ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/23

PROVIDER(S):
Eskaton

CCRC(S):
Eskaton Village Carmichael

PROVIDER CONTACT PERSON:
Carey Howell

TELEPHONE NUMBER:	E-MAIL ADDRESS:
(916) 334-0810	Carey.Howell@eskaton.org

A complete annual report must consist of 3 copies of all of the following:

- ☑ Annual Report Checklist.
- ☑ Annual Provider Fee in the amount of: $ 22,628
  - ☐ If applicable, late fee in the amount of: $________________
- ☑ Certification by the provider's ***Chief Executive Officer*** that:
  - ☑ The reports are correct to the best of his/her knowledge.
  - ☑ Each continuing care contract form in use or offered to new residents has been approved by the Department.
  - ☑ The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- ☑ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☑ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☑ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- ☑ "Continuing Care Retirement Community Disclosure Statement" for ***each*** community.
- ☑ Form 7-1, "Report on CCRC Monthly Service Fees" for ***each*** community.
- ☐ Form 9-1, "Calculation of Refund Reserve Amount", if applicable.
- ☐ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

PART 1

RESIDENT POPULATION AND ANNUAL PROVIDER FEE

FORM 1-1:RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	363
[2]	Number at end of fiscal year	350
[3]	Total Lines 1 and 2	713
		x.50
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	
[5]	Mean number of continuing care residents	357
	All Residents	
[6]	Number at beginning of fiscal year	439
[7]	Number at end of fiscal year	439
[8]	Total Lines 6 and 7	878
		x.50
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	
[10]	Mean number of *all* residents	439
[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).	81

ESKATON VILLAGE CARMICHAEL
Calculation of Nonresident Reimbursement
December 31, 2023

	Independent	Assisted	Skilled	Total
Contract Residents @ 12/31/22	339	17	7	363
Contract Residents @ 12/31/23	338	8	4	350
Total	677	25	11	713
Mean	338.5	12.5	5.5	356.5
All Residents @ 12/31/22	348	58	33	439
All Residents @ 12/31/23	345	59	35	439
Total	693	117	68	878
Mean	346.5	58.5	34.0	439.0
% Contract Residents to Total Residents	97.69%	21.37%	16.18%	81.21%
% Non Contract residents to Total Residents	2.31%	78.63%	83.82%	18.79%

2023 CASH RECEIPTS

Independent Living (Contract Residents)	21,417,000			
Net Independent Living (Non-Contract Residents)	**506,000**			
Total Independent Living Cash Receipts	21,923,000			
Assisted Living (Contract Residents)		1,082,000		
Net Assisted Living (Non-Contract Residents)		**3,980,000**		
Total Assisted Living Cash Receipts		5,062,000		
Skilled Nursing (Contract Residents)			1,219,000	
Net Skilled Nursing (Non-Contract Residents)			**6,318,000**	
Total Skilled Nursing Cash Receipts			7,537,000	
Total Non-Contract Resident Cash Receipts				**10,804,000**

FORM 1-2: ANNUAL PROVIDER FEE

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	32,394,000.00
[a]	Depreciation	2,919,000.00
[b]	Debt Service (Interest Only)	1,539,000.00
[2]	Subtotal (add Line 1a and 1b)	4,458,000.00
[3]	Subtract Line 2 from Line 1 and enter result.	27,936,000.00
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.81
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	22,628,000.00
[6]	**Total Amount Due** (multiply Line 5 by .001)	$ 22,628.00

PROVIDER: Eskaton

COMMUNITY: Eskaton Village Carmichael

PART 2

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

As required by the Continuing Care Contract Statutes, I hereby certify that:

- The annual reserve reports and any amendments thereto are correct to the best of my knowledge.

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

- As of the date of my certification, the provider is maintaining the required liquid reserve and, if applicable, the required refund reserve.

Dated: April 19, 2024

____

Sheri Peifer, Chief Executive Officer

PART 3

EVIDENCE OF FIDELITY BOND

ACORD®

INSURANCE BINDER

DATE (MM/DD/YYYY): 3/6/2024

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

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

COVERAGES

TYPE OF INSURANCE	COVERAGE / FORMS	DEDUCTIBLE	COINS %	AMOUNT
PROPERTY — CAUSES OF LOSS: BASIC / BROAD / SPEC				

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

NAME & ADDRESS

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

CONDITIONS

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

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

Applicable in Arizona

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

Applicable in California

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

Applicable in Colorado

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

Applicable in Delaware

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

Chapter 21 Title 25 Paragraph 2119

Applicable in Florida

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

Applicable in Maryland

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

Applicable in Michigan

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

Applicable in Nevada

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

Applicable in Oklahoma

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

Applicable in Oregon

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

Applicable in the Virgin Islands

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

PART 4

AUDITED FINANCIAL STATEMENTS

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Eskaton and Subsidiaries

December 31, 2023 and 2022

MOSSADAMS

Table of Contents

Report of Independent Auditors

The Board of Directors
Eskaton and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Eskaton and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Eskaton and Subsidiaries as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules on pages 42 to 54 as of and for the year ended December 31, 2023, for Eskaton and Subsidiaries, Eskaton Properties, Inc., and Eskaton, presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the consolidated statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

The supplementary information – social responsibility on page 55 for the years ended December 31, 2023 and 2022, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

San Francisco, California
April 19, 2024

Consolidated Financial Statements

Eskaton and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022
(In Thousands)

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 16,700	$ 14,497
Assets limited as to use, required for current liabilities	790	739
Investments	57,029	52,193
Accounts receivable, net	6,588	10,387
Other receivables	5,675	3,470
Inventories	247	798
Deposits and prepaid expenses	1,408	1,249
Total current assets	88,437	83,333
ASSETS LIMITED AS TO USE, net of amount required for current liabilities	13,200	13,215
INVESTMENTS	4,015	3,116
PROPERTY AND EQUIPMENT, net	102,385	104,837
NONCURRENT ASSETS OF DISCONTINUED OPERATIONS	-	7,742
OTHER ASSETS		
Due from liability insurer	7,088	3,214
Associate member/resident/patient deposits	1,068	1,639
Funded pension obligation	1,435	-
Other	11,054	10,540
Total other assets	20,645	15,393
Total assets	$ 228,682	$ 227,636

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 2023 and 2022
(In Thousands)

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 9,568	$ 9,872
Current portion of deferred revenue from unamortized CCRC entrance fees	1,347	1,355
Deposits on unoccupied units	536	730
Accounts payable	3,097	6,968
Accrued liabilities:		
Payroll and payroll taxes	2,584	2,669
Vacation	2,382	3,489
Current portion of self-insured workers' compensation	1,429	1,516
Self-insured employee health plan	2,530	2,823
Interest	542	562
Other	8,702	7,012
Total current liabilities	32,717	36,996
OTHER LIABILITIES		
Self-insured workers' compensation, net of current portion	6,825	7,511
Interest rate swap agreements	1,163	1,255
Unfunded pension obligation	1,268	1,316
Professional liability	1,908	1,712
Associate member/resident/patient deposits	1,081	1,634
Other	7	87
	12,252	13,515
LONG-TERM DEBT, net of current maturities	94,012	102,819
REFUNDABLE CCRC ENTRANCE FEES	363	160
DEFERRED REVENUE FROM UNAMORTIZED CCRC ENTRANCE FEES, net of current portion	7,382	7,334
Total liabilities	146,726	160,824
NET ASSETS		
Without donor restrictions	76,098	60,647
With donor restrictions	5,858	6,165
Total net assets	81,956	66,812
Total liabilities and net assets	$ 228,682	$ 227,636

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues, gains, and other support:		
Resident service revenue, including amortization of CCRC membership fees of $1,696 in 2023, and $2,117 in 2022	$ 103,003	$ 93,824
Home based services	737	820
Government grant revenue	-	10
Other, net	23,908	16,636
Total revenues, gains, and other support	127,648	111,290
Expenses:		
Salaries and wages	61,871	54,812
Employee benefits	14,024	8,638
Professional fees	7,248	6,556
Supplies	5,579	5,152
Purchased services	13,640	9,276
Ancillary costs	2,123	1,043
Utilities	5,474	5,241
Insurance and other	5,578	5,943
Depreciation	8,795	9,664
Interest and amortization	5,165	4,867
Total operating expenses	129,497	111,192
(Loss) income from operations	(1,849)	98
Nonoperating revenue (expenses):		
Investment income (loss)	7,808	(14,410)
Interest rate swap activities	75	2,040
Loss on early repayment of debt	-	(138)
Other components of net periodic pension (cost) benefit	(192)	(971)
Gain on disposal of property and equipment	28	-
Other	272	231
Total nonoperating revenue (expenses), net	7,991	(13,248)
Excess (deficiency) of revenues, gains, and other support over expenses	$ 6,142	$ (13,150)

