

ANNUAL REPORT CHECKLIST

FOR

FISCAL YEAR ENDED: September 30, 2023

PROVIDER: Bay Area Senior Services, Inc

FACILITY(IES): The Peninsula Regent

CONTACT PERSON: Lynn Acklin

TELEPHONE NO.: (541) 857-7779

EMAIL: lacklin@retirement.org

Your complete annual report must consist of 2 copies and an electronic copy of the following:

- a This cover sheet.
- a Annual Provider Fee in the amount of: 15,596.20
- a Certification by the provider's chief executive officer that:
 - a The reports are correct to the best of his/her knowledge.
 - a Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - a The Provider is maintaining the required liquid reserve and, when applicable, the required refund reserve.
- a Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- a Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- a Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- a Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1
- Provider's Refund Reserve Calculation(s) - Form 9-1 abd/or 9-2, if applicable.

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.

**FORM 1-1
RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	194
[2]	Number at end of fiscal year	189
[3]	Total Lines 1 and 2	383
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x 0.50
[5]	Mean number of continuing care residents	191.5
All Residents		
[6]	Number at beginning of fiscal year	197
[7]	Number at end of fiscal year	192
[8]	Total Lines 6 and 7	389
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x 0.50
[10]	Mean number of all residents	194.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of all residents (Line 10) and enter the result (round to two decimal places).	0.98

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) <u>19,678,858</u>
[a]	Depreciation <u>1,334,896</u>
[b]	Debt Service (Interest Only) <u>2,503,435</u>
[2]	Subtotal (add Line 1a and 1b) <u>3,838,331</u>
[3]	Subtract Line 2 from Line 1 and enter result. <u>15,840,527</u>
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) <u>0.98</u>
[5]	Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4) <u>15,596,200</u>
[6]	Total Amount Due (multiply Line 5 by .001) <u>x 0.001</u> <u>15,596.20</u>

Provider: Bay Area Senior Services, Inc
Community: The Peninsula Regent

FORM 1-1 AND FORM 1-2



THE PENINSULA REGENT
Your Life. Your Way.

January 30, 2024

Allison Nakatomi
Department of Social Services
744 "P" Street, M. S. 9-14-91
Sacramento, CA 95814

Re: Annual Report of Bay Area Senior Services,
dba The Peninsula Regent
Certification by Chief Executive Officer

The annual report and any amendments thereto are correct to the best of my knowledge.

To the best of my knowledge every continuing care contract form in use or offered to new residents has been approved by the Department of Social Services.

As of January 31, 2024 Bay Area Senior Services is maintaining the required liquid reserve and refund reserve.

Sincerely,

Eric Sholty, CEO
Pacific Retirement Services, Inc
Bay Area Senior Services

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS**

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
COMBINED FINANCIAL STATEMENTS	
COMBINED STATEMENTS OF FINANCIAL POSITION	4
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
COMBINED STATEMENTS OF CASH FLOWS	6
NOTES TO COMBINED FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS OF FINANCIAL POSITION	29
COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	31
COMBINING STATEMENTS OF CASH FLOWS	33
COMBINING STATEMENTS OF CASH FLOWS – DIRECT METHOD	37



INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Area Senior Services, Inc. and
University Retirement Community at Davis
San Mateo and Davis, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying combined financial statements of Bay Area Senior Services, Inc. and University Retirement Community at Davis (a nonprofit organization), which comprise the combined statements of financial position as of September 30, 2023 and 2022, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Senior Services, Inc. and University Retirement Community at Davis as of September 30, 2023 and 2022, and the 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.

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 Bay Area Senior Services, Inc. and University Retirement Community at Davis and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay Area Senior Services, Inc. and University Retirement Community at Davis' ability to continue as a going concern for within one year after the date that the combined financial statements are issued.

Board of Directors
Bay Area Senior Services, Inc. and
University Retirement Community at Davis

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined financial statements.

In performing an audit in accordance with GAAS, we:

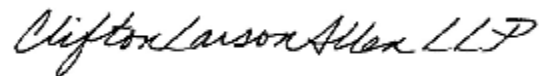
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined 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 Bay Area Senior Services, Inc. and University Retirement Community at Davis' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bay Area Senior Services, Inc. and University Retirement Community at Davis' 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.

Board of Directors
Bay Area Senior Services, Inc. and
University Retirement Community at Davis

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position, activities and changes in net assets, and cash flows are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Portland, Oregon
January 4, 2024

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
COMBINED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,489,388	\$ 7,529,729
Investments	33,379,807	34,666,292
Accounts Receivable	982,697	951,144
Supplies and Prepaid Expenses	1,014,829	920,773
Assets Restricted Under Bond Indenture Agreements	226,082	184,403
Total Current Assets	40,092,803	44,252,341
PROPERTY AND EQUIPMENT, NET	116,951,886	110,230,956
OTHER ASSETS		
Gift Annuities	5,078	5,078
Receivables from Members, Noncurrent	1,784,735	1,024,283
Noncurrent Investments	8,160,618	7,503,483
Interest Rate Swap Agreement	-	1,838,504
Total Other Assets	9,950,431	10,371,348
Total Assets	\$ 166,995,120	\$ 164,854,645
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 3,623,117	\$ 4,256,595
Accrued Interest	326,511	210,904
Other Current Liabilities	71,288	225,108
Due to Affiliates, Net	388,934	320,214
Refundable Deposits, Nonmember	450,240	535,830
Refundable Deposits, Member	53,489	59,425
Current Portion of Long-Term Debt	2,654,594	1,894,388
Current Portion of Repayable Entrance Fees	-	83,616
Total Current Liabilities	7,568,173	7,586,080
OTHER LIABILITIES		
Long-Term Debt, Net of Current Portion	61,067,964	63,783,950
Less: Unamortized Debt Issuance Costs	(707,947)	(810,732)
Long-Term Debt, Net	60,360,017	62,973,218
Refundable Entrance Fees	607,500	-
Deferred Revenue from Entrance Fees	44,476,562	44,726,043
Interest Rate Swap Agreement	81,599	553,874
Total Other Liabilities	105,525,678	108,253,135
Total Liabilities	113,093,851	115,839,215
NET ASSETS		
Without Donor Restriction	52,608,980	48,471,189
With Donor Restriction	1,292,289	544,241
Total Net Assets	53,901,269	49,015,430
Total Liabilities and Net Assets	\$ 166,995,120	\$ 164,854,645

See accompanying Notes to Combined Financial Statements.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
OPERATING REVENUES		
Service Fees	\$ 33,626,976	\$ 31,963,145
Health Center Revenue, Net	5,625,602	4,932,442
Entrance Fees Earned	6,263,542	6,861,178
Transfer Fees	908,663	1,225,700
Contributions and Grants	172,626	863,609
Investment Income (Loss)	(28,728)	177,247
Other Revenue	1,435,954	1,396,844
Subtotal	48,004,635	47,420,165
Net Assets Released from Restrictions	587,855	371,815
Total Operating Revenues	48,592,490	47,791,980
OPERATING EXPENSES		
Program Expenses:		
Dietary	8,546,333	7,864,516
Facility Services and Utilities	10,420,707	9,433,016
Health and Social Services	5,898,586	5,131,331
Memory Care	735,094	615,404
Assisted Living	2,792,658	2,809,686
General and Administrative Expenses:		
Administrative and Marketing	7,658,429	7,578,817
Lease	34,216	32,344
Interest Expense and Financing Fees	3,674,276	1,339,385
Net Settlements Associated with Interest Rate Swap Agreement	(25,923)	551,644
Depreciation	5,999,700	5,819,770
Disbursement of Contributed Funds	605,409	477,729
Loss on Disposal of Property and Equipment	381,129	678,956
Other Expenses	1,211,326	990,737
Fees to Affiliates	2,405,656	2,323,836
Total Operating Expenses	50,337,596	45,647,171
OPERATING INCOME	(1,745,106)	2,144,809
NONOPERATING INCOME (LOSS)		
Contributed Property and Equipment	2,180,000	-
Unrealized Change in Value of Investments	3,789,126	(7,521,479)
Change in Value of Interest Rate Swap Agreement	(86,229)	3,595,754
Total Nonoperating Income (Loss)	5,882,897	(3,925,725)
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	4,137,791	(1,780,916)
NET ASSETS WITH DONOR RESTRICTION		
Contributions	1,335,903	792,400
Change in Value of Gift Annuities Receivable	-	230
Net Assets Released from Restrictions	(587,855)	(371,815)
Change in Net Assets with Donor Restrictions	748,048	420,815
CHANGE IN NET ASSETS	4,885,839	(1,360,101)
Net Assets - Beginning of Year	49,015,430	50,375,531
NET ASSETS - END OF YEAR	\$ 53,901,269	\$ 49,015,430

See accompanying Notes to Combined Financial Statements.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,885,839	\$ (1,360,101)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,999,700	5,819,770
Amortization of Debt Issuance Costs	102,785	109,111
Change in Interest Rate Cap/Swap Agreements		
Change in Value of Interest Rate Swap Agreement	86,229	(3,595,754)
Nonrepayable Entrance Fees Received	6,176,200	7,946,200
Nonrepayable Entrance Fees Repaid	(245,755)	(366,644)
Entrance Fees Earned	(6,263,542)	(6,861,178)
Unrealized Change in Value of Investments	(3,789,126)	7,521,479
Realized Loss and Reinvested Income	78,476	1,416,791
Noncash Donation	(2,180,000)	-
Loss on Disposal of Property and Equipment	381,129	678,956
Net Change in:		
Accounts Receivable	(31,553)	454,860
Supplies and Prepaid Expenses	(94,056)	83,734
Gift Annuities	-	(230)
Accounts Payable and Accrued Expenses	(540,758)	1,330,572
Accrued Interest	115,607	87,867
Due to Affiliates	68,720	14,336
Refundable Deposits	(91,526)	158,586
Refundable Advance	-	(605,157)
Other Current Liabilities	(153,820)	9,883
Net Cash Provided by Operating Activities	4,504,549	12,843,081
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(11,014,479)	(12,289,922)
Purchases of Investments	(226,424)	(7,305,498)
Proceeds from Sale of Investments	4,214,386	2,860,460
Change in Receivables from Members, Noncurrent	(760,452)	(432,480)
Net Cash Used by Investing Activities	(7,786,969)	(17,167,440)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(1,955,780)	(1,753,996)
Interest Rate Swap Agreement	1,280,000	(725,000)
Payment for Bond Issuance Costs	-	(635)
Repayable Entrance Fees Received	607,500	-
Net Cash Used by Financing Activities	(68,280)	(2,479,631)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(3,350,700)	(6,803,990)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	8,746,609	15,550,599
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 5,395,909	\$ 8,746,609

See accompanying Notes to Combined Financial Statements.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash and Cash Equivalents	\$ 4,489,388	\$ 7,529,729
Investments	680,439	1,032,477
Assets Restricted Under Bond Indenture Agreements	226,082	184,403
Cash, Cash Equivalents, and Restricted Cash	\$ 5,395,909	\$ 8,746,609
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 3,439,501	\$ 1,118,807
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and Equipment Financed with Accounts Payable and Accrued Expenses	\$ 170,985	\$ 263,705

See accompanying Notes to Combined Financial Statements.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bay Area Senior Services, Inc. (BASS), is the owner and operator of The Peninsula Regent (TPR), a retirement community providing housing and other related services in San Mateo, California. BASS is a tax-exempt, nonprofit corporation incorporated under the laws of the state of California on July 1, 1986. Each resident (Member) of TPR becomes a Member of the Continuing Care Members Association and the Home Owners' Association.

