, $32,215,000 of Insured Refunding Revenue Bonds (NCROC-Paradise Valley Estates Project), Series 2013 (the Series 2013 Bonds). The proceeds from the Series 2013 Bonds were used to refinance the outstanding balance of CHFFA Series 2002 Bonds, fund a Bond Reserve Account and pay a portion of the costs of issuing the Series 2013 Bonds.

The Series 2013 Bonds are due in varying annual installments through January 2026 and bear interest at rates ranging from 3.5% to 5.0% payable semi-annually.

Security

The Series 2019 Bonds, Series 2016 Bonds and Series 2013 Bonds (collectively, the Bonds) are secured on a parity basis by a lien on and security interest in the Community, a pledge of Gross Revenues, as defined, and the balance of funds held by trustee in connection with the Bonds. Further, payment of principal and interest on the Series 2019 Bonds and Series 2016 Bonds is secured by Contracts of Insurance entered into between PVE, CMFA and the Office of Statewide Health Planning and Development of the State of California.

Debt Covenants

PVE is required to comply with certain debt covenants, including the maintenance of certain financial ratios. Also, under the terms of the Bonds, PVE is required to maintain certain deposits with a trustee.

Long-Term Debt Summary

Long-term debt was as follows at December 31:

	2024	2023
Series 2019A Bonds	$ 66,585,000	$ 66,585,000
Series 2019B Bonds	-	4,250,000
Series 2016 Bonds	18,415,000	18,995,000
Series 2013 Bonds	6,195,000	9,090,000
Total	91,195,000	98,920,000
Additions/deductions:		
Debt issuance costs, net	(5,043,146)	(5,474,066)
Unamortized original issue bond premiums	8,169,222	8,677,379
Current maturities	(3,630,000)	(3,475,000)
Long-term debt	$ 90,691,076	$ 98,648,313

Scheduled principal payments on long-term debt are as follows:

Years ending December 31:	
2025	$ 3,630,000
2026	3,770,000
2027	2,045,000
2028	2,145,000
2029	2,245,000
Thereafter	77,360,000
Total	$ 91,195,000

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	2024	2023
Benevolence fund	$ 1,706,535	$ 1,989,425
Other	556,920	440,841
Total	$ 2,263,455	$ 2,430,266

9. Defined Contribution Plan

PVE sponsors a defined contribution retirement plan covering substantially all of its employees. PVE also sponsors a second defined contribution retirement plan available to employees who meet additional eligibility requirements. PVE's contributions to the plans were $535,713 in 2024 and $492,161 in 2023.

10. Medical Malpractice Claims Coverage

PVE maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed PVE's insurance coverages or will have a material adverse effect on the financial statements.

11. Concentrations of Credit Risk

PVE grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicare and various commercial insurance companies.

PVE maintains cash and cash equivalents accounts, which, at times, may exceed federally insured limits. PVE has not experienced any losses from maintaining cash and cash equivalents accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash and cash equivalents accounts.

12. Commitments and Contingencies

PVE operates in an industry where various suits and claims arise in the normal course of business. Management is not currently aware of any claims that have been or will be asserted that will, after consideration of applicable insurance coverages, have a material adverse effect on the financial statements.

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter, if any, cannot be known with certainty.

PVE has an unfunded capital commitment of $425,000 and $575,000 related to an investment in the Ziegler Link-Age fund as of December 31, 2024 and 2023, respectively.

PVE 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 PVE's past experience. The workers' compensation reserve liability is $108,960 and $172,208 as of December 31, 2024 and 2023, respectively, and is included in accounts payable and accrued expenses in the accompanying balance sheet.