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess (deficiency) of revenues, gains, and other support over expenses (page 7)	$ 6,142	$ (13,150)
Pension-related changes other than net periodic pension cost	732	(1,751)
Reclassification to net assets with donor restrictions	-	(201)
Change in net assets without donor restrictions before discontinued operations	6,874	(15,102)
Income (loss) from discontinued operations	8,577	(15,089)
Change in net assets without donor restrictions	15,451	(30,191)
NET ASSETS WITHOUT DONOR RESTRICTIONS, beginning of year	60,647	90,838
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	$ 76,098	$ 60,647
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	$ 94	$ 128
Change in assets held in trust by others	61	-
Investment income (loss)	226	(315)
Reclassification from net assets without donor restrictions	-	201
Net assets released from restriction used for operations	(688)	(263)
Change in net assets with donor restrictions	(307)	(249)
NET ASSETS WITH DONOR RESTRICTIONS, beginning of year	6,165	6,414
NET ASSETS WITH DONOR RESTRICTIONS, end of year	$ 5,858	$ 6,165
CHANGE IN NET ASSETS	$ 15,144	$ (30,440)
NET ASSETS, beginning of year	66,812	97,252
NET ASSETS, end of year	$ 81,956	$ 66,812

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 15,144	$ (30,440)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,410	10,484
Amortization of deferred financing costs and premium	(14)	(5)
Amortization of CCRC entrance fees	(1,696)	(2,117)
Net realized and unrealized (gains) losses on assets limited as to use	(376)	647
Net realized and unrealized (gains) losses on investments	(6,413)	15,325
Pension related changes other than net periodic pension cost	(732)	1,751
Change in fair value of interest rate swap agreements	(92)	(2,401)
CCRC resales of nonrefundable contracts	1,070	777
CCRC sales of nonrefundable contracts	660	2,911
CCRC sales of refundable contracts	542	-
Gain on disposal of property and equipment	(26,113)	-
Loss on early repayment of debt	-	259
Changes in operating assets and liabilities:		
Change in receivables	1,594	(2,226)
Change in inventories	551	(42)
Change in deposits and prepaid expenses	(159)	180
Change in other assets	(3,817)	973
Change in accounts payable	(3,868)	3,625
Change in accrued liabilities	(605)	4,378
Change in unfunded pension obligation	(751)	2,060
Change in other liabilities	(440)	(6,275)
Net cash used in operating activities	(16,105)	(136)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of assets limited as to use	(6,450)	(6,308)
Proceeds from sales of assets limited as to use	6,846	6,296
Purchases of investments	(7,514)	(23,691)
Proceeds from sales of investments	8,192	34,464
Expenditures for property and equipment	(7,285)	(6,771)
Proceeds from sale of property and equipment	34,261	3
Net cash provided by investing activities	28,050	3,993

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022
(In Thousands)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
CCRC contracts refunded	$ (314)	$ (147)
Change in deposits on unoccupied units	(194)	(66)
Proceeds from issuance of long-term debt	-	24,108
Principal payments on long-term debt	(9,178)	(28,996)
Payment of debt issuance costs	-	(616)
Net cash used in financing activities	(9,686)	(5,717)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,259	(1,860)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	16,334	18,194
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 18,593	$ 16,334
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	$ 5,336	$ 4,948

See accompanying notes.

Note 1 – Organization and Principles of Consolidation

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

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

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

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

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

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

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

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

TRC – TRC is a not-for-profit 501(c)(3) California corporation that operates a 60-bed skilled nursing and 116-apartment assisted living community as a CCRC in Danville, California.

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

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

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

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

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

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

On February 20, 2020, Eskaton executed a letter of intent to sell the real property owned by Eskaton FountainWood Lodge, including the 91-bed licensed assisted living and memory care facility, at an agreed-upon sales price of $7.8 million. The completion of the sale occurred on January 12, 2021. The $7.8 million sale price was reduced by a seller credit of $0.8 million and consisted of cash consideration of $3.1 million and a $3.9 million promissory note originally scheduled to mature in January 2024; during 2023, a one-year extension was granted to the buyer thereby extending the note maturity to January 2025. Prior to the sale, Eskaton FountainWood Lodge had a loan with Five Star Bank that was scheduled to mature in March 2023. The balance on the loan was paid in full with proceeds from the sale in January 2021.

On September 29, 2023, the real property owned and operated by EPI as three standalone skilled nursing care centers was sold for $35.6 million, with net cash proceeds of $34.2 million and a resulting gain on the sale of $26.1 million, which is recorded within income (loss) from discontinued operations within the accompanying consolidated statements of operations and changes in net assets. Net proceeds of $3.8 million were used to pay a portion of the long-term debt attributed to the three standalone skilled nursing care centers. Under the terms of the Management and Operations Transfer Agreement executed by both parties, the buyer will operate the three facilities under EPI's existing licenses until licensure can be obtained by the buyer.

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

On December 27, 2023, EPI ceased operations of Eskaton Lodge Cameron Park.

Note 2 – Summary of Significant Accounting Policies

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

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

	2023	2022
Cash and cash equivalents	$ 16,700	$ 14,497
Restricted cash included in assets limited as to use	1,893	1,837
Total cash, cash equivalents, and restricted cash balances	$ 18,593	$ 16,334

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

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

Assets limited as to use – Assets limited as to use include assets held by trustees or lenders under bond indenture and HUD regulatory agreements, and assets restricted by donors for financial assistance to residents of Eskaton communities. Assets limited as to use are reported at fair value. Amounts required to satisfy obligations classified as current liabilities are reported in current assets in the consolidated balance sheets.

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

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

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

Impairment of long-lived assets and long-lived assets to be disposed of – Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Assets available for sale and discontinued operations – An asset purchase agreement was executed on March 24, 2023, for the real property owned and operated by EPI as three standalone skilled nursing care centers. The sale closed on September 28, 2023, for a purchase price of $35.6 million. As a result, the 2022 consolidated balance sheet has been revised to reflect the net property and equipment of the three standalone skilled nursing care centers as noncurrent assets of discontinued operations, reflecting the held-for-sale status of the assets as of December 31, 2022. Likewise, the 2022 consolidated statement of operations and changes in net assets has been revised to reflect the revenues and expenses of the three standalone skilled nursing care centers, as well as the revenues and expenses of EPI's medical homecare services provider, as income (loss) from discontinued operations. Additional information related to Eskaton's discontinued operations is disclosed in Note 17.

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

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

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

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

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

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

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

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

Resident service revenue – Eskaton provides senior living services to residents for a stated monthly fee. Eskaton recognizes revenue for housing services under independent living, assisted living, and memory care residency agreements in accordance with the provisions of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606). Eskaton has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. In conjunction with its resident services, Eskaton sells CCRC memberships. Revenue associated with these memberships is recognized over the estimated remaining life of the resident.

The following represents resident service revenue disaggregated by service line for the years ended December 31, as this best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors:

	Year Ended December 31, 2023				
	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident service revenue	$ 28,384	$ 8,830	$ 10,499	$ 55,290	$ 103,003

	Year Ended December 31, 2022				
	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident service revenue	$ 26,391	$ 7,986	$ 9,295	$ 50,152	$ 93,824

Included in residential service revenue are net patient service revenues for the skilled nursing services performed at Eskaton's CCRC campuses. These skilled nursing services are performed in exchange for a contractual agreed-upon amount or rate. The transaction price for these services is based on standard charges for goods and services provided, reduced by contractual adjustments provided to third parties, or explicit price concessions. Eskaton determines its estimates for contractual adjustments based on contractual agreements and historical experience. Routine services are treated as a single performance obligation satisfied over time as services are rendered. As such, patient care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services that are not included in the daily rates for routine services. Ancillary services are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered. Revenue is recognized in the month in which the performance obligations are satisfied. Performance obligations satisfied over time for net patient service revenue are recognized based on actual charges incurred. This method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Refer to Note 3 for information on third-party payor relationships.