On September 4, 2018, BASS created BASS Real Estate Holdings, LLC (BASS LLC), a wholly owned limited liability corporation incorporated under the laws of the state of California for the purpose of purchasing the land and common areas of TPR.

University Retirement Community at Davis (URCAD), was founded as a California nonprofit public benefit corporation to provide residential facilities, health and welfare programs, and various services and sponsor programs for the elderly and operates a life plan community in Davis, California.

On October 29, 2018, BASS, together with BASS LLC and URCAD (collectively, "The Obligated Group") formed a group jointly obligated to the long-term debt agreement entered into on October 29, 2018 and the Series 2013 Variable Rate Demand Revenue Bonds (see Note 5).

Collectively, BASS, BASS LLC, and URCAD are defined as "the Corporation." The Corporation is an affiliate of Pacific Retirement Services, Inc. (PRS). PRS includes the following organizations:

- Rogue Valley Manor (RVM) (including Rogue Valley Manor Foundation, Inc.);
- The Cumberland Rest, Inc. dba: Trinity Terrace (Trinity Terrace);
- Cascade Manor, Inc. (Cascade) (including Cascade Manor Foundation, Inc.);
- Holladay Park Plaza, Inc. (HPP);
- Mirabella (Mirabella Seattle) (including Mirabella Washington Foundation, dba: Mirabella Seattle Foundation);
- Mirabella at ASU, Inc. (Mirabella ASU);
- Capitol Lakes, Inc. (Capitol Lakes) (including Capitol Lakes Foundation, Inc., Middleton Glen, Inc., and Senior Housing of Middleton, Inc.);
- Mirabella at South Waterfront (Mirabella Portland) (including Mirabella Portland Foundation, Inc.);
- 25 Affordable Housing Corporations under various corporate names (AHC);
- Community Volunteer Network (CVN);
- PRS Property Holdings, LLC (included in PRS);
- Pacific Retirement Services Foundation (PRSF) (included in PRS);
- PRS Management, Inc. (PRS MI) (including The Centennial, Inc.).

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The accompanying combined financial statements include the accounts of BASS, BASS, LLC, and URCAD. The combined financial statements are prepared on the accrual basis of accounting and all significant intercompany balances and transactions have been eliminated.

Performance Indicator

Change in net assets without donor restrictions as reflected in the accompanying combined statements of activities and changes in net assets, is the performance indicator. Change in net assets without donor restrictions includes all changes in net assets without donor restrictions, including unrealized change in value of trading investments, change in value of interest rate swap agreement, excluding receipt of restricted contributions, change in value of gift annuities, and investment returns restricted by donors or law.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts, commercial paper, and other securities with maturities of three months or less at date of acquisition that are not otherwise held by an investment advisor or restricted under bond indenture agreements.

Investments

Investments are stated at fair value based on quoted market prices. Investments acquired by gift are recorded at fair value on the date received. Investments in marketable securities are adjusted to fair value through recognition of unrealized gains and losses in the performance indicator as they are classified as trading securities. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees.

Accounts Receivable

The Corporation provides services to members and residents even though they may lack adequate funds or may participate in programs that do not pay full charges. The Corporation receives payment for health services from residents, insurance companies, Medicare, and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts, by providing appropriate allowances for uncollectible accounts, and by having secured the accounts through a lien on the condominiums and its Residence and Care Agreements with the residents of the community.

Accounts receivable are stated at the amount management expects to collect. If necessary, management provides for possible uncollectible amounts through a charge to revenues and a credit to a valuation allowance based on its assessment of historical collectibility. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to resident accounts receivable.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Restricted Under Bond Indenture Agreements

Under the terms of the bond indenture agreements between the California Statewide Communities Development Authority (the Authority), the Corporation, and U.S. Bank as Trustee, the Corporation established a Debt Service Fund for the payment of interest and principal on outstanding bonds. Periodic deposits are made to cover the principal and interest payments of the debt. At September 30, 2023 and 2022, the Corporation had a total of \$226,082 and \$184,403, respectively, in assets restricted under bond indenture agreements.

Property and Equipment

Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. The Corporation capitalizes fixed assets with a cost greater than \$2,500. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 50 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the years ended September 30, 2023 and 2022.

Refundable Deposits

Applicants for residency pay waitlist and entrance fee deposits, which vary in amount, prior to occupancy. Generally, depositors may cancel their reservation agreements at any time prior to admission and receive partial to full repayment of their deposits, in accordance with their reservation agreements.

Deferred Revenue from Entrance Fees

Fees paid by a resident upon entering into a continuing care life plan contract are recorded as deferred revenue and are amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such deferred revenue are amounts expected to be repaid to residents, as actuarially determined. For the years ended September 30, 2023 and 2022, \$245,755 and \$366,644 were repaid, respectively. Amounts amortized to income relating to this type of contract were \$6,263,542 and \$6,861,178 for the years ended September 30, 2023 and 2022, respectively, and are included in entrance fees earned in the combined statements of activities and changes in net assets. At September 30, 2023 and 2022, the Corporation had nonrepayable entrance fees of \$44,476,562 and \$44,726,043, respectively, related to entrance fees received that will be recognized as revenue in future years.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repayable Entrance Fees

Repayable contracts are 90% repayable. The repayable portion of entrance fees as of September 30, 2023 and 2022 were \$607,500 and \$83,616, respectively; of the repayable portion \$-0- and \$83,616, respectively, was due to residents as included in current portion of entrance fees payable and will be repaid according to the terms of the contract. There were no repayments of such entrance fees for the years ended September 30, 2023 and 2022.

Future Services Obligation

The Corporation regularly calculates the present value of the net cost 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 services obligation) with the corresponding charge to expense. At September 30, 2023 and 2022 there was no future services obligation.

Interest Rate Swap Agreement

The Corporation has a derivative instrument which is an interest rate swap agreement (see Note 6), which is recorded on the combined statements of financial position at fair value. As this derivative does not qualify as an effective hedge, the changes in fair value of the derivative are recognized in nonoperating income (loss) on the combined statements of activities and changes in net assets in accordance with Accounting Standards Codification (ASC) 815, *Derivatives and Hedging*. In addition, there is a collateral posting requirement if either the Corporation or Merrill Lynch (the Counterparty) exceeds a certain dollar threshold in terms of the market value. The Corporation reports any collateral posted as an other asset on the combined statements of financial position. The collateral posting level is also contingent on the credit rating of the Corporation. If the Corporation were to experience a downgrade in its credit rating, the posting threshold would increase. The Corporation had no collateral posting requirements at September 30, 2023 and 2022.

Receivables from Members, Noncurrent

Receivables from Members represent interest-bearing notes executed between the Corporation and certain Members who have deferred a portion of their monthly fee. The loan is secured by the Member's interest in their condominium and is to be repaid upon the sale of the condominium, along with interest. It is possible that the advances could exceed the sales value of the condominium. Management believes that none of the current advances outstanding, which total \$1,784,735 and \$1,024,283 as of September 30, 2023 and 2022, respectively, exceed the sales value of the Members' condominiums.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The Corporation reports two classifications of net assets. A description of each classification of net assets is as follows:

Net Assets Without Donor Restrictions – Represent unrestricted resources available to support the Corporation's operations and restricted resources which have become available for use by the Corporation in accordance with the intention of the donor.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent 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 purposes specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

All donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Charity Care

The Corporation provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue. Amounts provided as charity care for the years ended September 30, 2023 and 2022 were \$80,001 and \$80,222, respectively.

Contributions

The Corporation reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as support in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

Transfer Fees

Upon the resale of a condominium, BASS is entitled to a transfer fee equal to 10% of the seller's purchase price plus 75% of any realized appreciation. Revenue is recognized in the period in which the condominium sale takes place.

Tax-Exempt Status

BASS and URCAD have been recognized by the Internal Revenue Service as nonprofit corporations as described in Section 501(c)(3) of the IRC and are exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying combined statements of activities and changes in net assets.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-Exempt Status (Continued)

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At September 30, 2023 and 2022, there were no such uncertain tax positions.

Concentration of Risks

The Corporation's cash, cash equivalents, unrestricted investments, and assets restricted under bond indenture consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC), the fair value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments is subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its residents and patients, most of whom are local residents and may be insured under third-party payor agreements. See Note 3 for the mix of receivables from residents, members, and third-party payors as of September 30, 2023 and 2022.

Workers' Compensation Insurance

The Corporation is insured for workers' compensation claims under a guaranteed cost policy. Under the policy, premiums are paid based on estimated annual payroll amounts, which are trued up at each year-end. All claims are covered under the policy. Should the claims made policy not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination would be covered by the insurance policy. Accounting principles generally accepted in the United States of America require that a healthcare organization disclose the estimated costs of claims in the period of the incident, if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated. Because this is a guaranteed cost policy, and all claims are covered, there is no estimated liability to record.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Professional and General Liability Insurance

The Corporation, on its behalf, has secured claims-made professional liability and general liability insurance policies with self-insured retentions of \$50,000 per claim, with coverage limits of \$1,000,000 per claim, and \$3,000,000 in aggregate per policy period (January 1, 2022 to January 1, 2023 and January 1, 2023 to January 1, 2024). The Corporation, on its behalf, has also secured an excess professional and general liability insurance policy with limits of \$20,000,000 per claim and in the aggregate per policy period January 1, 2023 to January 1, 2024 and \$20,000,000 per claim and \$30,000,000 aggregate per policy period January 1, 2022 to January 1, 2023. The Corporation has accrued no liability in its best estimate of the cost of known claims incurred prior to September 30, 2023 and 2022. In addition, the Corporation has accrued no liability as of September 30, 2023 and 2022, in its best estimate of the cost of claims incurred but not yet reported.

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.

Financial Instruments

The Corporation's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period. See Note 12 for fair value hierarchy disclosures.

Advertising

The Corporation expenses advertising costs as incurred. The Corporation's advertising expense for the years ended September 30, 2023 and 2022 was \$380,408 and \$547,044, respectively.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of September 30, 2023 and 2022, the Corporation had working capital of \$32,524,630 and \$36,666,261, respectively.