The Organization had its Paycheck Protection Program (PPP) loan in the amount of $3,328,396 forgiven during 2021. The Small Business Administration (SBA) reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

13. Functional Expenses

PVE provides housing health care and other related services to elderly residents within its geographic location. Expenses related to providing these services are as follows in 2024 and 2023:

	2024		
	Program Services	**General and Administrative**	**Total**
Salaries and benefits	$ 20,050,678	$ 3,499,078	$ 23,549,756
Depreciation	7,786,308	-	7,786,308
Interest	4,419,486	-	4,419,486
Purchased services	1,470,226	3,640,673	5,110,899
Utilities	3,094,476	-	3,094,476
Food and beverage costs	2,474,899	-	2,474,899
Other operating expenses	763,298	1,896,472	2,659,770
Repairs and maintenance	1,309,294	-	1,309,294
Insurance	-	1,271,044	1,271,044
Supplies	949,699	192,925	1,142,624
Credit loss expense	-	512,048	512,048
Marketing and advertising	-	280,645	280,645
Total	$ 42,318,364	$ 11,292,885	$ 53,611,249

	2023		
	Program Services	**General and Administrative**	**Total**
Salaries and benefits	$ 18,061,496	$ 4,182,695	$ 22,244,191
Depreciation	7,829,869	-	7,829,869
Interest	4,667,640	-	4,667,640
Purchased services	1,429,993	2,256,283	3,686,276
Utilities	3,057,510	-	3,057,510
Food and beverage costs	2,364,114	-	2,364,114
Other operating expenses	537,550	1,467,175	2,004,725
Repairs and maintenance	1,190,357	1,047	1,191,404
Insurance	-	1,037,816	1,037,816
Supplies	854,256	181,475	1,035,731
Credit loss expense	-	442,609	442,609
Marketing and advertising	-	436,277	436,277
Total	$ 39,992,785	$ 10,005,377	$ 49,998,162

Certain expense categories above, including utilities, depreciation and interest, are attributable to more than one program service or support function. The Organization believes substantially all utilities, depreciation and interest is applicable to program services. As such, these expenses were reported in the program services columns above.

PART 5

LIQUID RESERVES

Northern California
Retired Officers Community
d.b.a. Paradise Valley Estates

Continuing Care Liquid Reserve Schedules
and Supplementary Information

December 31, 2024

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Table of Contents
December 31, 2024

Independent Auditors' Report

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

Report on the Continuing Care Liquid Reserve Schedules

Opinion

We have audited the accompanying continuing care liquid reserve schedules, Form 5-1 through Form 5-5 (the Schedules) of Northern California Retired Officers Community d.b.a. Paradise Valley Estates (a California nonprofit public benefit corporation) (PVE), which comprise the continuing care liquid reserve schedules, as of and for the year ended December 31, 2024, and the related notes to the continuing care liquid reserve schedules.

In our opinion, the Schedules referred to above present fairly, in all material respects, the continuing care reserves of PVE as of and for the year ended December 31, 2024 in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792 as described below.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of PVE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the Schedules, which describes the basis of accounting used to prepare the Schedules. The Schedules are prepared by PVE on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Schedules

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

Auditors' Responsibility for the Audit of the Schedules

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PVE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedules.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PVE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Restriction on Use

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Schedules as a whole. The accompanying supplementary information on pages 9 through 10 is presented for the purpose of additional analysis and is not a required part of the Schedules. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Schedules. The information has been subjected to the auditing procedures applied in the audit of the Schedules, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Schedules or to the Schedules themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the Schedules taken as a whole.

Baker Tilly US, LLP

San Francisco, California
April 29, 2025

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Form 5-1, Long-Term Debt Incurred in a Prior Fiscal Year (Including Balloon Debt)
Year Ended December 31, 2024

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	04/04/2013	$ 2,895,000	$ 407,130	$ -	$ 3,302,130
2	11/30/2016	580,000	771,150	-	1,351,150
3	02/21/2019	4,250,000	3,461,659	-	7,711,659
	Total	$ 7,725,000	$ 4,639,939	$ -	$ 12,364,939

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

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

Provider: Northern California Retired Officers Community d.b.a. Paradise Valley Estates

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Form 5-2, Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt)
Year Ended December 31, 2024

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Recent Payment on the Debt	(d) Number of Payments Over Next Twelve Months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
N/A		$ -	$ -	$ -	$ -
	Total	$ -	$ -	$ -	$ -

(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 d.b.a. Paradise Valley Estates

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Form 5-3, Calculation of Long-Term Debt Reserve Amount
Year Ended December 31, 2024