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

Other revenue – Other revenue is derived from management agreements and other ancillary revenues. Eskaton manages certain communities under contracts that provide periodic management fee payments to the Organization. Management fees are generally determined by an agreed-upon percentage of gross revenues (as defined in the management agreement). Certain management contracts also provide for an annual incentive fee to be paid to Eskaton upon achievement of certain metrics identified in the contract. There were no incentive fee amounts recorded for the years ending December 31, 2023 or 2022. Eskaton recognizes revenue for community management services in accordance with the provisions of ASC 606. Although there are various management and operational activities performed by Eskaton under the contracts, the Organization has determined that all community operations management activities are a single performance obligation, which is satisfied over time as the services are rendered. Management fees received from third parties was $3.4 million and $3.2 million for the years ended December 31, 2023 and 2022, respectively.

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

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

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

Advertising – Advertising costs are expensed as incurred and included in purchased services expense in the accompanying consolidated statements of operations and changes in net assets. Advertising expense was $0.7 million and $1.2 million for the years ended December 31, 2023 and 2022, respectively.

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

ASC 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Recognition of a tax position is determined when it is more likely than not that a tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation processes. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. Eskaton recognizes interest and penalties related to income tax matters in operating expenses. As of December 31, 2023 and 2022, there were no such uncertain tax positions.

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

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

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

Reclassifications – Certain prior year amounts were reclassified to conform to the current year presentation.

Recent accounting pronouncements – In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326)*: *Measurement of Credit Losses on Financial Instruments*, which changed how entities will measure credit losses for most financial assets and certain other instruments. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under ASC 326, *Financial Instrument—Credit Losses*, disclosures are required to provide users of the consolidated financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Eskaton that are subject to the guidance in ASC 326 were accounts receivable, net and other receivables.

Eskaton adopted the standard effective January 1, 2023. The impact of the adoption was not significant to the consolidated financial statements and resulted in enhanced disclosures only.

Note 3 – Third-Party Payors

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

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

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

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

Note 4 – Assets Limited as to Use and Investments

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

	2023	2022
Required under bond indenture and HUD regulatory agreements for escrow, principal, interest, reserves, and insurance, held by trustee:		
Cash and short-term investments	$ 1,823	$ 1,761
U.S. Treasury notes, government securities, and other corporate debt securities	8,402	8,112
	10,225	9,873
Resident assistance and program funds with donor restrictions:		
Cash and short-term investments	70	76
Equity securities	1,161	1,656
Mutual funds	2,534	2,349
	3,765	4,081
	13,990	13,954
Less: current portion	790	739
	$ 13,200	$ 13,215

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

	2023	2022
Corporate reserves for capital replacement, liquidity, and growth:		
Cash and short-term investments	$ 4,711	$ 1,020
U.S. Treasury notes, government securities, and other corporate debt securities	3,148	-
Equity securities	9,488	12,978
Mutual funds	39,682	38,195
	57,029	52,193
Corporate reserves for resident assistance and charitable gift annuities:		
Cash and short-term investments	355	196
U.S. Treasury notes, government securities, and other corporate debt securities	87	134
Equity securities	279	247
Mutual funds	3,294	2,539
	4,015	3,116
	61,044	55,309
Less: current portion	57,029	52,193
	$ 4,015	$ 3,116

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

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

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

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

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement, in its entirety.

The fair values of the financial instruments as of December 31, 2023 and 2022 represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by management based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

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

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

		Fair Value Measurements at Reporting Date Using		
	December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (including assets limited as to use):				
Cash and cash equivalents	$ 6,433	$ 6,433	$ -	$ -
Money market funds	526	526	-	-
Common stocks	10,927	10,927	-	-
Mutual funds	45,511	45,511	-	-
U.S. Government securities	4,532	4,532	-	-
U.S. Government bonds	7,105	7,105	-	-
Total investments, at fair value	$ 75,034	$ 75,034	$ -	$ -

			Fair Value Measurements at Reporting Date Using	
	December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (including assets limited as to use):				
Cash and cash equivalents	$ 2,575	$ 2,575	$ -	$ -
Money market funds	478	478	-	-
Common stocks	14,881	14,881	-	-
Mutual funds	43,083	43,083	-	-
U.S. Government securities	1,514	1,514	-	-
U.S. Government bonds	5,110	5,110	-	-
Corporate bonds	1,622	1,622	-	-
Total investments, at fair value	$ 69,263	$ 69,263	$ -	$ -

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

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

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

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

Note 5 – Derivative Instruments and Hedging Activities

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

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

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

The estimated fair values of derivative instruments have been determined using Level 2 inputs including available market information and valuation methodologies. As of December 31, 2023 and 2022, the fair values of these derivatives were recorded in the consolidated balance sheets at net liabilities of $1.2 million and $1.3 million, respectively. The credit risk assumption, as required under ASC 820, reduced Eskaton's interest rate swap liability by $0.1 million in both 2023 and 2022.

Interest rate swap agreement for variable-rate debt – Eskaton has issued variable-rate debt to refinance various debt issuances and finance capital improvements. The variable-rate debt obligations expose Eskaton to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into a swap agreement to manage fluctuations in cash flows resulting from interest rate risk. This swap effectively changed the variable-rate cash flow exposure on the Series 2006 Bonds to approximate fixed-rate cash flows. Upon refinance of the Series 2006 Bonds during 2022, the orphaned swap limits variable-rate cash flow exposure on approximately 60% of the Series 2022 Bond issuance by emulating fixed-rate cash flows on that portion of the debt. Under the terms of the swap, Eskaton makes fixed interest rate payments and receives variable interest rate payments, thereby creating the equivalent of fixed-rate debt. As of December 31, 2023 and 2022, Eskaton was party to a swap agreement with an aggregate notional principal amount of $15.0 million and $15.6 million, respectively.

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

	2023	2022
Net unrealized gain on interest rate swap agreements	$ 92	$ 2,401
Net payments on interest rate swap agreements	(17)	(361)
Total interest rate swap activities	$ 75	$ 2,040

Note 6 – Property and Equipment, Net

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

	2023	2022
Land	$ 23,590	$ 23,327
Land improvements	21,419	21,250
Buildings and improvements	209,868	204,486
Equipment	31,747	30,801
	286,624	279,864
Accumulated depreciation	(186,279)	(177,515)
	100,345	102,349
Construction in progress	2,040	2,488
Property and equipment, net	$ 102,385	$ 104,837

Note 7 – Long-Term Debt, Net

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

	2023	2022
Obligated group:		
Series 2013 Tax-Exempt Fixed-Rate Revenue Bonds (Series 2013 Bonds) due 2035, principal due in annual installments and fixed interest of 2.00% to 5.00% due semi-annually; secured by deeds of trust.	$ 36,590	$ 38,250
Series 2012 Tax-Exempt Fixed-Rate Revenue Bonds (Series 2012 Bonds) due 2034, principal due in annual installments and fixed interest of 2.00% to 5.25% due semi-annually; secured by deeds of trust.	25,590	26,815
Series 2022 Tax-Exempt Variable-Rate Revenue and Refunding Bonds (Series 2022 Bonds) due 2029, payments of principal and variable interest due monthly (5.72% at December 31, 2023); held under a bank direct placement agreement; secured by deeds of trust.	17,936	23,446
Nonobligated:		
Note payable to Lument due 2050, principal and interest of 3.07% due in monthly installments of $53; insured by U.S. Department of Housing and Urban Development under Section 232, pursuant to Section 223(f); secured by deed of trust.	11,585	11,863
Note payable to Lument due 2047, principal and interest of 2.45% due in monthly installments of $32; insured by U.S. Department of Housing and Urban Development under Section 232, pursuant to Section 223(f); secured by deed of trust.	6,930	7,139
Note payable to First Republic Bank due 2035, principal and interest of 3.85% due in monthly installments of $40.	4,556	4,852
	103,187	112,365
Unamortized premiums	2,572	2,789
Unamortized deferred financing costs	(2,179)	(2,463)
	103,580	112,691
Less: current maturities, net of premiums and deferred financing costs of $73 and $95 in 2023 and 2022, respectively	(9,568)	(9,872)
	$ 94,012	$ 102,819