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

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 4,489,388	\$ 7,529,729
Investments	33,379,807	34,666,292
Accounts Receivable	982,697	951,144
Total Financial Assets	<u>\$ 38,851,892</u>	<u>\$ 43,147,165</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in accordance with its investment policy.

As of September 30, 2023, management believes the Corporation was in compliance with debt covenants (see Note 5).

NOTE 3 ACCOUNTS RECEIVABLE

Accounts receivable at September 30 consisted of the following:

	2023		2022	
	Amount	Percentage	Amount	Percentage
Resident and Member Monthly Fees	\$ 611,228	51 %	\$ 595,859	61 %
Medicare	333,763	28	187,520	19
Other	183,464	15	99,350	11
Insurance	65,773	6	86,889	9
Total Accounts Receivable	1,194,228	100	969,618	100
Less: Allowance for Doubtful Accounts	(211,531)		(18,474)	
Accounts Receivable, Net	<u>\$ 982,697</u>		<u>\$ 951,144</u>	

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at September 30 consisted of the following:

	2023	2022
Land	\$ 30,049,810	\$ 26,934,051
Buildings and Land Improvements	129,706,864	120,528,789
Equipment and Furnishings	18,358,361	16,024,335
Subtotal	178,115,035	163,487,175
Less: Accumulated Depreciation	(67,543,883)	(61,892,438)
Subtotal	110,571,152	101,594,737
Construction in Progress	6,380,734	8,636,219
Property and Equipment, Net	<u>\$ 116,951,886</u>	<u>\$ 110,230,956</u>

Construction in progress for 2023 consists of ongoing renovations of seven condos, auditorium, and exterior paint at TPR. Renovations ongoing at URC include access controls, memory care remodel, and a master plan project. In addition, other various ongoing renovations at both are being funded by operations.

During the year ended September 30, 2023, the Corporation received a donation of four condos. The fair market value of the condos of \$2,180,000 is included in property and equipment in the combined statement of financial position at September 30, 2023 and recognized as contributions of property and equipment in the combined statement of activities for the year ended September 30, 2023.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 5 LONG-TERM DEBT

Long-term debt at September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Series 2013 Revenue Refunding Bonds	\$ 20,887,000	\$ 22,470,000
2021 Loan	42,835,558	43,208,338
Subtotal	63,722,558	65,678,338
Less: Unamortized Debt Issuance Costs	(707,947)	(810,732)
Less: Current Portion	(2,654,594)	(1,894,388)
Long-Term Debt, Net	<u>\$ 60,360,017</u>	<u>\$ 62,973,218</u>

The terms of the Corporation's outstanding long-term debt at September 30 are as described in the paragraphs. In addition, the Corporation entered into a contract for a fixed-pay interest rate swap (see Note 6).

Series 2013 Revenue Refunding Bonds

On August 29, 2013 the California Statewide Communities Development Authority, issued \$33,708,000 of revenue refunding bonds directly placed with Bank of America. The bonds bear interest at 67% of London Interbank Offered Rate (LIBOR) plus a spread of 1.27%. The bonds were issued to refinance the 2008 and 2010 bonds and other capital improvements. The bonds are subject to redemptions as scheduled prior to final maturity in November 2033. The bonds were subject to a mandatory put on August 29, 2023. On July 9, 2021, a new agreement was entered into lowering the interest rate to 80% of LIBOR plus a spread of .85%. On May 1, 2023, the Corporation entered into an agreement amending the interest rate index to 80% of an adjusted Secured Overnight Financing Rate (SOFR). The new agreement extended the mandatory put date to July 1, 2031.

2021 Loan

On July 9, 2021, the Corporation refinanced the loan with Bank of America for the amount of \$43,500,000. The debt bears interest at LIBOR plus a spread of 1.08%. On May 1, 2023, the Corporation entered into an agreement amending the interest rate index from LIBOR to an adjusted Secured Overnight Financing Rate (SOFR). The proceeds of the loan were used to refinance the 2018 loan, pay off a promissory note and other capital improvements. The debt is subject to final maturity on July 1, 2031.

Debt

The Corporation has granted a security interest and lien on certain real property, improvements, and tangible personal property in connection with the bonds described above. The security interest and lien are described in the Master Trust Indenture entered into with U.S. Bank National Association, as master trustee, and the associated deed of trust.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Aggregate maturities of long-term debt are as follows:

<u>Year Ending September 30.</u>	<u>Amount</u>
2024	\$ 2,654,594
2025	2,765,887
2026	2,876,249
2027	2,989,556
2028	3,107,847
Thereafter	49,328,425
Total	<u>\$ 63,722,558</u>

The Corporation is subject to financial covenants on long-term debt which include a debt service coverage ratio and minimum days cash-on-hand requirement. Management believes that the Corporation was in compliance with all provisions as of September 30, 2023 and 2022.

Unamortized Debt Issuance Costs

Issue costs relating to the 2013 bond issue in the amount of \$495,378, and the 2021 Bank of America loan in the amount of \$741,130 were reported as a direct reduction of the carrying amount of the debt. Total gross debt issuance costs were \$1,237,142 for the years ended September 30, 2023 and 2022. Unamortized debt issuance costs are amortized over the term of the bonds. For the years ended September 30, 2023 and 2022, amortization expense was \$102,784 and \$109,111, respectively, and as of September 30, 2023 and 2022, accumulated amortization was \$529,195 and \$426,410, respectively.

NOTE 6 INTEREST RATE SWAP AGREEMENT

On November 1, 2005, University Retirement Community entered into a contract with Merrill Lynch (counterparty) for a fixed-pay interest rate swap. The interest rate swap has an effective date of November 1, 2005, and a termination date of November 15, 2030. It was entered into for the benefit of University Retirement Community to manage interest rate risk on the variable rate bonds, however, it is not being accounted for as an effective hedge.

Under the interest rate swap agreement, which had a \$45,085,000 original notional amount, agrees with the other party to pay, at specified intervals, the fixed rate of 3.21%, while initially receiving the variable rate of 67% of three-month LIBOR. On June 1, 2023, the Corporation entered into an agreement amending the variable rate to 67% of three-month SOFR plus 0.26161%. The outstanding notional principal amount decreases ratably with the original scheduled principal payments. The outstanding notional amounts under the interest rate swap agreement was \$20,335,000 and \$22,150,000 at September 30, 2023 and 2022, respectively.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 6 INTEREST RATE SWAP AGREEMENT (CONTINUED)

On February 10, 2022, BASS entered into an amortizing interest rate cap agreement with SMBC Capital Markets, Inc. for an initial notional amount of \$43,354,169. This interest rate cap has an effective date of February 1, 2022, and a termination date of July 1, 2031. The agreement was entered into for the benefit of the Corporation, to manage interest rate risk on the debt. Interest rate protection occurs if weighted average daily Secured Overnight Financing Rate (SOFR) exceeds 4.92% in a calendar month. The interest rate cap was terminated August 2, 2023.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

The Corporation classifies net asset funds/trusts with donor restrictions that are restricted by time and purpose.

Net assets with donor restrictions at September 30 consisted of the following:

Net Assets with Temporary Donor Restrictions:	2023	2022
Resident Assistance	\$ 1,018,227	\$ 457,930
Employee Appreciation	213,857	54,590
Employee Scholarship	48,287	20,862
B Nelson Transportation	6,450	5,550
Piano Restoration	2,157	2,157
Equipment	2,070	2,070
Capital Improvements	1,241	1,241
Miscellaneous Other	-	(159)
Total Net Assets with Donor Restrictions	\$ 1,292,289	\$ 544,241

Net assets released from donor restrictions for the years ended September 30 were released for the following purposes:

	2023	2022
Employee Appreciation	\$ 481,581	\$ 284,734
Employee Scholarship	24,000	24,500
Resident Assistance	79,895	56,535
Miscellaneous Other	2,379	6,046
Total Net Assets Released from Donor Restrictions	\$ 587,855	\$ 371,815

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 SERVICE FEES AND HEALTH CENTER REVENUE

Resident service fees and patient health center revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for services provided. These amounts are due from residents, third-party payors (including health insurers and government programs), and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. For the years ended September 30, 2023 and 2022, approximately 26% and 32%, respectively, of health center revenue was derived under federal third-party reimbursement programs.

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or housing residents receiving services in the facility. The Corporation considers daily services provided to residents of the skilled nursing facility, and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. The continuing care agreement creates a performance obligation to be satisfied over the resident's life at the Corporation. The Corporation recognizes the revenue associated with the nonrepayable portion of the entrance fee ratably in future periods using a time based measurement.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to the residents and customers in a retail setting (for example, gift shop, salon, transportation, and cafeteria meals) and the Corporation does not believe it is required to provide additional goods or services related to that sale.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to patients in accordance with the Corporation's policy and/or implicit price concessions provided to residents. The Corporation determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by adjusting the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent charges to the estimate of the transaction price are generally recorded as adjustments to resident and client services revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2023 or 2022. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as provision for uncollectible accounts and were not considered material for the years ended September 30, 2023 and 2022.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 SERVICE FEES AND HEALTH CENTER REVENUE (CONTINUED)

The Corporation has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized.

The composition of service fees and health center revenue by primary payor for the years ended September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Private Pay	\$ 37,211,774	\$ 35,046,689
Medicare	1,483,027	1,592,665
Insurance	<u>557,777</u>	<u>256,233</u>
Total	<u>\$ 39,252,578</u>	<u>\$ 36,895,587</u>

Revenue from resident and patient's deductibles and coinsurance are included in the categories presented above based on the primary payor.

The opening and closing contract balances were as follows:

	<u>Accounts Receivable</u>	<u>Deferred Revenue from Entrance Fees</u>
Balance as of October 1, 2021	\$ 1,406,004	\$ 44,091,281
Balance as of September 30, 2022	951,144	44,726,043
Balance as of September 30, 2023	982,697	44,476,562

Contract Costs

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 9 OTHER REVENUE

Other revenue for the years ended September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Lease and Rental	\$ 488,204	\$ 515,224
Miscellaneous Other	283,009	272,783
Food and Beverage	176,645	147,437
Facility Services	165,198	243,656
Private Duty	105,284	60,223
Garage and Carport	101,531	93,309
Guest Room	85,200	26,160
Application Fees	16,000	22,000
Recreation and Activities	14,883	16,052
Total Other Revenue	<u>\$ 1,435,954</u>	<u>\$ 1,396,844</u>

Due to the Coronavirus pandemic, the U.S. Department of Health and Human Services (HHS) made available emergency relief grant funds to health care providers through the CARES Act Provider Relief Fund (PRF). Total grant funds approved and received by the Corporation were \$-0- and \$18,967 for the years ended September 30, 2023 and 2022, respectively. The PRF's are subject to certain restrictions on eligible expenses or uses, reporting requirements, and will be subject to audit. At September 30, 2023 and 2022, the Corporation recognized revenue of \$-0- and \$18,967, respectively, as miscellaneous other revenue in the statement of activities and changes in net assets. Management believe the amounts have been recognized appropriately as of September 30, 2023 and 2022.