Line		Total
1	Total from Form 5-1 bottom of Column (e)	$ 12,364,939
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	$ 12,364,939

Provider: Northern California Retired Officers Community d.b.a. Paradise Valley Estates

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Form 5-4, Calculation of Net Operating Expenses
Year Ended December 31, 2024

Line		Amount	Total
1	Total operating expenses from financial statements		$ 53,611,249
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	$ 4,639,939	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	-	
	c. Depreciation	7,786,308	
	d. Amortization	(77,236)	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract.	7,089,343	
	f. Extraordinary expenses approved by the Department	-	
3	Total deductions		19,438,354
4	Net operating expenses		34,172,895
5	Divide Line 4 by 365 and enter the result.		93,624
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		$ 7,021,828

Provider: Northern California Retired Officers Community d.b.a. Paradise Valley Estates

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Form 5-5, Annual Reserve Certification
Year Ended December 31, 2024

Provider Name: Northern California Retired Officers Community d.b.a. Paradise Valley Estates
Fiscal Year End: December 31, 2024

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2024 and are in compliance with those requirements.

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

		Amount
[1]	Debt service reserve amount	$ 12,364,939
[2]	Operating expense reserve amount	7,021,828
[3]	Total liquid reserve amount	$ 19,386,767

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

			Amount (market value at end of quarter)		
	Qualifying Asset Description		**Debt Service Reserve**		**Operating Reserve**
[4]	Cash and cash equivalents		$ -		$ 8,295,136
[5]	Investment Securities		$ 143,323		$ 16,159,375
[6]	Equity Securities		$ -		$ -
[7]	Unused/Available lines of credit		$ -		$ -
[8]	Unused/Available letters of credit		$ -		$ -
[9]	Debt service reserve		$ 12,221,616		$ -
[10]	Other:		$ -		$ -
	(describe qualifying asset)				
	Listed for reserve obligation	[11]	$ 12,364,939	[12]	$ 24,454,511
	Reserve obligation amount	[13]	$ 12,364,939	[14]	$ 7,021,828
	Surplus/(Deficiency)	[15]	$ -	[16]	$ 17,432,683

Signature:

K L Baer

(Authorized Representative)

Date: 04/30/2025

Chief Executive Officer
(Title)

1. Organization

The Northern California Retired Officers Community d.b.a. Paradise Valley Estates (PVE) is a California nonprofit public benefit corporation organized to provide retired uniformed services officers and their spouses, widows and widowers with housing facilities and healthcare services.

PVE operates a continuing care retirement community (the Community) consisting of 391 independent living (IL) units, 60 assisted living (AL) units, 18 AL memory care (MC) units, a 60-bed skilled nursing (SN) facility and public spaces and amenities. The Community is located in Fairfield, California.

PVE is certified as a continuing care retirement community (CCRC) by the State of California, Department of Social Services.

2. Basis of Accounting

The accompanying continuing care liquid reserve schedules, Form 5-1 through 5-5, 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 PVE's assets, liabilities, revenues and expenses.

Northern California Retired Officers Community
d.b.a. Paradise Valley Estates

Supplementary Form 5-4, Reconciliation to Audit Report
Year Ended December 31, 2024

Form 5-4 Reconciliation 1

Total operating expenses (Form 5-4, Line 1)	$ 53,611,249
Mean number of all residents (Form 1-1, Line 10)	510
Per capita cost of operations	$ 105,120

Form 5-4 Reconciliation 2e

Health services	$ 11,784,097
Resident services	24,523,058
Change in accounts receivable	604,982
Less CCRC and other revenue	(5,299,736)
Less IL revenue	(24,523,058)
	$ 7,089,343

Form 5-4 Reconciliation 2c and 2d

Depreciation and amortization expense	$ 7,709,072
Less amortization	77,236
	$ 7,786,308

Form 5-5 Reconciliation

Debt Service Reserve	
2013 Bond Funds:	
Interest fund	$ 131,177
Principal fund	3,031,781
Reserve fund	3,231,470
	6,394,428
2016 Bond Funds:	
Interest fund	381,776
Principal fund	595,020
	976,796
2019 Bond Funds:	
Interest fund	1,695,009
Reserve fund	3,155,383
	4,850,392
Total debt service reserve	12,221,616
2019 Bond Project Fund	2,560,698
Other assets limited as to use	13,141,205
Total assets limited as to use	$ 27,923,519