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

Years Ending December 31,	
2024	$ 9,641
2025	5,243
2026	5,465
2027	5,706
2028	5,957
Thereafter	71,175
	$ 103,187

The total amount of long-term debt supported by direct placement agreements as of December 31, 2023 and 2022 was approximately $17.9 million and $23.4 million, respectively. Eskaton pays fees on its direct placement facility with Truist Commercial Equity, Inc. of 1.501% per annum, plus a percentage of 1-month Secured Overnight Financing Rate (SOFR). These fees are included in interest and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

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

	2023	2022
Obligated Group:		
Interest on bonds and notes	$ 4,110	$ 3,786
Letter of credit and other financing fees	32	38
Amortization of debt issuance costs	159	152
Nonobligated:		
Interest on bonds and notes	826	853
Amortization of debt issuance costs	38	38
	$ 5,165	$ 4,867

The Series 2022 Bonds, Series 2013 Bonds, and Series 2012 Bonds are subject to restrictive covenants contained in the Master Indenture. The Series 2022 Bonds are also subject to additional covenants contained in the direct placement agreement with Truist Commercial Equity, Inc. Under the Master Indenture, Eskaton is required to maintain certain deposits with a trustee that are included in assets limited as to use. The Master Indenture and related direct placement agreement also, among other things, require Eskaton to maintain specified debt service coverage ratios and days cash on hand, place limits on Eskaton on the incurrence of additional long-term debt, and require Eskaton to report material adverse changes. Management believes Eskaton was in compliance with the various covenants as of and for the year ended December 31, 2023, with the exception of the debt service coverage ratio covenant associated with the First Republic Bank note payable related to The Reutlinger Community. Eskaton did not seek a waiver from First Republic Bank, and instead paid off the $4.6 million outstanding note balance on January 5, 2024. EPI funded $4.0 million of the First Republic Bank loan payoff, and this amount will be repaid to EPI by The Reutlinger Community in $44 thousand monthly installments of principal and interest at 6.0%, with the final payment due January 2034. Because a waiver was not obtained and full payment of the note payable was imminent, the $4.6 million outstanding balance on the First Republic Bank note payable has been classified as current maturities of long-term debt in the accompanying consolidated balance sheet as of December 31, 2023.

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

The Series 2006 Bonds were held by Compass Mortgage Corporation under a direct placement agreement expiring May 31, 2022. The Series 2008A Bonds were held by U.S. Bank, N.A. under a direct placement agreement expiring December 1, 2025. Both the Series 2006 Bonds and Series 2008A Bonds were refinanced with the Series 2022 Bonds in August 2022. The Series 2022 Bonds are held by Truist Commercial Equity, Inc. under a direct placement agreement expiring August 31, 2029.

Note 8 – Retirement Plans

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

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

The Pension Plan was frozen effective December 31, 2022, and management anticipates terminating the plan during 2024, although the actual termination date may extend to a future period. No additional employee service credits will accrue after December 31, 2022, however interest credits will accrue until the plan is formally terminated. Eskaton also intends to modify or replace the SERP at an undetermined future date.

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

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

	Eskaton Retirement Plan		SERP	
	2023	2022	2023	2022
Benefit obligation, beginning of year	$ 32,553	$ 34,987	$ 1,143	$ 2,170
Service cost	-	1,053	35	35
Interest cost	1,446	882	44	52
Benefits paid	(7,472)	(1,879)	(976)	-
Plan amendment	-	394	-	-
Curtailment	-	(542)	-	-
Actuarial (gain) loss	(1,897)	(2,342)	1,022	(1,114)
Benefit obligation, end of year	$ 24,630	$ 32,553	$ 1,268	$ 1,143
Fair value of assets, beginning of year	$ 32,380	$ 39,652	$ -	$ -
Return (loss) on plan assets	1,157	(5,393)	-	-
Benefits paid	(7,472)	(1,879)	-	-
Fair value of assets, end of year	$ 26,065	$ 32,380	$ -	$ -
Funded status at end of year (recognized in unfunded pension obligation and funded pension obligation in the consolidated balance sheets)	$ 1,435	$ (173)	$ (1,268)	$ (1,143)

The accumulated benefit obligation for the Pension Plan was $24.6 million and $32.6 million as of December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, the Pension Plan experienced gains of $1.9 million and $2.3 million, respectively, related to changes in the benefit obligation primarily due to changes in interest rates and assumptions pertaining to termination measurements. Termination measurements were applied upon freezing the plan in 2022, and again in 2023 upon Eskaton terminating the employment of several hundred plan participants in conjunction with the sale of its three standalone skilled nursing care centers.

Net periodic benefit cost recognized and other changes in plan assets and benefit obligations, which are excluded from (deficiency) excess of revenues, gains, and other support over expenses, in 2023 and 2022 are as follows (in thousands):

	Eskaton Retirement Plan		SERP	
	2023	2022	2023	2022
Service cost	$ -	$ (1,053)	$ (35)	$ (35)
Interest cost	(1,446)	(882)	(44)	(52)
Expected return on plan assets	1,367	2,678	-	-
Amortization of prior service cost	-	(614)	-	-
Amortization of net gain (loss)	(100)	(213)	457	336
Curtailment charge	-	(2,224)	-	-
Settlement charge	(1,822)	-	1,396	-
Net periodic benefit cost recognized	(2,001)	(2,308)	1,774	249
Other changes in plan assets and benefit obligations recognized in net assets (deficit) without donor restrictions:				
Net actuarial gain (loss)	1,786	(4,973)	(1,480)	778
Prior service cost	-	220	-	-
Impact of curtailment accounting	-	2,224	-	-
Impact of settlement accounting	1,822	-	(1,396)	-
Total recognized in net assets (deficit) without donor restrictions	3,608	(2,529)	(2,876)	778
Total recognized in net periodic benefit cost and net assets (deficit) without donor restrictions	$ 1,607	$ (4,837)	$ (1,102)	$ 1,027

Weighted average assumptions used are as follows:

	Eskaton Retirement Plan		SERP	
	2023	2022	2023	2022
Discount rate - benefit obligation	5.74%	5.35%	5.20%	5.35%
Discount rate - benefit cost	5.35%	2.60%	5.35%	2.60%
Expected rate of return on plan assets	4.50%	4.50%	n/a	n/a
Rate of compensation increase	n/a	5.00%	4.00%	4.00%

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

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

Cash flows – Eskaton expects to contribute $0 to the Pension Plan and $0.2 million to the SERP during the fiscal year ending December 31, 2024.

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

Years Ending December 31,	Eskaton Retirement Plan	SERP
2024	$ 24,631	$ 116
2025	-	306
2026	-	106
2027	-	115
2028	-	125
2029-2033	-	1,150

The expected benefits are based on the same assumptions used to measure Eskaton's benefit obligation as of December 31, 2023, and include estimated future employee service. The expected pension benefits assume termination of the plan in 2024, although the actual termination date may extend to a future period.

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

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

Target Asset Mix Table
Overall Portfolio

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

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

		Fair Value Measurements at Reporting Date Using		
	December 31, 2023	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 293	$ 293	$ -	$ -
Mutual funds	1,157	1,157	-	-
U.S. government bonds	24,041	24,041	-	-
Pooled separate account	574	-	574	-
Total assets in the fair value hierarchy	$ 26,065	$ 25,491	$ 574	$ -

		Fair Value Measurements at Reporting Date Using		
	December 31, 2022	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 2,734	$ 2,734	$ -	$ -
Common stocks	1	1	-	-
U.S. government bonds	29,645	29,645	-	-
Total assets in the fair value hierarchy	$ 32,380	$ 32,380	$ -	$ -

There were no significant transfers between plan assets with inputs with quoted prices in active markets for identical assets (Level 1) and assets with inputs with significant other observable inputs (Level 2) during the years ended December 31, 2023 and 2022.

Note 9 – Continuing Care Retirement Communities

Eskaton Village Carmichael

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

Unit Type	Number of Units
Apartments	201
Cottages	94
Assisted living	38
Assisted living - special care unit	20
Skilled nursing	35

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

The Reutlinger Community

TRC is a 60-bed skilled nursing and 116-unit assisted living and memory care facility in Danville, California. Beginning December 5, 2016, TRC was certified by the State of California Department of Social Services with a provisional license to operate as a CCRC and enter into continuing care contracts with the residents of the community. A permanent license was issued to TRC in 2019.