NOTE 10 RELATED PARTY TRANSACTIONS

PRS provides various general, administrative, and marketing services to the Corporation. The total fees included in the combined statements of activities and changes in net assets were \$2,405,656 and \$2,323,836 for the years ended September 30, 2023 and 2022, respectively.

In addition, the Corporation, PRS MI, and other Affiliates are charged or reimbursed for salaries, benefits, and direct expenses as services are provided.

Due to affiliates at September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Due to PRS	\$ 324,068	\$ 263,972
Due to PRS MI	66,644	38,742
Due to Affiliates	(1,778)	17,500
Total Due to Affiliates, Net	<u>\$ 388,934</u>	<u>\$ 320,214</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 11 INVESTMENT INCOME

Income from investments, assets restricted under bond indenture agreements, and cash and cash equivalents for the years ended September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Dividends and Interest, Net of Investment Expense	\$ 1,129,215	\$ 1,060,329
Realized Loss on Investments	(1,157,943)	(883,082)
Total Investment Income	<u>\$ (28,728)</u>	<u>\$ 177,247</u>

Investment income is reported net of investment expenses of \$53,785 and \$67,248 for the years ended September 30, 2023 and 2022, respectively.

The total unrealized change in value on investments was \$3,789,126 and (\$7,521,479) for the years ended September 30, 2023 and 2022, respectively.

NOTE 12 FINANCIAL INSTRUMENTS

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net assets value per share (or its equivalent) with the ability to redeem the investment in the near term.

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

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the combined statements of financial position at September 30, 2023 and 2022, as well as the general classification of such instruments pursuant to the valuation hierarchy.

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

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

Investments and Assets Restricted Under Bond Indenture Agreements – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, exchange traded equities and mutual funds, debt securities, and fixed income securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset values. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the fair value hierarchy.

Gift Annuities – The gift annuities receivable value is based on life expectancy tables and an assumed rate of return of 4%.

Interest Rate Swap Agreement – The interest rate swap agreement fair value is based upon current settlement values, quoted market prices of comparable instruments, or, if there are no relevant comparables, on pricing models or formulas using current assumptions.

Investments at NAV – These assets consist of investments in private equity companies which are carried at estimated fair value as a practical expedient by using net asset value (NAV). Investments carried at NAV are evaluated on an investment by investment basis annually by management through review of partner's capital statements of activity from the fund, and fund audited financial statements when available.

The Corporation has an investment committee that meets at least quarterly with management and the investment advisors to review the strategy and ongoing performance of all investments, including analyzing changes in fair value measurements from period to period.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

The following tables present the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at September 30:

	2023			Total
	Level 1	Level 2	Level 3	
Assets:				
Cash and Cash Equivalents	\$ 906,521	\$ -	\$ -	\$ 906,521
Domestic Equity:				
All Cap	167,536	-	-	167,536
Large Cap	8,670,448	-	-	8,670,448
Mid Cap	914,865	-	-	914,865
International Equity:				
EAFE Equity	1,505,781	-	-	1,505,781
Asia Ex-Japan Equity	277,695	-	-	277,695
Japanese Large Cap Equity	937,028	-	-	937,028
Emerging Markets Equity	1,462,636	-	-	1,462,636
Global Equity	292,620	-	-	292,620
European Large Cap Equity	1,117,179	-	-	1,117,179
Fixed Income:				
U.S. Fixed Income	16,568,915	-	-	16,568,915
Non-US Fixed Income	134,096	-	-	134,096
Short Term	650,569	-	-	650,569
Alternative Assets:				
Gift Annuities	-	5,078	-	5,078
Interest Rate Swap Agreement	-	-	-	-
Total at Fair Value	<u>\$ 33,605,889</u>	<u>\$ 5,078</u>	<u>\$ -</u>	<u>33,610,967</u>
Investments Carried at NAV				8,160,618
Total Assets				<u>\$ 41,771,585</u>
Liabilities:				
Interest Rate Swap Agreement	<u>\$ -</u>	<u>\$ 81,599</u>	<u>\$ -</u>	<u>\$ 81,599</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

	2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and Cash Equivalents	\$ 1,216,881	\$ -	\$ -	\$ 1,216,881
Domestic Equity:				
Large Cap	8,467,098	-	-	8,467,098
Mid Cap	2,027,552	-	-	2,027,552
International Equity:				
EAFE Equity	1,909,612	-	-	1,909,612
Asia Ex-Japan Equity	279,288	-	-	279,288
Japanese Large Cap Equity	966,888	-	-	966,888
Emerging Markets Equity	1,778,798	-	-	1,778,798
Global Equity	248,436	-	-	248,436
European Large Cap Equity	650,531	-	-	650,531
Fixed Income:				
U.S. Fixed Income	17,305,611	-	-	17,305,611
Alternative Assets:				
Gift Annuities	-	5,078	-	5,078
Interest Rate Swap Agreement	-	1,838,504	-	1,838,504
Total at Fair Value	<u>\$ 34,850,695</u>	<u>\$ 1,843,582</u>	<u>\$ -</u>	<u>36,694,277</u>
Investments Carried at NAV				7,503,483
Total Assets				<u>\$ 44,197,760</u>
Liabilities:				
Interest Rate Swap Agreement	<u>\$ -</u>	<u>\$ 553,874</u>	<u>\$ -</u>	<u>\$ 553,874</u>

The financial instruments are classified in the combined statements of financial position at September 30:

	2023	2022
Investments	\$ 41,540,425	\$ 42,169,775
Assets Restricted Under Bond Indenture Agreements	226,082	184,403
Gift Annuities	5,078	5,078
Interest Rate Swap Agreement	-	1,838,504
Total	<u>\$ 41,771,585</u>	<u>\$ 44,197,760</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 12 FINANCIAL INSTRUMENTS (CONTINUED)

Certain of the investments are reported using a calculated NAV per share (or its equivalent). These investments are not expected to be sold at amounts that are different from NAV. The following tables and explanations identify attributes relating to the nature and risk of such investments:

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	\$ 5,642,378	\$ 2,782,420	None	None
Private Equity Real Estate Funds	2,518,240	-	None	None
Total Investments Carried at NAV	\$ 8,160,618	\$ 2,782,420		
	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private Equity Funds	\$ 4,659,441	\$ 3,345,459	None	None
Private Equity Real Estate Funds	2,844,042	-	None	None
Total Investments Carried at NAV	\$ 7,503,483	\$ 3,345,459		

NOTE 13 RETIREMENT PLANS

The Corporation is a participating employer in the Pacific Retirement Services, Inc. 401(k) Plan. All employees of the Corporation are able to participate in the 401(k) plan by deferring funds from their compensation into the plan. As well, safe harbor matching funds are provided by the employer to eligible employees based on the employee contributions up to a maximum of 4% of the employee's eligible annual compensation. Nonelective profit sharing contributions are also provided at the election of the employer and are based on a percentage of the qualified employee's annual eligible compensation, as defined by the plan.

Total contributions charged to expense for the plans were \$767,944 and \$795,625 for the years ended September 30, 2023 and 2022, respectively.

NOTE 14 STATUTORY RESERVES

BASS and URCAD are certified as a Life Plan Community by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires a Life Plan Community 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 Life Plan Community's adjusted operating expenses. BASS and URCAD's liquid reserves at September 30, 2023 and 2022 were sufficient to meet this requirement.

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 15 COMMITMENTS AND CONTINGENCIES

Litigation

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

NOTE 16 FUNCTIONAL EXPENSES

The financial statements report certain expense categories that are attributable to more than one life plan service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, interest, and other occupancy costs, are allocated to a function based on the departmental applicability within that function.

Functional expenses at September 30 consisted of the following:

	2023		
	Program Services	Management and General	Total
Salaries and Benefits	\$ 19,531,371	\$ 2,994,546	\$ 22,525,917
Depreciation and Loss on Disposal or Property and Equipment	6,380,829	-	6,380,829
Interest and Financing	3,648,354	-	3,648,354
Services	3,864,746	3,305,620	7,170,366
Supplies	4,121,340	274,757	4,396,097
Other	1,364,998	1,949,001	3,313,999
Utilities	2,902,034	-	2,902,034
Total Expenses	<u>\$ 41,813,672</u>	<u>\$ 8,523,924</u>	<u>\$ 50,337,596</u>
	2022		
	Program Services	Management and General	Total
Salaries and Benefits	\$ 17,752,110	\$ 2,681,650	\$ 20,433,760
Depreciation and Loss on Disposal or Property and Equipment	6,498,726	-	6,498,726
Interest and Financing	1,891,029	-	1,891,029
Services	3,365,751	3,138,785	6,504,536
Supplies	4,048,899	204,200	4,253,099
Other	997,448	2,630,285	3,627,733
Utilities	2,438,288	-	2,438,288
Total Expenses	<u>\$ 36,992,251</u>	<u>\$ 8,654,920</u>	<u>\$ 45,647,171</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS
NOTES TO COMBINED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 17 REFUNDABLE ADVANCE

On April 6, 2021, the Corporation received proceeds in the amount of \$605,157 to fund payroll. On April 13, 2022, the loan was forgiven in full and is recognized as income as grant and contributions in the combined statement of activities and change in net assets for the year ended September 30, 2023. The SBA may review funding eligibility and usage of funds for compliance with program requirements. Management believes the amounts have been recognized appropriate as of September 30, 2023 and 2022.