PART 6

CONTINUING CARE RETIREMENT COMMUNITY DICLOSURE STATEMENT

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 4/10/2025

Facility Name: Paradise Valley Estates

Address: 2600 Estates Drive | Zip Code: 94533 | Phone: (707) 432-1100

Provider Name:

Northern California Retired Officers Community

Facility Operator: Kevin Burke. CEO

Religious Affiliation: None

Year Opened: 1997 # of Acres: 76 Miles to Shopping Center: 1.2 Miles to Hospital: 3.2

❑ Single Story ❑ Multi-Story ☑ Other: Both

Number of Units: 531

Residential Living	**Number of Units**	**Health Care**	**Number of Units**
Apartments – Studio:	0	Assisted Living:	60
Apartments – 1 Bdrm:	36	Skilled Nursing:	60
Apartments – 2 Bdrm:	135	Special Care:	20
Cottages/Houses:	220	Description:	Memory Care Assisted Living

RLU Occupancy (%) at Year End: 79.33%

Type of Ownership: ☑ Not for Profit ❑ For Profit

Accredited? ☑ Yes By: CARF ❑ No

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

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

Range of Entrance Fees: $224,000 - $1,375,000

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 Members 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

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

Facility Services and Amenities

Common Area Amenities	**Available**	**Fee for Service**
Beauty/Barber Shop	☐	☑
Billiard Room	☐	☐
Bowling Green	☐	☐
Card Rooms	☑	☐
Chapel	☑	☐
Coffee Shop	☐	☑
Craft Rooms	☑	☐
Exercise Room	☑	☐
Golf Course Access	☐	☑
Library	☑	☐
Putting Green	☑	☐
Shuffleboard	☐	☐
Spa	☑	☐
Swimming Pool – Indoor	☑	☐
Swimming Pool – Outdoor	☐	☐
Tennis Court	☑	☐
Workshop	☑	☐
Other: Bocce Ball	☑	☐

Services Available	**Included in Fee**	**For Extra Charge**
Housekeeping (4 Times/ Month at $27.50 each)	☑	☐
Meals (1 /Day)	☑	☐
Special Diets Available	☑	☐
24-Hour Emergency Response	☑	☐
Activities Program	☑	☐
All Utilities Except Phone	☑	☐
Apartment Maintenance	☑	☐
Cable TV	☑	☐
Linens Furnished	☐	☐
Linens Laundered	☐	☑
Medication Management	☐	☑
Nursing/Wellness Clinic	☑	☐
Personal Home Care	☐	☑
Transportation – Personal	☐	☑
Transportation – Prearranged	☑	☐
Other: ______________	☐	☐

Provider Name: Northern California Retired Officers Community d.b.a. Paradise Valley Estates

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

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

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

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

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

Provider Name: Northern California Retired Officers Community d.b.a. Paradise Valley Estates

Income and Expenses [Year]	2021	2022	2023	2024
Income from Ongoing Operations Operating Income (Excluding amortization of entrance fee income)	32,680,491	31,632,294	36,409,861	37,879,353
Less Operating Expenses (Excluding depreciation, amortization, and interest)	(31,963,050)	(38,775,071)	(37,500,653)	(41,405,455)
Net Income From Operations	717,441	(7,142,777)	(1,090,792)	(3,616,102)
Less Interest Expense	(1,924,351)	(6,008,552)	(4,666,014)	(4,419,486)
Plus Contributions	223,724	1,300,000	226,614	251,386
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	3,355,625	(6,614,937)	2,741,793	3,963,749
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	2,372,439	(18,466,266)	(2,788,399)	(3,820,453)
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	6,216,286	4,146,033	8,791,358	17,625,822

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

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
US Bank	66,585,000	2-2.25%	2019	2027-2049	30 years
US Bank	18,415,000	2.75-5%	2016	2047	30 years
US Bank	6,195,000	3.5-5%	2013	2026	13 years