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

CCRC membership and entrance fees provide residents with material rights that are treated as performance obligations satisfied over time as services are rendered. EVC's refundable residence agreement requires an entrance fee, which is deferred and amortized on a straight-line basis over the life expectancy of the residents. Refundable entrance fees totaled $363 thousand and $160 thousand as of December 31, 2023 and 2022, respectively.

The change in deferred entrance fees during the years ended December 31, 2023 and 2022, consists of the following activity (in thousands):

	2023	2022
Balance, beginning of year	$ 8,689	$ 7,446
New fees received	660	2,911
Appreciation of resale contracts	1,070	777
Amortization of fees	(1,696)	(2,117)
Other	6	(328)
Balance, end of year	$ 8,729	$ 8,689

Eskaton is obligated to provide future services and the use of the CCRC communities to residents. Residents are charged monthly maintenance fees, which are used to pay routine operating expenses. Management has determined that the deferred revenue from unamortized membership and entrance fees and future monthly service fees exceeds the present value of the net cost of future services and use of the CCRC communities to be provided to residents as of December 31, 2023 and 2022, discounted at 4.5% for both EVC and TRC. Accordingly, Eskaton has not recorded a liability to provide future services as of December 31, 2023 and 2022.

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

Eskaton is self-insured for employee health and workers' compensation up to $175,000 and $1 million per claim, respectively. Eskaton maintains stop-loss insurance policies for employee health and workers' compensation with a limit of $0 per claim and statutory limits, respectively. Accruals have been made for estimated liabilities, including estimates for incurred but not reported claims. Eskaton has recorded a liability of $2.5 million and $2.8 million as of December 31, 2023 and 2022, respectively, in relation to employee health. Eskaton has recorded a liability of $8.3 million and $9.0 million as of December 31, 2023 and 2022, respectively, in relation to workers' compensation. Eskaton is required to participate as a member in the State of California Self-Insurers' Security Fund, a not-for-profit mutual benefit corporation, to secure its liabilities for self-insured workers' compensation. In Eskaton's past experience, no claims have been made against this financial instrument. Management does not expect any material loss to result from this off-balance-sheet instrument because performance is not expected to be required and, therefore, is of the opinion that the fair value of this instrument is zero. Any related insurance recovery receivables are recorded as due from liability insurer in the accompanying consolidated balance sheets.

Note 11 – Professional Liability Insurance

Eskaton maintains claims-made commercial professional liability insurance coverage with California Healthcare Insurance Company covering losses up to $5 million per claim, annual aggregate of $15 million, with a $25,000 deductible per claim. Eskaton also purchases excess professional liability insurance coverage of $10 million per claim and $10 million aggregate over the primary insurance coverage limits. Eskaton has recorded a liability of $1.9 million and $1.7 million for the tail exposure as of December 31, 2023 and 2022, respectively. In accordance with ASC 954-450, *Health Care Entities—Contingencies*, Eskaton has also recorded a liability of $7.8 million and $6.1 million as of December 31, 2023 and 2022, respectively, for estimated claim liabilities insured under its liability policy. $1.9 million and $1.7 million are recorded as professional liability and $7.8 million and $6.1 million are recorded as other current liabilities in the accompanying consolidated balance sheets as of December 31, 2023 and 2022, respectively. Any related insurance recovery receivables are recorded as due from liability insurer in the accompanying consolidated balance sheets.

Note 12 – Commitments and Contingencies

Various legal settlements were reached that resulted in professional fees expense of $2.7 million and $0.3 million in the accompanying consolidated statements of operations and changes in net assets for the years ended December 31, 2023 and 2022, respectively.

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

Note 13 – Concentrations of Credit Risk

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

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

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

	2023	2022
Medicare	$ 1,647	$ 2,058
Medi-Cal	1,693	3,168
Other third-party payors	2,789	3,727
Patients and residents	459	1,434
	$ 6,588	$ 10,387

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

	2023	2022	2021
Accounts receivable, net	$ 6,588	$ 10,387	$ 8,128

Note 14 – Natural and Functional Expenses

The consolidated financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function including depreciation, interest and amortization, and insurance and other are allocated to a function based on a units-of-service basis. Expenses related to providing these services for the years ended December 31, including expenses attributable to discontinued operations of $54,784,000 and $60,054,000 for the years ended December 31, 2023 and 2022, respectively, are as follows (in thousands):

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

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

Note 15 – Liquidity Disclosure

As of December 31, 2023 and 2022, Eskaton has a working capital surplus of $55.7 million and $46.3 million, and average days' cash on hand of 231 and 159 days, respectively.

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

	2023	2022
Cash and cash equivalents	$ 16,700	$ 14,497
Investments	61,044	55,309
Accounts receivable, net	6,588	10,387
Other receivables	5,675	3,470
	$ 90,007	$ 83,663

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

Note 16 – Health and Safety Code Section 1790(A)(3) Disclosure

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code: no reserves are being accumulated for identified projects or contingencies.

Note 17 – Discontinued Operations

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

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

	2023	2022
Net patient service revenue	$ 33,832	$ 41,753
Home based services	2,986	3,173
Government grant revenue	-	116
Other, net	458	44
Salaries and wages	(29,706)	(29,172)
Employee benefits	(7,962)	(9,143)
Professional fees	(4,524)	(6,493)
Supplies	(2,295)	(2,455)
Purchased services	(1,167)	(4,558)
Ancillary costs	(1,730)	(2,153)
Utilities	(916)	(1,086)
Insurance and other	(5,695)	(4,017)
Depreciation	(615)	(820)
Interest and amortization	(174)	(157)
Gain on sale of skilled nursing care centers	26,085	-
Loss on early repayment of debt	-	(121)
	$ 8,577	$ (15,089)

The major classes of assets and liabilities of the three standalone skilled nursing care centers at December 31 are as follows (in thousands):

	2023	2022
Assets:		
Cash and cash equivalents	$ (79)	$ 3
Accounts receivable, net	1,740	6,789
Other receivables	273	14
Inventories	-	115
Deposits and prepaid expenses	118	445
Property and equipment, net	210	7,742
Associate member/resident/patient deposits	11	58
Total assets	$ 2,273	$ 15,166
Liabilities:		
Accounts payable	$ 33	$ 2,130
Accrued liabilities:		
Payroll and payroll taxes	725	562
Vacation	-	999
Interest	-	17
Other	1,011	166
Due to related parties	13	11
Associate member/resident/patient deposits	11	58
Long-term debt	-	3,978
	$ 1,793	$ 7,921

Current assets and liabilities that were not part of the real property sale were retained by Eskaton and excluded from the noncurrent assets of discontinued operations reported in the accompanying consolidated balance sheet as of December 31, 2022, which reflects the net property and equipment held for sale.

Note 18 – Subsequent Events

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

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

Subsequent events have been evaluated through April 19, 2024, which is the date the consolidated financial statements were issued.