NOTE 18 SUBSEQUENT EVENTS

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

The Corporation evaluated all events or transactions that occurred after September 30, 2023, up through January 4, 2024, the date the combined financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,554,304	\$ 2,935,084	\$ -	\$ 4,489,388
Investments	28,154,045	5,225,762	-	33,379,807
Accounts Receivable	642,894	339,803	-	982,697
Supplies and Prepaid Expenses	495,296	519,533	-	1,014,829
Assets Restricted Under Bond Indenture Agreements	226,082	-	-	226,082
Total Current Assets	<u>31,072,621</u>	<u>9,020,182</u>	<u>-</u>	<u>40,092,803</u>
PROPERTY AND EQUIPMENT, NET	71,223,661	45,728,225	-	116,951,886
OTHER ASSETS				
Gift Annuities	5,078	-	-	5,078
Receivables from Members, Noncurrent	-	1,784,735	-	1,784,735
Noncurrent Investments	7,537,761	622,857	-	8,160,618
Total Other Assets	<u>7,542,839</u>	<u>2,407,592</u>	<u>-</u>	<u>9,950,431</u>
Total Assets	<u>\$ 109,839,121</u>	<u>\$ 57,155,999</u>	<u>\$ -</u>	<u>\$ 166,995,120</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 2,483,536	\$ 1,139,581	\$ -	\$ 3,623,117
Accrued Interest	93,623	232,888	-	326,511
Other Current Liabilities	70,966	322	-	71,288
Due to Affiliates, Net	263,154	125,780	-	388,934
Refundable Deposits, Nonmember	450,240	-	-	450,240
Refundable Deposits, Member	-	53,489	-	53,489
Current Portion of Long-Term Debt	1,652,000	1,002,594	-	2,654,594
Total Current Liabilities	<u>5,013,519</u>	<u>2,554,654</u>	<u>-</u>	<u>7,568,173</u>
OTHER LIABILITIES				
Long-Term Debt, Net of Current Portion	19,235,000	41,832,964	-	61,067,964
Less: Unamortized Debt Issuance Costs	(454,629)	(253,318)	-	(707,947)
Long-Term Debt, Net	<u>18,780,371</u>	<u>41,579,646</u>	<u>-</u>	<u>60,360,017</u>
Refundable Entrance Fees	-	607,500	-	607,500
Deferred Revenue from Entrance Fees	44,409,471	67,091	-	44,476,562
Interest Rate Swap Agreements	81,599	-	-	81,599
Total Other Liabilities	<u>63,271,441</u>	<u>42,254,237</u>	<u>-</u>	<u>105,525,678</u>
Total Liabilities	68,284,960	44,808,891	-	113,093,851
NET ASSETS				
Without Donor Restriction	40,371,749	12,237,231	-	52,608,980
With Donor Restriction	1,182,412	109,877	-	1,292,289
Total Net Assets	<u>41,554,161</u>	<u>12,347,108</u>	<u>-</u>	<u>53,901,269</u>
Total Liabilities and Net Assets	<u>\$ 109,839,121</u>	<u>\$ 57,155,999</u>	<u>\$ -</u>	<u>\$ 166,995,120</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Subtotal
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 4,561,747	\$ 2,967,982	\$ -	\$ 7,529,729
Investments	27,377,828	7,288,464	-	34,666,292
Accounts Receivable	507,082	444,062	-	951,144
Supplies and Prepaid Expenses	580,096	340,677	-	920,773
Assets Restricted Under				
Bond Indenture Agreements	184,403	-	-	184,403
Total Current Assets	<u>33,211,156</u>	<u>11,041,185</u>	<u>-</u>	<u>44,252,341</u>
PROPERTY AND EQUIPMENT, NET	67,507,253	42,723,703	-	110,230,956
OTHER ASSETS				
Gift Annuities	5,078	-	-	5,078
Receivables from Members, Noncurrent	-	1,024,283	-	1,024,283
Noncurrent Investments	6,915,352	588,131	-	7,503,483
Interest Rate Swap Agreement	-	1,838,504	-	1,838,504
Total Other Assets	<u>6,920,430</u>	<u>3,450,918</u>	<u>-</u>	<u>10,371,348</u>
Total Assets	<u>\$ 107,638,839</u>	<u>\$ 57,215,806</u>	<u>\$ -</u>	<u>\$ 164,854,645</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	\$ 3,122,312	\$ 1,134,283	\$ -	\$ 4,256,595
Accrued Interest	79,695	131,209	-	210,904
Other Current Liabilities	63,506	161,602	-	225,108
Due to Affiliates, Net	124,652	195,562	-	320,214
Refundable Deposits, Nonmember	535,830	-	-	535,830
Refundable Deposits, Member	-	59,425	-	59,425
Current Portion of Long-Term Debt	1,583,000	311,388	-	1,894,388
Current Portion of Repayable Entrance Fees	83,616	-	-	83,616
Total Current Liabilities	<u>5,592,611</u>	<u>1,993,469</u>	<u>-</u>	<u>7,586,080</u>
OTHER LIABILITIES				
Long-Term Debt, Net of Current Portion	20,887,000	42,896,950	-	63,783,950
Less: Unamortized Debt Issuance Costs	(541,283)	(269,449)	-	(810,732)
Long-Term Debt, Net	<u>20,345,717</u>	<u>42,627,501</u>	<u>-</u>	<u>62,973,218</u>
Deferred Revenue from Entrance Fees	44,726,043	-	-	44,726,043
Interest Rate Swap Agreements	553,874	-	-	553,874
Total Other Liabilities	<u>65,625,634</u>	<u>42,627,501</u>	<u>-</u>	<u>108,253,135</u>
Total Liabilities	71,218,245	44,620,970	-	115,839,215
NET ASSETS				
Without Donor Restriction	35,876,490	12,594,699	-	48,471,189
With Donor Restriction	544,104	137	-	544,241
Total Net Assets	<u>36,420,594</u>	<u>12,594,836</u>	<u>-</u>	<u>49,015,430</u>
Total Liabilities and Net Assets	<u>\$ 107,638,839</u>	<u>\$ 57,215,806</u>	<u>\$ -</u>	<u>\$ 164,854,645</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Total
OPERATING REVENUES				
Service Fees	\$ 18,557,490	\$ 15,069,486	\$ -	\$ 33,626,976
Health Center Revenue, Net	5,625,602	-	-	5,625,602
Entrance Fees Earned	6,263,133	409	-	6,263,542
Transfer Fees	-	908,663	-	908,663
Contributions and Grants	144,227	28,399	-	172,626
Investment Income	196,485	(225,213)	-	(28,728)
Other Revenue	506,510	929,444	-	1,435,954
Subtotal	<u>31,293,447</u>	<u>16,711,188</u>	<u>-</u>	<u>48,004,635</u>
Net Assets Released from Restrictions	346,131	241,724	-	587,855
Total Operating Revenue	<u>31,639,578</u>	<u>16,952,912</u>	<u>-</u>	<u>48,592,490</u>
OPERATING EXPENSES				
Program Expenses:				
Dietary	4,487,767	4,058,566	-	8,546,333
Facility Services and Utilities	6,187,629	4,233,078	-	10,420,707
Health and Social Services	5,898,586	-	-	5,898,586
Memory Care	1,005,275	735,094	-	1,740,369
Assisted Living	1,005,275	1,787,383	-	2,792,658
General and Administrative Expenses:				
Administrative and Marketing	3,404,886	4,253,543	-	7,658,429
Lease	-	34,216	-	34,216
Interest Expense and Financing Fees	1,129,287	2,544,989	-	3,674,276
Net Settlements Associated with Interest Rate Swap Agreement	(25,923)	-	-	(25,923)
Depreciation	4,664,804	1,334,896	-	5,999,700
Disbursement of Contributed Funds	361,826	243,583	-	605,409
Loss on Disposal of Property and Equipment	161,379	219,750	-	381,129
Other Expenses	756,106	455,220	-	1,211,326
Fees to Affiliates	1,892,022	513,634	-	2,405,656
Total Operating Expenses	<u>30,658,738</u>	<u>19,678,858</u>	<u>-</u>	<u>50,337,596</u>
OPERATING INCOME (LOSS)	980,840	(2,725,946)	-	(1,745,106)
NONOPERATING INCOME (LOSS)				
Contributed Property and Equipment	-	2,180,000	-	2,180,000
Unrealized Change in Value of Investments	3,042,144	746,982	-	3,789,126
Change in Value of Interest Rate Swap Agreement	472,275	(558,504)	-	(86,229)
Total Nonoperating Income (Loss)	<u>3,514,419</u>	<u>2,368,478</u>	<u>-</u>	<u>5,882,897</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	4,495,259	(357,468)	-	4,137,791
NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	984,439	351,464	-	1,335,903
Net Assets Released from Restrictions	(346,131)	(241,724)	-	(587,855)
Change in Net Assets With Donor Restrictions	<u>638,308</u>	<u>109,740</u>	<u>-</u>	<u>748,048</u>
CHANGE IN NET ASSETS	5,133,567	(247,728)	-	4,885,839
Net Assets - Beginning of Year	<u>36,420,594</u>	<u>12,594,836</u>	<u>-</u>	<u>49,015,430</u>
NET ASSETS - END OF YEAR	<u>\$ 41,554,161</u>	<u>\$ 12,347,108</u>	<u>\$ -</u>	<u>\$ 53,901,269</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Total
OPERATING REVENUES				
Service Fees	\$ 17,023,501	\$ 14,939,644	\$ -	\$ 31,963,145
Health Center Revenue, Net	4,932,442	-	-	4,932,442
Entrance Fees Earned	6,861,178	-	-	6,861,178
Transfer Fees	-	1,225,700	-	1,225,700
Contributions and Grants	127,783	735,826	-	863,609
Investment Income	99,855	77,392	-	177,247
Other Revenue	452,974	943,870	-	1,396,844
Subtotal	<u>29,497,733</u>	<u>17,922,432</u>	<u>-</u>	<u>47,420,165</u>
Net Assets Released from Restrictions	368,352	3,463	-	371,815
Total Operating Revenue	<u>29,866,085</u>	<u>17,925,895</u>	<u>-</u>	<u>47,791,980</u>
OPERATING EXPENSES				
Program Expenses:				
Dietary	4,310,192	3,554,324	-	7,864,516
Facility Services and Utilities	5,534,884	3,898,132	-	9,433,016
Health and Social Services	5,131,331	-	-	5,131,331
Memory Care	615,404	-	-	615,404
Assisted Living	975,226	1,834,460	-	2,809,686
General and Administrative Expenses:				
Administrative and Marketing	3,680,364	3,898,453	-	7,578,817
Lease	-	32,344	-	32,344
Interest Expense and Financing Fees	482,690	856,695	-	1,339,385
Net Settlements Associated with Interest Rate Swap Agreement	551,644	-	-	551,644
Depreciation	4,537,652	1,282,118	-	5,819,770
Disbursement of Contributed Funds	387,427	90,302	-	477,729
Loss on Disposal of Property and Equipment	525,833	153,123	-	678,956
Other Expense	661,781	328,956	-	990,737
Fees to Affiliates	1,787,193	536,643	-	2,323,836
Total Operating Expenses	<u>29,181,621</u>	<u>16,465,550</u>	<u>-</u>	<u>45,647,171</u>
OPERATING INCOME	684,464	1,460,345	-	2,144,809
NONOPERATING INCOME (LOSS)				
Unrealized Change in Value of Investments	(6,022,316)	(1,499,163)	-	(7,521,479)
Change in Value of Interest Rate Swap Agreement	2,482,250	1,113,504	-	3,595,754
Total Nonoperating Loss	<u>(3,540,066)</u>	<u>(385,659)</u>	<u>-</u>	<u>(3,925,725)</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	(2,855,602)	1,074,686	-	(1,780,916)
NET ASSETS WITH DONOR RESTRICTION				
Contributions	792,400	-	-	792,400
Actuarial Loss on Gift Annuities Receivable	230	-	-	230
Net Assets Released from Restrictions	(368,352)	(3,463)	-	(371,815)
Change in Net Assets With Donor Restrictions	<u>424,278</u>	<u>(3,463)</u>	<u>-</u>	<u>420,815</u>
CHANGE IN NET ASSETS	(2,431,324)	1,071,223	-	(1,360,101)
Net Assets - Beginning of Year	<u>38,851,918</u>	<u>11,523,613</u>	<u>-</u>	<u>50,375,531</u>
NET ASSETS - END OF YEAR	<u>\$ 36,420,594</u>	<u>\$ 12,594,836</u>	<u>\$ -</u>	<u>\$ 49,015,430</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Subtotal
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ 5,133,567	\$ (247,728)	\$ -	\$ 4,885,839
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,664,804	1,334,896	-	5,999,700
Amortization of Debt Issuance Costs	86,654	16,131	-	102,785
Change in Value of Interest Rate Swap Agreement	(472,275)	558,504	-	86,229
Nonrepayable Entrance Fees Received	6,108,700	67,500	-	6,176,200
Nonrepayable Entrance Fees Repaid	(245,755)	-	-	(245,755)
Entrance Fees Earned	(6,263,133)	(409)	-	(6,263,542)
Unrealized Change in Value of Investments	(3,042,144)	(746,982)	-	(3,789,126)
Realized (Gain) Loss and Reinvested Income on Investments	(196,482)	274,958	-	78,476
Noncash Donation	-	(2,180,000)	-	(2,180,000)