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

Financial Ratios [Year]	**CCAC Medians 50th Percentile** *(optional)*	2022	2023	2024
Debt to Asset Ratio		45.4%	43.5%	40.5%
Operating Ratio		131.8%	116.2%	121.3%
Debt Service Coverage Ratio		.14	.73	.78
Days Cash On Hand Ratio		223	191	196

Provider Name: Northern California Retired Officers Community d.b.a. Paradise Valley Estates

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

Residence/Service [Year]	2021	%	2022	%	2023	%	2024	%
Studio	3,376	4.5	3,579	6	3,865	8	4,020	4
One Bedroom	5,107	4.5	5,413	6	5,846	8	6,080	4
Cottage/House	5,315	4.5	5,634	6	6,085	8	6,328	4
Assisted Living	5,164	6.5	5,474	6	5,912	8	6,148	4
Skilled Living	5,164	6.5	5,474	6	5,912	8	6,148	4
Special Care	5,164	6.5	5,475	6	5,912	8	6,148	4

Comments from Provider:

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

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

Operating Ratio

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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

PART 7

REPORT ON CCRC MONTHLY SERVICE FEES

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

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

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

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

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

4. Check *each* of the appropriate boxes.

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

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

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

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

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

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1.	Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	$3,480-7,608	$5,659-6,196	$5,659-6,196	$5,659-6,196
2.	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4%	4%	4%	4%

☐ 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: January 1, 2024
(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: October 31, 2023 **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:** October 2, 2023

☑ At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

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

- ☑ Emailed the documents to those residents for whom the provider had email addresses on file
- ☑ Placed hard copies in resident cubby
- ☑ Placed hard copies at designated locations
- ☑ Provided hard copies to residents upon request, and/or
- ☑ Other: [please describe] mailed to responsible parties
- ☑ **Date of Notice:** October 31, 2023

☑ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
Date of Notice: September 8, 2023

☑ The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: September 8, 2023 **Location of Posting:** newsletter, intranet (PVE Pulse), town hall

☑ Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.
Date of Posting: September 8, 2023 **Location of Posting:** Intranet (PVE Pulse)

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

PROVIDER: Northern California Retired Officers Comm. **COMMUNITY:** Paradise Valley Estates

Paradise Valley Estates

FORM 7-1 Explanations for Adjustments in Monthly Fees

<u>Summary of Documents Used in Determining Rate Adjustment</u>

The following documents were used in developing the monthly fee adjustments for 2024

NCROC Operating Budget for 2024	Internally developed document detailing all revenues and expenses for projected fiscal year 2024. 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 2023, based on actual performance.

<u>Basis of monthly Care Fee Adjustment</u>

Methodology for Rate Adjustment

Paradise Valley Estates (PVE), a continuing care retirement community located in Fairfield, California, has been in operation since 1997. The 2024 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 an impact. 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.

ATTACHMENT TO FORM 7-1

REPORT ON CCRC MONTHLY SERVICE FEES

EXPLANATION FOR THE 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 the highest level of service and value while also ensuring the long-term financial sustainability of the organization.

For 2024, service fees were increased by 4.00% for all levels of care. The reason for these increases was to offset a projected operating loss. The largest cost increase in 2024 was for labor, which represents roughly 60% of the operating expense budget. Increases related to minimum wage mandates, merit increases, and market factors for 2024.

In addition to increased labor costs, PVE saw cost increases across the board due to inflation, in particular food costs, which were projected to continue increasing in 2024. 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, 2024	December 31, 2023
2013 Bond funds:		
Interest fund	131,177	203,578
Revenue fund	3,325	-
Principal fund	3,031,781	2,895,020
Reserve fund	3,231,137	3,230,975
	6,397,420	6,329,573
2016 Bond funds:		
Interest fund	381,775	389,383
Revenue fund	1	-
Project fund	-	-
Principal fund	595,020	580,004
	976,796	969,387
2019 Bond funds:		
Capitalized Interest fund	-	-
Interest fund	1,695,010	1,739,851
Revenue fund	(3,326)	-
Redemption fund	-	478,000
Project fund	2,560,697	2,468,221
Reserve fund	3,155,383	3,046,924
	7,407,764	7,732,996
Other Limited Use fund		
Benevolence fund	2,404,523	2,390,472
Entrance fee refund escrow	9,108,452	7,967,998
Ziegler LinkAge fund	575,000	425,000
Charitable annuities	89,363	87,475
Other	-	-
	12,177,338	10,870,945
	$ 26,959,318	$ 25,902,901