Supplementary Information

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

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
ASSETS																	
CURRENT ASSETS																	
Cash and cash equivalents	$ 10,493	$ 503	$ 1,789	$ 12,785	$ -	$ 12,785	$ 273	$ 727	$ 751	$ 1,407	$ -	$ 660	$ -	$ 97	$ 16,700	$ -	$ 16,700
Assets limited as to use, required for current liabilities	412	157	-	569	-	569	-	-	101	120	-	-	-	-	790	-	790
Investments	56,153	-	-	56,153	-	56,153	-	-	-	-	-	876	-	-	57,029	-	57,029
Accounts receivable, net	3,624	83	211	3,918	-	3,918	53	-	9	26	-	2,582	-	-	6,588	-	6,588
Other receivables	4,599	15	62	4,676	-	4,676	2	898	90	2	-	7	-	-	5,675	-	5,675
Inventories	151	13	11	175	-	175	-	-	23	20	-	29	-	-	247	-	247
Deposits and prepaid expenses	1,151	57	11	1,219	-	1,219	10	-	8	55	-	100	7	9	1,408	-	1,408
Due from related parties	14,896	-	-	14,896	(1,201)	13,695	-	-	-	-	-	-	171	44	13,910	(13,824)	86
Total current assets	91,479	828	2,084	94,391	(1,201)	93,190	338	1,625	982	1,630	-	4,254	178	150	102,347	(13,824)	88,523
ASSETS LIMITED AS TO USE, net of amount required for current liabilities	6,292	2,066	-	8,358	-	8,358	-	-	412	665	-	2,054	-	1,711	13,200	-	13,200
INVESTMENTS	-	-	-	-	-	-	-	-	-	-	-	-	-	4,015	4,015	-	4,015
PROPERTY AND EQUIPMENT, net	33,167	4,793	11,199	49,159	(77)	49,082	1,330	-	7,601	8,211	-	35,724	437	-	102,385	-	102,385
OTHER ASSETS																	
Due from liability insurer	7,088	-	-	7,088	-	7,088	-	-	-	-	-	-	-	-	7,088	-	7,088
Associate member/resident/patient deposits	1,078	-	-	1,078	-	1,078	-	-	-	-	-	(10)	-	-	1,068	-	1,068
Funded pension obligation	1,435	-	-	1,435	-	1,435	-	-	-	-	-	-	-	-	1,435	-	1,435
Other	5,395	-	-	5,395	-	5,395	1,284	-	-	-	3,900	1,700	-	-	12,279	(1,225)	11,054
Due from related parties, net of current portion	3,147	-	-	3,147	-	3,147	-	-	-	-	-	-	-	-	3,147	(3,147)	-
Total other assets	57,602	6,859	11,199	75,660	(77)	75,583	2,614	-	8,013	8,876	3,900	39,468	437	5,726	144,617	(4,372)	140,245
Total assets	$ 149,081	$ 7,687	$ 13,283	$ 170,051	$ (1,278)	$ 168,773	$ 2,952	$ 1,625	$ 8,995	$ 10,506	$ 3,900	$ 43,722	$ 615	$ 5,876	$ 246,964	$ (18,196)	$ 228,768

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

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
LIABILITIES AND NET ASSETS (DEFICIT)																	
CURRENT LIABILITIES																	
Current maturities of long-term debt	$ 2,624	$ 920	$ 1,098	$ 4,642	$ -	$ 4,642	$ -	$ -	$ 205	$ 272	$ -	$ 4,449	$ -	$ -	$ 9,568	$ -	$ 9,568
Current portion of deferred revenue from unamortized CCRC entrance fees	1,347	-	-	1,347	-	1,347	-	-	-	-	-	-	-	-	1,347	-	1,347
Deposits on unoccupied units	507	23	-	530	-	530	-	-	-	-	-	-	6	-	536	-	536
Accounts payable	2,254	113	104	2,471	-	2,471	(2)	1	83	116	-	387	-	41	3,097	-	3,097
Accrued liabilities:																	
Payroll and payroll taxes	1,840	156	27	2,023	-	2,023	17	402	12	62	-	68	-	-	2,584	-	2,584
Vacation	1,187	92	142	1,421	-	1,421	49	235	115	93	-	469	-	-	2,382	-	2,382
Current portion of self-insured workers' compensation	1,429	-	-	1,429	-	1,429	-	-	-	-	-	-	-	-	1,429	-	1,429
Self-insured employee health plan	2,530	-	-	2,530	-	2,530	-	-	-	-	-	-	-	-	2,530	-	2,530
Interest	305	113	65	483	-	483	-	-	14	30	-	15	-	-	542	-	542
Other	8,412	63	51	8,526	-	8,526	-	-	40	36	-	33	-	67	8,702	-	8,702
Due to related-parties	196	1	1,201	1,398	(1,201)	197	4,874	988	447	274	1,160	5,454	90	426	13,910	(13,824)	86
Total current liabilities	22,631	1,481	2,688	26,800	(1,201)	25,599	4,938	1,626	916	883	1,160	10,875	96	534	46,627	(13,824)	32,803
OTHER LIABILITIES																	
Self-insured workers' compensation, net of current portion	6,825	-	-	6,825	-	6,825	-	-	-	-	-	-	-	-	6,825	-	6,825
Interest rate swap agreements	-	-	1,163	1,163	-	1,163	-	-	-	-	-	-	-	-	1,163	-	1,163
Unfunded pension obligation	1,268	-	-	1,268	-	1,268	-	-	-	-	-	-	-	-	1,268	-	1,268
Professional liability	1,908	-	-	1,908	-	1,908	-	-	-	-	-	-	-	-	1,908	-	1,908
Associate member/resident/patient deposits	1,078	-	3	1,081	-	1,081	-	-	-	-	-	-	-	-	1,081	-	1,081
Other	7	-	-	7	-	7	-	-	-	-	-	-	-	-	7	-	7
Due to related-parties, net of current portion	-	-	-	-	-	-	-	-	-	-	3,147	-	-	-	3,147	(3,147)	-
	11,086	-	1,166	12,252	-	12,252	-	-	-	-	3,147	-	-	-	15,399	(3,147)	12,252
LONG-TERM DEBT, net of current maturities	46,470	17,963	12,204	76,637	-	76,637	-	-	6,471	10,904	-	-	-	-	94,012	-	94,012
REFUNDABLE CCRC ENTRANCE FEES	298	-	-	298	-	298	-	-	-	-	-	65	-	-	363	-	363
DEFERRED REVENUE FROM UNAMORTIZED CCRC ENTRANCE FEES, net of current portion	7,382	-	-	7,382	-	7,382	-	-	-	-	-	-	-	-	7,382	-	7,382
Total liabilities	87,867	19,444	16,058	123,369	(1,201)	122,168	4,938	1,626	7,387	11,787	4,307	10,940	96	534	163,783	(16,971)	146,812
NET ASSETS (DEFICIT)																	
Net assets (deficit) without donor restrictions	61,207	(11,757)	(2,775)	46,675	(77)	46,598	(1,986)	(1)	1,608	(1,281)	(407)	28,746	519	3,527	77,323	(1,225)	76,098
Net assets with donor restrictions	7	-	-	7	-	7	-	-	-	-	-	4,036	-	1,815	5,858	-	5,858
Total net assets (deficit)	61,214	(11,757)	(2,775)	46,682	(77)	46,605	(1,986)	(1)	1,608	(1,281)	(407)	32,782	519	5,342	83,181	(1,225)	81,956
Total liabilities and net assets (deficit)	$ 149,081	$ 7,687	$ 13,283	$ 170,051	$ (1,278)	$ 168,773	$ 2,952	$ 1,625	$ 8,995	$ 10,506	$ 3,900	$ 43,722	$ 615	$ 5,876	$ 246,964	$ (18,196)	$ 228,768

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

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

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

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton Combined	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	The Reutlinger Community	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS																	
Excess (deficiency) of revenues, gains, and other support over expenses (page 44)	$ 6,559	$ 273	$ 392	$ 7,224	$ 9	$ 7,233	$ (754)	$ (1)	$ (54)	$ 755	$ -	$ (1,009)	$ (42)	$ 14	$ 6,142	$ -	$ 6,142
Pension related changes other than net periodic pension cost	732	-	-	732	-	732	-	-	-	-	-	-	-	-	732	-	732
Transfers between related entities	(194)	577	-	383	-	383	-	-	(308)	(713)	-	-	-	638	-	-	-
Change in net assets (deficit) without donor restrictions before discontinued operations	7,097	850	392	8,339	9	8,348	(754)	(1)	(362)	42	-	(1,009)	(42)	652	6,874	-	6,874
Income (loss) from discontinued operations	8,577	-	-	8,577	-	8,577	-	-	-	-	-	-	-	-	8,577	-	8,577
Change in net assets (deficit) without donor restrictions	15,674	850	392	16,916	9	16,925	(754)	(1)	(362)	42	-	(1,009)	(42)	652	15,451	-	15,451
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS, beginning of year	45,533	(12,607)	(3,167)	29,759	(86)	29,673	(1,232)	-	1,970	(1,323)	(407)	29,755	561	2,875	61,872	(1,225)	60,647
NET ASSETS WITHOUT DONOR RESTRICTIONS, end of year	$ 61,207	$ (11,757)	$ (2,775)	$ 46,675	$ (77)	$ 46,598	$ (1,986)	$ (1)	$ 1,608	$ (1,281)	$ (407)	$ 28,746	$ 519	$ 3,527	$ 77,323	$ (1,225)	$ 76,098
NET ASSETS WITH DONOR RESTRICTIONS																	
Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		$ -	$ 43	$ -	$ 51	$ 94	$ -	$ 94
Change in assets held in trust by others	-	-	-	-	-	-	-	-	-	-	-	47	-	14	61	-	61
Investment income	-	-	-	-	-	-	-	-	-	-	-	-	-	226	226	-	226
Net assets released from restriction used for operations	-	-	-	-	-	-	-	-	-	-	-	(492)	-	(196)	(688)	-	(688)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	(402)	-	95	(307)	-	(307)
NET ASSETS WITH DONOR RESTRICTIONS, beginning of year	7	-	-	7	-	7	-	-	-	-	-	4,438	-	1,720	6,165	-	6,165
NET ASSETS WITH DONOR RESTRICTIONS, end of year	$ 7	$ -	$ -	$ 7	$ -	$ 7	$ -	$ -	$ -	$ -	$ -	$ 4,036	$ -	$ 1,815	$ 5,858	$ -	$ 5,858
CHANGE IN NET ASSETS (DEFICIT)	$ 15,674	$ 850	$ 392	$ 16,916	$ 9	$ 16,925	$ (754)	$ (1)	$ (362)	$ 42	$ -	$ (1,411)	$ (42)	$ 747	$ 15,144	$ -	$ 15,144
NET ASSETS (DEFICIT), beginning of year	45,540	(12,607)	(3,167)	29,766	(86)	29,680	(1,232)	-	1,970	(1,323)	(407)	34,193	561	4,595	68,037	(1,225)	66,812
NET ASSETS (DEFICIT), end of year	$ 61,214	$ (11,757)	$ (2,775)	$ 46,682	$ (77)	$ 46,605	$ (1,986)	$ (1)	$ 1,608	$ (1,281)	$ (407)	$ 32,782	$ 519	$ 5,342	$ 83,181	$ (1,225)	$ 81,956