Loss on Disposal of Property and Equipment	161,379	219,750	-	381,129
Net Change in:				
Accounts Receivable	(135,812)	104,259	-	(31,553)
Supplies and Prepaid Expenses	84,800	(178,856)	-	(94,056)
Accounts Payable and Accrued Expenses	(601,452)	60,694	-	(540,758)
Accrued Interest	13,928	101,679	-	115,607
Due to Affiliates	138,502	(69,782)	-	68,720
Refundable Deposits	(85,590)	(5,936)	-	(91,526)
Other Current Liabilities	7,460	(161,280)	-	(153,820)
Net Cash Provided (Used) by Operating Activities	5,357,151	(852,602)	-	4,504,549
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment	(8,579,915)	(2,434,564)	-	(11,014,479)
Purchases of Investments	(178,853)	(47,571)	-	(226,424)
Proceeds from Sale of Investments	1,914,815	2,299,571	-	4,214,386
Change in Receivables from Members, Noncurrent	-	(760,452)	-	(760,452)
Net Cash Used by Investing Activities	(6,843,953)	(943,016)	-	(7,786,969)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Long-Term Debt	(1,583,000)	(372,780)	-	(1,955,780)
Interest Rate Swap Purchase	-	1,280,000	-	1,280,000
Repayable Entrance Fees Received	-	607,500	-	607,500
Net Cash Provided (Used) by Financing Activities	(1,583,000)	1,514,720	-	(68,280)
NET DECREASE IN CASH, CASH EQUIVALENTS, CASH EQUIVALENTS, AND RESTRICTED CASH				
	(3,069,802)	(280,898)	-	(3,350,700)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	5,488,054	3,258,555	-	8,746,609
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR				
	<u>\$ 2,418,252</u>	<u>\$ 2,977,657</u>	<u>\$ -</u>	<u>\$ 5,395,909</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Subtotal
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash and Cash Equivalents	\$ 1,554,304	\$ 2,935,084	\$ -	\$ 4,489,388
Investments	637,866	42,573	-	680,439
Assets Restricted Under Bond Indenture Agreements	226,082	-	-	226,082
Cash, Cash Equivalents, and Restricted Cash	<u>\$ 2,418,252</u>	<u>\$ 2,977,657</u>	<u>\$ -</u>	<u>\$ 5,395,909</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid During the Year for Interest	<u>\$ 1,018,572</u>	<u>\$ 2,420,929</u>	<u>\$ -</u>	<u>\$ 3,439,501</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Property and Equipment Financed with Accounts Payable and Accrued Expenses	<u>\$ 166,562</u>	<u>\$ 4,423</u>	<u>\$ -</u>	<u>\$ 170,985</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ (2,431,324)	\$ 1,071,223	\$ -	\$ (1,360,101)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	4,537,652	1,282,118	-	5,819,770
Amortization of Debt Issuance Costs	92,876	16,235	-	109,111
Change in Value of Interest Rate Swap Agreement	(2,482,250)	(1,113,504)	-	(3,595,754)
Nonrepayable Entrance Fees Received	7,946,200	-	-	7,946,200
Nonrepayable Entrance Fees Repaid	(366,644)	-	-	(366,644)
Entrance Fees Earned	(6,861,178)	-	-	(6,861,178)
Unrealized Change in Value of Investments	6,022,316	1,499,163	-	7,521,479
Realized (Gain) Loss and Reinvested Income on Investments	1,462,553	(45,762)	-	1,416,791
Loss on Disposal of Property and Equipment	525,833	153,123	-	678,956
Net Change in:				
Accounts Receivable	499,271	(44,411)	-	454,860
Supplies and Prepaid Expenses	26,866	56,868	-	83,734
Gift Annuities	(230)	-	-	(230)
Accounts Payable and Accrued Expenses	789,428	541,144	-	1,330,572
Accrued Interest	(1,115)	88,982	-	87,867
Due to Affiliates	(112,843)	127,179	-	14,336
Refundable Deposits	170,010	(11,424)	-	158,586
Refundable Advance	-	(605,157)	-	(605,157)
Other Current Liabilities	7,305	2,578	-	9,883
Net Cash Provided by Operating Activities	<u>9,824,726</u>	<u>3,018,355</u>	<u>-</u>	<u>12,843,081</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment	(9,916,232)	(2,373,690)	-	(12,289,922)
Purchases of Investments	(6,152,283)	(1,153,215)	-	(7,305,498)
Proceeds from Sale of Investments	2,860,460	-	-	2,860,460
Change in Receivables from Members, Noncurrent	-	(432,480)	-	(432,480)
Net Cash Used by Investing Activities	<u>(13,208,055)</u>	<u>(3,959,385)</u>	<u>-</u>	<u>(17,167,440)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Long-Term Debt	(1,504,000)	(249,996)	-	(1,753,996)
Interest Rate Swap Purchase	-	(725,000)	-	(725,000)
Payments for Bond issuance costs	(318)	(317)	-	(635)
Net Cash Used by Financing Activities	<u>(1,504,318)</u>	<u>(975,313)</u>	<u>-</u>	<u>(2,479,631)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	<u>(4,887,647)</u>	<u>(1,916,343)</u>	<u>-</u>	<u>(6,803,990)</u>
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>10,375,701</u>	<u>5,174,898</u>	<u>-</u>	<u>15,550,599</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 5,488,054</u>	<u>\$ 3,258,555</u>	<u>\$ -</u>	<u>\$ 8,746,609</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Subtotal
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash and Cash Equivalents	\$ 4,561,747	\$ 2,967,982	\$ -	\$ 7,529,729
Investments	741,904	290,573	-	1,032,477
Assets Restricted Under Bond Indenture Agreements	184,403	-	-	184,403
Cash, Cash Equivalents, and Restricted Cash	<u>\$ 5,488,054</u>	<u>\$ 3,258,555</u>	<u>\$ -</u>	<u>\$ 8,746,609</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid During the Year for Interest	<u>\$ 370,829</u>	<u>\$ 747,978</u>	<u>\$ -</u>	<u>\$ 1,118,807</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Property and Equipment Financed with Accounts Payable and Accrued Expenses	<u>\$ 203,886</u>	<u>\$ 59,819</u>	<u>\$ -</u>	<u>\$ 263,705</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENTS OF CASH FLOWS – DIRECT METHOD
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Services Fees	\$ 18,421,678	\$ -	\$ -	\$ 18,421,678
Receipts from Health Center	5,625,602	-	-	5,625,602
Net Receipts from Nonrepayable Entrance Fees	5,862,945	67,500	-	5,930,445
Cash Received from Members - Monthly Fees	-	15,173,745	-	15,173,745
Cash Received from Members - Transfer Fees	-	908,663	-	908,663
Interest Paid	(1,002,782)	(2,427,179)	-	(3,429,961)
Receipts from Other Operating Activities	1,981,307	1,551,031	-	3,532,338
Cash Expended for Operating Activities	(25,185,471)	(15,934,383)	-	(41,119,854)
Investment and Interest Income	(346,128)	(191,979)	-	(538,107)
Net Cash Provided (Used) by Operating Activities	5,357,151	(852,602)	-	4,504,549
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment	(8,579,915)	(2,434,564)	-	(11,014,479)
Purchases of Investments	(178,853)	(47,571)	-	(226,424)
Proceeds from Sale of Investments	1,914,815	2,299,571	-	4,214,386
Change in Receivables from Members, Noncurrent	-	(760,452)	-	(760,452)
Net Cash Used by Investing Activities	(6,843,953)	(943,016)	-	(7,786,969)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Long-Term Debt	(1,583,000)	(372,780)	-	(1,955,780)
Interest Rate Swap Purchase	-	1,280,000	-	1,280,000
Repayable Entrance Fees Received	-	607,500	-	607,500
Net Cash Provided (Used) by Financing Activities	(1,583,000)	1,514,720	-	(68,280)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH				
	(3,069,802)	(280,898)	-	(3,350,700)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	5,488,054	3,258,555	-	8,746,609
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,418,252</u>	<u>\$ 2,977,657</u>	<u>\$ -</u>	<u>\$ 5,395,909</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENTS OF CASH FLOWS – DIRECT METHOD (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Subtotal
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES				
Change in Net Assets	\$ 5,133,567	\$ (247,728)	\$ -	\$ 4,885,839
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,664,804	1,334,896	-	5,999,700
Amortization of Debt Issuance Costs	86,654	16,131	-	102,785
Change in Value of Interest Rate Swap Agreement	(472,275)	558,504	-	86,229
Nonrepayable Entrance Fees Received	6,108,700	67,500	-	6,176,200
Nonrepayable Entrance Fees Repaid	(245,755)	-	-	(245,755)
Entrance Fees Earned	(6,263,133)	(409)	-	(6,263,542)
Unrealized Change in Value of Investments	(3,042,144)	(746,982)	-	(3,789,126)
Realized (Gain) Loss and Reinvested Income on Investments	(196,482)	274,958	-	78,476
Noncash Donation	-	(2,180,000)	-	(2,180,000)
Loss on Disposal of Property and Equipment	161,379	219,750	-	381,129
Net Change in:				
Accounts Receivable	(135,812)	104,259	-	(31,553)
Supplies and Prepaid Expenses	84,800	(178,856)	-	(94,056)
Accounts Payable and Accrued Expenses	(601,452)	60,694	-	(540,758)
Accrued Interest	13,928	101,679	-	115,607
Due to Affiliates	138,502	(69,782)	-	68,720
Refundable Deposits	(85,590)	(5,936)	-	(91,526)
Other Current Liabilities	7,460	(161,280)	-	(153,820)
Net Cash Provided by (Used) Operating Activities	<u>\$ 5,357,151</u>	<u>\$ (852,602)</u>	<u>\$ -</u>	<u>\$ 4,504,549</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENTS OF CASH FLOWS – DIRECT METHOD
YEAR ENDED SEPTEMBER 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Services Fees	\$ 17,522,772	\$ -	\$ -	\$ 17,522,772
Receipts from Health Center	4,932,442	-	-	4,932,442
Net Receipts from Nonrepayable Entrance Fees	7,579,556	-	-	7,579,556
Cash Received from Members - Monthly Fees	-	14,895,233	-	14,895,233
Cash Received from Members - Transfer Fees	-	1,225,700	-	1,225,700
Interest Paid	(942,573)	(751,478)	-	(1,694,051)
Receipts from Other Operating Activities	1,741,279	1,683,159	-	3,424,438
Cash Expended for Operating Activities	(22,203,036)	(14,062,426)	-	(36,265,462)
Investment and Interest Income	1,194,286	28,167	-	1,222,453
Net Cash Provided by Operating Activities	<u>9,824,726</u>	<u>3,018,355</u>	<u>-</u>	<u>12,843,081</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Property and Equipment	(9,916,232)	(2,373,690)	-	(12,289,922)
Purchases of Investments	(6,152,283)	(1,153,215)	-	(7,305,498)
Proceeds from Sale of Investments	2,860,460	-	-	2,860,460
Change in Receivables from Members, Noncurrent	-	(432,480)	-	(432,480)
Net Cash Used by Investing Activities	<u>(13,208,055)</u>	<u>(3,959,385)</u>	<u>-</u>	<u>(17,167,440)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Long-Term Debt	(1,504,000)	(249,996)	-	(1,753,996)
Interest Rate Swap Purchase	-	(725,000)	-	(725,000)
Payments for Bond issuance costs	(318)	(317)	-	(635)
Net Cash Used by Investing Activities	<u>(1,504,318)</u>	<u>(975,313)</u>	<u>-</u>	<u>(2,479,631)</u>
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(4,887,647)	(1,916,343)	-	(6,803,990)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>10,375,701</u>	<u>5,174,898</u>	<u>-</u>	<u>15,550,599</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 5,488,054</u>	<u>\$ 3,258,555</u>	<u>\$ -</u>	<u>\$ 8,746,609</u>