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)	$ 53,611,249
Mean number of all residents (Form 1-1, Line 10)	551
	$ 97,298

PART 8

KEY INDICATORS REPORT

KEY INDICATORS REPORT

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY dba PARADISE VALLEY ESTATES

K L Bud 4-29-25

Chief Executive Officer Signature

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

	Actual											Projected	Forecast			Preferred Trend Indicator
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
OPERATIONAL STATISTICS																
1. Average Annual Occupancy by Site (%)	86%	87%	90%	84%	90%	93%	89%	75%	77%	77%	78%	81%	85%	85%	85%	N/A
MARGIN (PROFITABILITY) INDICATORS																
2. Net Operating Margin (%)	1%	-10%	-12%	-18%	-17%	-12%	-13%	-12%	-18%	-8%	-11%	-8%	-5%	-6%	-6%	↑
3. Net Operating Margin - Adjusted (%)	35%	24%	14%	14%	19%	22%	6%	6%	-3%	9%	26%	27%	22%	23%	23%	↓
LIQUIDITY INDICATORS																
4. Unrestricted Cash and Investments ($000)	38,954	40,827	43,622	44,843	37,694	47,714	51,759	46,099	26,278	21,823	24,598	29,754	31,616	35,292	39,388	↑
5. Days Cash on Hand (Unrestricted)	575	548	583	538	438	534	568	489	219	188	198	226	232	251	271	↑
CAPITAL STRUCTURE INDICATORS																
6. Deferred Revenue from Entrance Fees ($000)	59,798	63,103	63,183	65,508	69,165	73,496	70,116	80,681	84,084	89,160	101,797	115,114	119,831	126,033	132,500	N/A
7. Net Annual E/F proceeds ($000)	12,275	10,251	7,108	8,979	11,477	12,030	5,639	5,736	4,786	6,534	18,268	19,741	15,049	16,950	17,628	N/A
8. Unrestricted Net Assets ($000)	20,565	19,870	22,467	25,583	20,613	28,626	34,913	39,969	22,704	20,372	16,218	11,047	7,608	4,046	457	N/A
9. Annual Capital Asset Expenditure ($000)	3,081,647	4,027	12,850	9,901	9,405	29,269	44,549	26,164	4,626	3,400	4,433	7,252	5,386	5,601	5,825	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	0.59	-0.10	0.14	-0.58	-0.57	0.24	0.10	0.56	-0.53	-0.32	-0.23	-0.22	-0.26	-0.24	-0.27	↑
11. Annual Debt Service Coverage (x)	3.51	2.31	2.32	1.91	1.92	2.91	1.42	1.66	0.05	0.49	2.02	1.57	2.96	2.56	2.65	↑
12. Annual Debt Service/Revenue (%)	12%	13%	10%	10%	15%	10%	10%	14%	24%	18%	17%	22%	9%	11%	10%	↓
13. Average Annual Effective Interest Rate (%)	3%	4%	3%	4%	4%	3%	1%	1%	4%	4%	4%	4%	4%	4%	4%	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	94%	110%	78%	99%	88%	36%	39%	41%	25%	24%	28%	36%	39%	44%	51%	↑
15. Average Age of Facility (years)	14	14	13	13	14	15	15	15	10	11	12	13	13	14	14	↓