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

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

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

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	$ 10,455	$ (53)	$ (68)	$ 42	$ 112	$ 1	$ 1	$ 1	$ 2	$ -	$ 10,493
Assets limited as to use, required for current liabilities	78	-	-	-	-	-	82	-	252	-	412
Investments	50,571	-	-	-	-	-	-	-	5,582	-	56,153
Accounts receivable, net	-	580	562	598	11	2	68	230	1,573	-	3,624
Other receivables	3,686	72	72	129	4	-	-	-	636	-	4,599
Inventories	60	-	-	-	4	-	15	-	72	-	151
Deposits and prepaid expenses	736	18	16	84	9	6	11	10	261	-	1,151
Due from related parties	14,896	-	-	-	-	-	-	-	-	-	14,896
Total current assets	80,482	617	582	853	140	9	177	241	8,378	-	91,479
ASSETS LIMITED AS TO USE, net of amount required for current liabilities	1,023	-	-	-	-	-	1,075	-	4,194	-	6,292
PROPERTY AND EQUIPMENT, net	1,059	-	210	-	2,995	1,970	5,141	16	21,776	-	33,167
OTHER ASSETS											
Due from liability insurer	7,088	-	-	-	-	-	-	-	-	-	7,088
Associate member/resident/patient deposits	-	11	1	(1)	-	-	-	-	1,067	-	1,078
Funded pension obligation	1,435	-	-	-	-	-	-	-	-	-	1,435
Other	3,822	-	-	-	-	-	-	-	1,573	-	5,395
Due from related parties, net of current portion	3,147	-	-	-	-	-	-	-	-	-	3,147
Total other assets	15,492	11	1	(1)	-	-	-	-	2,640	-	18,143
Total assets	$ 98,056	$ 628	$ 793	$ 852	$ 3,135	$ 1,979	$ 6,393	$ 257	$ 36,988	$ -	$ 149,081

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

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
LIABILITIES AND NET ASSETS (DEFICIT)											
CURRENT LIABILITIES											
Current maturities of long-term debt	$ 479	$ -	$ -	$ -	$ 44	$ 92	$ 479	$ -	$ 1,530	$ -	$ 2,624
Current portion of deferred revenue from unamortized CCRC entrance fees	-	-	-	-	-	-	-	-	1,347	-	1,347
Deposits on unoccupied CCRC units	-	-	-	-	-	-	-	-	507	-	507
Accounts payable	563	3	(3)	33	46	13	62	5	1,532	-	2,254
Accrued liabilities:											
Payroll and payroll taxes	569	13	426	286	32	10	15	212	277	-	1,840
Vacation	588	-	-	-	50	1	101	-	447	-	1,187
Current portion of self-insured workers' compensation	1,429	-	-	-	-	-	-	-	-	-	1,429
Self-insured employee health plan	2,530	-	-	-	-	-	-	-	-	-	2,530
Interest	58	-	-	-	3	6	59	-	179	-	305
Other	7,094	1,001	9	1	119	22	42	4	120	-	8,412
Due to related parties	174	2	8	3	1	-	2	2	4	-	196
Total current liabilities	13,484	1,019	440	323	295	144	760	223	5,943	-	22,631
OTHER LIABILITIES											
Self-insured workers' compensation, net of current portion	6,825	-	-	-	-	-	-	-	-	-	6,825
Unfunded pension obligation	1,268	-	-	-	-	-	-	-	-	-	1,268
Professional liability	1,651	64	89	104	-	-	-	-	-	-	1,908
Associate member/resident/patient deposits	-	11	1	(1)	-	-	-	-	1,067	-	1,078
Other	-	-	-	-	-	-	7	-	-	-	7
	9,744	75	90	103	-	-	7	-	1,067	-	11,086
LONG-TERM DEBT, net of current maturities	9,158	-	-	-	488	1,019	9,347	-	26,458	-	46,470
REFUNDABLE CCRC ENTRANCE FEES	-	-	-	-	-	-	-	-	298	-	298
DEFERRED REVENUE FROM UNAMORTIZED CCRC ENTRANCE FEES, net of current portion	-	-	-	-	-	-	-	-	7,382	-	7,382
Total liabilities	32,386	1,094	530	426	783	1,163	10,114	223	41,148	-	87,867
NET ASSETS (DEFICIT)											
Net assets (deficit) without donor restrictions	65,670	(466)	263	426	2,352	816	(3,721)	34	(4,167)	-	61,207
Net assets with donor restrictions	-	-	-	-	-	-	-	-	7	-	7
Total net assets (deficit)	65,670	(466)	263	426	2,352	816	(3,721)	34	(4,160)	-	61,214
Total liabilities and net assets (deficit)	$ 98,056	$ 628	$ 793	$ 852	$ 3,135	$ 1,979	$ 6,393	$ 257	$ 36,988	$ -	$ 149,081

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

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS											
Revenue, gains, and other support:											
Resident service revenue, including amortization of CCRC entrance fees	$ -	$ -	$ -	$ -	$ 4,674	$ 2,464	$ 8,001	$ -	$ 36,852	$ -	$ 51,991
Other, net	11,689	-	-	-	193	57	96	-	2,338	(3,418)	10,955
Total revenues, gains, and other support	11,689	-	-	-	4,867	2,521	8,097	-	39,190	(3,418)	62,946
Expenses:											
Salaries and wages	10,630	-	-	-	1,325	1,663	3,312	-	12,097	-	29,027
Employee benefits	(625)	-	-	-	372	514	968	-	3,359	-	4,588
Professional fees	3,271	-	-	-	3	305	405	-	199	-	4,183
Supplies	604	-	-	-	553	261	611	-	374	-	2,403
Purchased services	2,933	-	-	-	581	406	870	-	7,731	(3,418)	9,103
Ancillary costs	-	-	-	-	-	16	22	-	699	-	737
Utilities	208	-	-	-	360	182	322	-	1,919	-	2,991
Insurance and other	964	-	-	-	218	143	294	-	1,556	-	3,175
Depreciation	290	-	-	-	415	253	628	-	2,919	-	4,505
Interest and amortization	460	-	-	-	33	69	463	-	1,541	-	2,566
Total operating expenses	18,735	-	-	-	3,860	3,812	7,895	-	32,394	(3,418)	63,278
Income (loss) from operations	(7,046)	-	-	-	1,007	(1,291)	202	-	6,796	-	(332)
Investment income	5,863	-	-	-	-	-	37	-	897	-	6,797
Other components of net periodic pension cost	(192)	-	-	-	-	-	-	-	-	-	(192)
Gain on disposal of property and equipment	-	-	-	-	-	-	-	-	28	-	28
Other	258	-	-	-	-	-	-	-	-	-	258
Total nonoperating revenue (expenses), net	5,929	-	-	-	-	-	37	-	925	-	6,891
Excess of revenues, gains, and other support over expenses	$ (1,117)	$ -	$ -	$ -	$ 1,007	$ (1,291)	$ 239	$ -	$ 7,721	$ -	$ 6,559