**BAY AREA SENIOR SERVICES, INC. AND
UNIVERSITY RETIREMENT COMMUNITY AT DAVIS AND AFFILIATE
COMBINING STATEMENTS OF CASH FLOWS – DIRECT METHOD (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	University Retirement Community at Davis, Inc.	Bay Area Senior Services, Inc.	Eliminations	Obligated Group Subtotal
RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES				
Change in Net Assets	\$ (2,431,324)	\$ 1,071,223	\$ -	\$ (1,360,101)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:				
Depreciation	4,537,652	1,282,118	-	5,819,770
Amortization of Debt Issuance Costs	92,876	16,235	-	109,111
Change in Value of Interest Rate Swap Agreement	(2,482,250)	(1,113,504)	-	(3,595,754)
Nonrepayable Entrance Fees Received	7,946,200	-	-	7,946,200
Nonrepayable Entrance Fees Repaid	(366,644)	-	-	(366,644)
Entrance Fees Earned	(6,861,178)	-	-	(6,861,178)
Unrealized Change in Value of Investments	6,022,316	1,499,163	-	7,521,479
Realized (Gain) Loss and Reinvested Income on Investments	1,462,553	(45,762)	-	1,416,791
Loss on Disposal of Property and Equipment	525,833	153,123	-	678,956
Net Change in:				
Accounts Receivable	499,271	(44,411)	-	454,860
Supplies and Prepaid Expenses	26,866	56,868	-	83,734
Gift Annuities	(230)	-	-	(230)
Accounts Payable and Accrued Expenses	789,428	541,144	-	1,330,572
Accrued Interest	(1,115)	88,982	-	87,867
Due to Affiliates	(112,843)	127,179	-	14,336
Refundable Deposits	170,010	(11,424)	-	158,586
Refundable Advance	-	(605,157)	-	(605,157)
Other Current Liabilities	7,305	2,578	-	9,883
Net Cash Provided by Operating Activities	<u>\$ 9,824,726</u>	<u>\$ 3,018,355</u>	<u>\$ -</u>	<u>\$ 12,843,081</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

BAY AREA SENIOR SERVICES, INC.
CONTINUING CARE LIQUID RESERVE SCHEDULES
YEAR ENDED SEPTEMBER 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**BAY AREA SENIOR SERVICES, INC.
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
CONTINUING CARE LIQUID RESERVE SCHEDULES	
FORM 5-1, LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR	4
FORM 5-2, LONG-TERM DEBT INCURRED DURING FISCAL YEAR	5
FORM 5-3, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT	6
FORM 5-4, CALCULATION OF NET OPERATING EXPENSES	7
FORM 5-5, ANNUAL RESERVE CERTIFICATION	8
FORM 5-5, NOTE TO RESERVE REPORTS	9
SUPPLEMENTARY SCHEDULES	
PART OF FORM 5-5, DESCRIPTION OF RESERVES AND ADDITIONAL DISCLOSURES (SECTION 1790)	10
PART OF FORM 5-4, NON-CCRC REVENUE RECONCILIATION	11



INDEPENDENT AUDITORS' REPORT

Board of Directors
Bay Area Senior Services, Inc.
Medford, Oregon

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Bay Area Senior Services, Inc. (BASS), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended September 30, 2023.

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserves of Bay Area Senior Services, Inc. as of and for the year ended September 30, 2023, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibility

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.

Board of Directors
Bay Area Senior Services, Inc.

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 Bay Area Senior Services, Inc.'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 Bay Area Senior Services, Inc.'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.

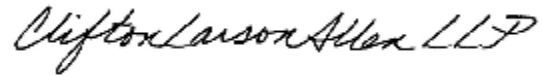
Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules of Part of Form 5-5, Description of Reserves and Additional Disclosures (Section 1790), Schedule of Interest, Credit Enhancements (letter of credit fees and other fees), Reconciliation to Audit Report, Part of Form 5-4, Non-CCRC Revenue Reconciliation, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Board of Directors
Bay Area Senior Services, Inc.

Restriction on Use

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Portland, Oregon
January 25, 2024

BAY AREA SENIOR SERVICES, INC.
FORM 5-1, LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
YEAR ENDED SEPTEMBER 30, 2023

FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	7/28/2021	\$ 372,780	\$ 2,401,756	-	\$ 2,774,536
2					
3					
4					
5					
6					
7					
8					
		TOTAL	\$ 2,401,756	-	\$ 2,774,536

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

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

Principal paid per column (b) \$ 372,780

Repayment of long term debt per cash flow \$ 372,780

PROVIDER: Bay Area Senior Services, Inc

See accompanying Note to Reserve Reports.

**BAY AREA SENIOR SERVICES, INC.
 FORM 5-2, LONG-TERM DEBT INCURRED DURING FISCAL YEAR
 YEAR ENDED SEPTEMBER 30, 2023**

**FORM 5-2
 LONG-TERM DEBT INCURRED
 During Fiscal Year
 (Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1		\$ -	\$ -	\$ -	\$ -
2					
3					
4					
5					
6					
7					
8					
		\$ -	\$ -	\$ -	\$ -

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

PROVIDER: Bay Area Senior Services, Inc

See accompanying Note to Reserve Reports.

BAY AREA SENIOR SERVICES, INC.
FORM 5-3, CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
YEAR ENDED SEPTEMBER 30, 2023

LINE	FORM 5-3 CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT	TOTAL
1	Total from Form 5-1 bottom of column (e)	\$ 2,774,536
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:	\$ 2,774,536

PROVIDER: Bay Area Senior Services, Inc

See accompanying Note to Reserve Reports.

BAY AREA SENIOR SERVICES, INC.
FORM 5-4, CALCULATION OF NET OPERATING EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

		Amounts	TOTAL
1	Total operating expenses from financial statements	\$	19,678,858
2	Deductions		
	a Interest paid on long-term debt (see instructions)	2,427,179	
	b Credit enhancement premiums paid for long-term debt (see instructions)	-	
	c Depreciation	1,334,896	
	d Amortization	16,131	
	e Revenues received during the fiscal year for services to residents who did not have continuing care contract	414,528	
	f Extraordinary expenses approved by the Department	-	
3	Total Deductions	<u> </u>	<u>4,192,734</u>
4	Net Operating Expenses		15,486,124
5	Divide Line 4 by 365 and enter the result.		42,428
6	Multiply Line 5 by 75 and enter the result.		\$ <u>3,182,100</u>
	This is the provider's operating expense reserve amount for this community.		

PROVIDER: Bay Area Senior Services, Inc
COMMUNITY: The Peninsula Regent

See accompanying Note to Reserve Reports.

**BAY AREA SENIOR SERVICES, INC.
FORM 5-5, ANNUAL RESERVE CERTIFICATION
YEAR ENDED SEPTEMBER 30, 2023**

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Bay Area Senior Services, Inc

Fiscal Year Ended: September 30, 2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the fiscal year ended September 30, 2023 and are in compliance with those requirements.

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

	Amount
[1] Debt Service Reserve Amount	\$ 2,774,536
[2] Operating Expense Reserve Amount	3,182,100
[3] Total Liquid Reserve Amount:	\$ 5,956,636

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
Description		
[4] Cash and Cash Equivalents	\$ 2,774,536	\$ 203,121
[5] Investment Securities	-	-
[6] Equity Securities	-	1,153,524
[7] Unused/Available Lines of Credit	-	-
[8] Unused/Available Letters of Credit	-	-
[9] Debt Service Reserve	-	-
[10] Other:		
Fixed Income Securities	-	4,029,665
Large/Mid/Small Cap Growth/Value	-	-
Deposit Account	-	-
(describe qualify asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11] \$ 2,774,536	[12] \$ 5,386,310
Reserve Obligation Amount:	[13] \$ 2,774,536	[14] \$ 3,182,100
Surplus/(Deficiency):	[15] \$ -	[16] \$ 2,204,210

Signature:

Katrina Bywater Digitally signed by Katrina Bywater
Date: 2024.01.25 20:01:50 -0800

(Authorized Representative)

VP of Accounting

(Title)

See accompanying Note to Reserve Reports.