PART 9

REFUND RESERVE REPORT

FOR

REFUNDABLE CONTRACTS

FORM 9-1
CALCULATION OF REFUND RESERVE AMOUNT

12/31/2024

	[1]	[2]				[3]	[4]	[5]	[6]	[7]	[9]	[10]
	Resident Name	Sex	DOB	Sex	DOB	Entrance Fee	Refund %	Refund Amount	Age	Life Exp.	Present Value Multiplier	Present Value of Refund
1	[redacted]					$ 681,500.00	90%	$ 613,350.00	76	12.011	0.497	304,621
2	[redacted]					$ 784,800.00	90%	$ 706,320.00	84	7.438	0.648	457,906
3	[redacted]					$ 592,900.00	95%	$ 563,255.00	94	3.579	0.812	457,231
4	[redacted]					$ 1,206,600.00	95%	$ 1,146,270.00	66	18.165	0.347	397,746
5	[redacted]					$ 995,700.00	90%	$ 896,130.00	77	11.394	0.515	461,356
6	[redacted]					$ 364,234.00	50%	$ 182,117.00	88	5.613	0.721	131,313
7	[redacted]					$ 718,830.00	95%	$ 682,888.50	96	2.533	0.863	589,183
8	[redacted]					$ 418,900.00	50%	$ 209,450.00	89	5.200	0.739	154,700
9	[redacted]					$ 383,040.00	50%	$ 191,520.00	98	2.741	0.852	163,249
10	[redacted]					$ 461,040.00	90%	$ 414,936.00	59	20.609	0.301	124,868
11	[redacted]					$ 1,153,400.00	90%	$ 1,038,060.00	86	6.494	0.685	711,027
12	[redacted]					$ 782,900.00	95%	$ 743,755.00	81	9.060	0.590	438,691
13	[redacted]					$ 737,400.00	50%	$ 368,700.00	79	10.184	0.552	203,685
14	[redacted]					$ 1,470,700.00	90%	$ 1,323,630.00	81	9.060	0.590	780,720
15	[redacted]					$ 587,200.00	95%	$ 557,840.00	92	4.175	0.784	437,379
16	[redacted]					$ 899,900.00	50%	$ 449,950.00	76	12.011	0.497	223,468
17	[redacted]					$ 933,000.00	90%	$ 839,700.00	78	10.779	0.534	448,077
18	[redacted]					$ 871,300.00	50%	$ 435,650.00	80	9.620	0.571	248,711
19	[redacted]					$ 470,900.00	50%	$ 235,450.00	85	6.956	0.667	156,990
20	[redacted]					$ 880,400.00	50%	$ 440,200.00	76	12.011	0.497	218,626
21	[redacted]					$ 1,189,500.00	90%	$ 1,070,550.00	78	10.779	0.534	571,262
22	[redacted]					$ 624,300.00	50%	$ 312,150.00	77	11.394	0.515	160,705
23	[redacted]					$ 827,308.00	50%	$ 413,654.00	81	9.060	0.590	243,987
24	[redacted]					$ 349,350.00	50%	$ 174,675.00	74	13.189	0.464	80,998
25	[redacted]					$ 460,500.00	50%	$ 230,250.00	90	4.838	0.754	173,688
26	[redacted]					$ 1,005,200.00	95%	$ 954,940.00	78	10.779	0.534	509,570
27	[redacted]					$ 655,500.00	50%	$ 327,750.00	87	6.054	0.703	230,325
28	[redacted]					$ 334,400.00	50%	$ 167,200.00	91	3.670	0.807	135,009
29	[redacted]					$ 737,400.00	50%	$ 368,700.00	79	10.184	0.552	203,685
30	[redacted]					$ 653,550.00	50%	$ 326,775.00	81	9.060	0.590	192,743
31	[redacted]					$ 857,000.00	95%	$ 814,150.00	88	5.613	0.721	587,033
32	[redacted]					$ 490,500.00	50%	$ 245,250.00	82	8.501	0.609	149,446
33	[redacted]					$ 407,513.00	50%	$ 203,756.50	95	2.705	0.854	174,044
34	[redacted]					$ 365,600.00	50%	$ 182,800.00	89	5.200	0.739	135,016
35	[redacted]					$ 955,800.00	95%	$ 908,010.00	76	9.673	0.569	516,782
						$25,308,065		$18,739,782				

TOTAL AMOUNT REQUIRED FOR REFUND RESERVE : $11,173,837

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

Investment Entrance Fee Account Balance	$9,116,096
Overfunded/(Underfunded)	(2,057,741)