**BAY AREA SENIOR SERVICES, INC.
FORM 5-5, NOTE TO RESERVE REPORTS
SEPTEMBER 30, 2023**

NOTE 1 BASIS OF ACCOUNTING

The accompanying reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the state of California Department of Social Services and are not intended to be a complete presentation of Bass Area Senior Services, Inc.'s assets, liabilities, revenues, and expenses.

**BAY AREA SENIOR SERVICES, INC.
PART OF FORM 5-4, NON-CCRC REVENUE RECONCILIATION
YEAR ENDED SEPTEMBER 30, 2023**

**Bay Area Senior Services, Inc
Calculation of Net Operating Expenses - Form 5-4
Reconciliation to 2023 Audited Financial Statements
October 2022 - September 2023**

LOC Type	Daily Rate	# of Days	Estimated Annual Revenue
ALP1			\$ 265,682
Total Non-CCRC Assisted Living	Total Non-CCRC service fees		\$ 265,682
<i>Total Non-CCRC Special Care</i>			\$ -
	Total Non-CCRC service fees		\$ 265,682
HC Public			\$ -
SND			-
	Total Non-CCRC receipts from health center		\$ -
Support and revenue for TPR			
Resident fees and services			\$ 15,040,107
Transfer fees			908,663
Non CCRC revenue *			414,528
Services not covered by monthly service fees			814,827
Subtotal			17,178,125
Investment and interest income			(225,213)
	Total operating revenues		\$ 16,952,912
Expenses for TPR			
Total operating expenses			\$ 19,678,858
Lease expense			-
Total operating expenses Form 5-4 line 1			\$ 19,678,858
Depreciation			1,334,896
Lease expense			
Lease expense per audit			\$ 34,216
Lease expense - Management			-
Total lease expense			34,216
less payments made (Form 5-3, line 3)			-
Leasehold payments due			\$ 34,216

BAY AREA SENIOR SERVICES, INC.
PART OF FORM 5-4, NON-CCRC REVENUE RECONCILIATION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023

<u>Non-CCRC revenue *</u>		
Non-CCRC monthly fees	\$	265,682
Catering		30,114
Guest Rooms		49,760
Guest Meals		31,141
HOA Management fee		31,296
Other		6,535
		<hr/>
Total Non-CCRC other revenue	\$	414,528
		<hr/> <hr/>
 * <i>YTD actual revenue</i>		
 Reconciliation to audited financial statements		
Total CCRC Service fees	\$	14,908,063
Transfer fees		908,663
Total CCRC Other revenue		1,402,185
		<hr/>
		17,218,911
 Per audited financial statements:		
Total CCRC service fees		15,173,745
Transfer fees		908,663
Total CCRC other revenue		1,551,031
		<hr/>
<i>Total CCRC/Non-CCRC Revenue</i>		<i>17,633,439</i>
 Less CCRC Revenue		 17,218,911
Total Non-CCRC Revenue	\$	414,528
		<hr/> <hr/>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT
GENERAL INFORMATION**

Date Prepared: 01/31/24

FACILITY NAME: The Peninsula Regent
 ADDRESS: 1 Baldwin Ave San Mateo, CA ZIP CODE: 94401 PHONE: (650) 579-5500
 FACILITY OWNER: Bay Area Senior Services, Inc FACILITY OPERATOR: Pacific Retirement Services
 RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: _____
 YEAR OPENED: 1988 NO. OF ACRES: 2 SINGLE STORY MULTI-STORY OTHER: _____ MILES TO SHOPPING CTR: 2.5
 MILES TO HOSPITAL: 4

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS -STUDIO	<u>0</u>	ASSISTED LIVING <u>20</u>
APARTMENTS -1 BDRM	<u>99</u>	SKILLED NURSING <u>0</u>
APARTMENTS - 2 BDRM	<u>108</u>	SPECIAL CARE <u>0</u>
COTTAGES/HOUSES	<u>0</u>	DESCRIPTION: > _____
% OCCUPANCY AT YEAR END	<u>87.4%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS (CHECK ALL THAT APPLY): Refundable Repayable 90% 75% 50% OTHER: No entrance fee

RANGE OF ENTRANCE FEES 650,000.00 TO 850,000.00 LONG -TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Access to assisted living apartments and home care visits

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

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): See attachment to page 1 of the CCRC Disclosure Stmt

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

SERVICES AVAILABLE

	AVAILABLE	FEE FOR SERVICE		INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>3</u> /DAY)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER	<input type="checkbox"/>	<input type="checkbox"/>			

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.

**Bay Area Senior Services, Inc
The Peninsula Regent
Disclosure Statement General Information
Supplemental Schedule - Resident Representative to and
Resident Member on the Board**

BASS BOARD VOTING MEMBER AND REPRESENTATIVE

Voting Resident (Member) Director of BASS Board

The Resident Council shall nominate and vote on a Member to participate as a voting Member of the BASS Board of Directors. Any such nomination shall be subject to the approval of the BASS Board of Directors. The person so nominated shall first have served at least three years as a Member of the Resident Council. The appointment shall be for three years. Such person may be reappointed for successive terms. If the person so appointed is not a current Member of the Council, he or she shall sit with the Council ex officio as a non-voting Member and report to the Council on matters of interest to the Council.

Non-Voting Resident (Member) Representative BASS Board

In addition to the representative nominated as a voting member of the Board, the Council shall appoint the then current Council Chair to represent the Association as a non-voting resident representative to the BASS Board of Directors. In case of the inability of the representative to attend a meeting of the BASS Board, the Council may provide for a person otherwise qualified to serve during the period of inability.

PROVIDER NAME: Bay Area Senior Services, Inc

CCRCs

LOCATION (City, State)

PHONE (with area code)

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

***PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

FINANCIAL DISCLOSURE STATEMENT

PROVIDER NAME: Bay Area Senior Services, Inc

	2020	2021	2022	2023
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	15,508,892	16,116,787	17,876,228	16,924,513
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	12,662,954	14,646,944	14,354,564	15,840,527
NET INCOME FROM OPERATIONS	2,845,938	1,469,843	3,521,664	1,083,987
LESS INTEREST EXPENSE	1,847,962	1,528,954	828,868	2,503,435
PLUS CONTRIBUTIONS	40,000	21,100	49,667	28,399
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-	(240,502)	-	-
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	1,037,976	(278,513)	2,742,463	(1,391,050)
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	-	-	-	-

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Bank of America	42,835,558	Libor + 1.08%	7/28/2021	1/1/2051	30 years

FINANCIAL RATIOS (see next page for ratio formulas)

	2020	2021	2022	2023
DEBT TO ASSET RATIO	0.72	0.77	0.75	0.73
OPERATING RATIO	0.94	1.00	0.85	1.08
DEBT SERVICE COVERAGE RATIO	1.62	0.70	3.56	0.39
DAYS CASH-ON-HAND RATIO	59	295	247	162

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2020	%	2021	%	2022	%	2023	%
STUDIO								
ONE BEDROOM	\$ 4,041.00	5.51%	\$ 4,219.00	4.40%	\$ 4,406.00	4.43%	\$ 4,871.00	10.55%
TWO BEDROOM	\$ 5,203.00	5.49%	\$ 5,432.00	4.40%	\$ 5,810.00	6.96%	\$ 6,272.00	7.95%
COTTAGE/HOUSE								
ASSISTED LIVING	\$ 5,871.00	5.50%	\$ 6,129.00	4.39%	\$ 6,555.00	6.95%	\$ 7,076.00	7.95%
SKILLED NURSING								
SPECIAL CARE								

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

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash} \\ \text{And Investments} \\ \text{+ Unrestricted Non-Current Cash} \\ \text{And Investments} \end{array}}{\begin{array}{l} \text{(Operating Expenses - Depreciation} \\ \text{-Amortization)/365} \end{array}}$$

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.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>INDEPENDENT LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period:	<u>\$4,381 - \$6,746</u>	<u>\$ 7,076</u>	<u>N/A</u>
[2] Indicate percentage of increase in fees imposed during reporting period:	<u>7.95%</u>	<u>7.95%</u>	<u>0.00%</u>

[] Check here if monthly service fees at this community were not increased during the reporting period.

[3] Indicate the date the fee increase was implemented: October 1, 2022

[4] Check each of the appropriate boxes:

[X] Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

[X] All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. **Date of Notice:** 7/26/2022 **Method of Notice:** distributed / mailed

[X] 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:** 7/26/2022

[X] The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** 7/12/2022

[X] 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:** 7/12/2022
Location of Posting: Elevator lobby on 1st floor; In-house Channel 998; Community app

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

PROVIDER NAME: Bay Area Senior Services, Inc.

COMMUNITY NAME: The Peninsula Regent

Provider Name: Bay Area Senior Services, Inc

FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (F/Y) 2023

dollar amounts in thousands

Line	Fiscal Years	2021	2022	2023
1	F/Y 2021 Operating Expenses	(17,433)		
2	F/Y 2022 Operating Expenses (Adjustment if any, explained below)		(14,378)	
3	Projected F/Y 2023 Results of operations (adjustments explained below)			(16,398)
4	F/Y 2023 Anticipated MCF Revenues based on current and projected occupancy and other without a MCFI			16,194
5	Projected F/Y 2023 (Net) operating results without a MCFI (Line 3 plus Line 4)			(204)
6	Projected F/Y 2023 Anticipated revenue based on current and projected occupancy and other with MCFI 7.95%			17,424
7	Grand Total - Projected F/Y 2023 Net Operating Activity after 7.95% MCFI (Line 3 plus Line 6)			1,027

A

Overall Expense % Increase: 14.05%
Independent Living Monthly % Fee Increase: 7.95%
Assisted Living Monthly Fee % Increase: 7.95%

Notes:

A Total projected increase in expenses is estimated at \$2.2M or 14.05% compared to prior year.

Attachment to Form 7-1
REPORT ON CCRC MONTHLY SERVICE FEES
EXPLANATION FOR INCREASE IN MONTHLY SERVICE FEES

The purpose of the Peninsula Regent annual budgeting and rate setting process is to establish a financial plan that is sufficient to meet the needs of its residents, attracting and retaining qualified staff, and to support the mission of the organization.

Monthly service fees were increased in 2022 (Fiscal Year 2023) by 7.95% for Independent Living and Assisted Living. The rate increase was derived from a process that considers the increased cost of providing services and reasonable operating margins necessary to ensure the continuation of the organizational mission. Anticipated cost increases included higher than historical labor costs and higher than historical inflationary cost increases related to purchases of supplies and services. (Inflation running above 8% at time of budget completion)

Total revenues are budgeted to increase by 7.7% or \$1.3M in fiscal year ended 9/30/24 to \$17.4M. Change in revenues is a result of changes in projected census, non-service fee revenue, and monthly service fee rate increases. Independent Living revenues are projected to increase \$1.0M (Net of Credits) from prior budget due to increase in rates, Assisted Living revenues are projected to increase \$200K due to the increase in rates and a slight reduction in census.