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

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
NET ASSETS WITHOUT DONOR RESTRICTIONS											
Excess (deficiency) of revenues, gains, and other support over expenses (page 49)	$ (1,117)	$ -	$ -	$ -	$ 1,007	$ (1,291)	$ 239	$ -	$ 7,721	$ -	$ 6,559
Income (loss) from discontinued operations	906	2,614	3,059	3,953	-	-	-	(1,955)	-	-	8,577
Pension related changes other than net periodic pension cost	732	-	-	-	-	-	-	-	-	-	732
Transfers between related entities	19,540	(5,378)	(5,979)	(5,291)	(705)	1,415	401	1,382	(5,579)	-	(194)
Change in net assets (deficit) without donor restrictions	20,061	(2,764)	(2,920)	(1,338)	302	124	640	(573)	2,142	-	15,674
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS, beginning of year	45,609	2,298	3,183	1,764	2,050	692	(4,361)	607	(6,309)	-	45,533
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS, end of year	$ 65,670	$ (466)	$ 263	$ 426	$ 2,352	$ 816	$ (3,721)	$ 34	$ (4,167)	$ -	$ 61,207
NET ASSETS WITH DONOR RESTRICTIONS											
Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS WITH DONOR RESTRICTIONS, beginning of year	-	-	-	-	-	-	-	-	7	-	7
NET ASSETS WITH DONOR RESTRICTIONS, end of year	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7	$ -	$ 7
CHANGE IN NET ASSETS (DEFICIT)	$ 20,061	$ (2,764)	$ (2,920)	$ (1,338)	$ 302	$ 124	$ 640	$ (573)	$ 2,142	$ -	$ 15,674
NET ASSETS (DEFICIT), beginning of year	45,609	2,298	3,183	1,764	2,050	692	(4,361)	607	(6,302)	-	45,540
NET ASSETS (DEFICIT), end of year	$ 65,670	$ (466)	$ 263	$ 426	$ 2,352	$ 816	$ (3,721)	$ 34	$ (4,160)	$ -	$ 61,214

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

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties, Inc.
CHANGE IN NET ASSETS (DEFICIT)	$ 20,061	$ (2,764)	$ (2,920)	$ (1,338)	$ 302	$ 124	$ 640	$ (573)	$ 2,142	$ -	$ 15,674
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:											
Depreciation	290	156	218	238	415	253	628	3	2,919	-	5,120
Amortization of deferred financing costs and premium	(29)	1	4	5	2	4	(32)	-	(3)	-	(48)
Amortization of CCRC entrance fees	-	-	-	-	-	-	-	-	(1,629)	-	(1,629)
Net realized and unrealized gain on assets limited as to use	(17)	-	-	-	-	-	(18)	-	(112)	-	(147)
Net realized and unrealized gain on investments	(5,075)	-	-	-	-	-	-	-	(555)	-	(5,630)
Pension related changes other than net periodic pension cost	(732)	-	-	-	-	-	-	-	-	-	(732)
Transfers between related entities	(19,540)	5,378	5,979	5,291	705	(1,415)	(401)	(1,382)	5,579	-	194
CCRC resales of nonrefundable contracts	-	-	-	-	-	-	-	-	1,070	-	1,070
CCRC sales of nonrefundable contracts	-	-	-	-	-	-	-	-	660	-	660
CCRC sales of refundable contracts	-	-	-	-	-	-	-	-	542	-	542
(Gain) loss on disposal of property and equipment	-	(6,549)	(9,848)	(9,688)	-	-	-	-	(28)	-	(26,113)
Change in operating assets and liabilities:											
Change in receivables	(2,274)	1,754	2,255	781	6	28	(21)	500	(543)	-	2,486
Change in inventories	318	51	19	45	7	6	(3)	9	37	-	489
Change in deposits and prepaid expenses	(512)	124	186	17	13	28	12	10	(41)	-	(163)
Change in other assets	(4,112)	(3)	5	45	-	-	-	-	280	-	(3,785)
Change in accounts payable	(909)	(567)	(860)	(670)	(203)	(97)	(200)	(15)	596	-	(2,925)
Change in accrued liabilities	(99)	507	(187)	(328)	1	(89)	(116)	70	163	-	(78)
Change in unfunded pension obligation	(751)	-	-	-	-	-	-	-	-	-	(751)
Change in other liabilities	(61)	67	84	59	(1)	-	(7)	-	(550)	-	(409)
Net cash provided by (used in) operating activities	(13,442)	(1,845)	(5,065)	(5,543)	1,247	(1,158)	482	(1,378)	10,527	-	(16,175)
Purchases of assets limited as to use	(888)	-	-	-	-	-	(934)	-	(2,698)	-	(4,520)
Proceeds from sale of assets limited as to use	877	-	-	-	-	-	922	-	2,633	-	4,432
Purchase of investments	(6,032)	-	-	-	-	-	-	-	(282)	-	(6,314)
Proceeds from sale of investments	7,831	-	-	-	-	-	-	-	153	-	7,984
Expenditures for property and equipment	(297)	(698)	(336)	(115)	(498)	(166)	(440)	(4)	(2,832)	-	(5,386)
Proceeds from disposal of property and equipment	-	8,317	12,958	12,958	-	-	-	-	28	-	34,261
Net cash provided by (used in) investing activities	1,491	7,619	12,622	12,843	(498)	(166)	(452)	(4)	(2,998)	-	30,457
CCRC contracts refunded	-	-	-	-	-	-	-	-	(314)	-	(314)
Change in deposits on unoccupied units	-	-	-	-	-	-	-	-	(196)	-	(196)
Principal payments on long-term debt	(434)	(450)	(1,649)	(1,968)	(44)	(91)	(428)	-	(1,411)	-	(6,475)
Net change in due to/due from related entities	14,398	(5,378)	(5,977)	(5,291)	(705)	1,415	402	1,382	(5,578)	-	(5,332)
Net cash provided by (used in) financing activities	13,964	(5,828)	(7,626)	(7,259)	(749)	1,324	(26)	1,382	(7,499)	-	(12,317)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,013	(54)	(69)	41	-	-	4	-	30	-	1,965
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	8,504	1	1	1	112	1	62	1	244	-	8,927
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 10,517	$ (53)	$ (68)	$ 42	$ 112	$ 1	$ 66	$ 1	$ 274	$ -	$ 10,892

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

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 47	$ -	$ 226	$ -	$ 273
Accounts receivable, net	-	-	53	-	53
Other receivables	-	-	2	-	2
Deposits and prepaid expenses	-	-	10	-	10
Total current assets	47	-	291	-	338
PROPERTY AND EQUIPMENT, net	1,263	-	67	-	1,330
OTHER ASSETS	1,284	-	-	-	1,284
	2,547	-	67	-	2,614
Total assets	$ 2,594	$ -	$ 358	$ -	$ 2,952
LIABILITIES AND NET ASSETS (DEFICIT)					
CURRENT LIABILITIES					
Accounts payable	$ -	$ (5)	$ 3	$ -	$ (2)
Accrued liabilities:					
Payroll and payroll taxes	7	-	10	-	17
Vacation	5	-	44	-	49
Due to related parties	2,415	578	1,881	-	4,874
Total current liabilities	2,427	573	1,938	-	4,938
NET ASSETS (DEFICIT):					
Net assets (deficit) without donor restrictions	167	(573)	(1,580)	-	(1,986)
Total net assets (deficit)	167	(573)	(1,580)	-	(1,986)
Total liabilities and net assets (deficit)	$ 2,594	$ -	$ 358	$ -	$ 2,952

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

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS					
Revenue, gains, and other support:					
Home based services	$ -	$ -	$ 737	$ -	$ 737
Other, net	1	-	-	-	1
Total revenues, gains, and other support	1	-	737	-	738
Expenses:					
Salaries and wages	277	-	571	-	848
Employee benefits	95	-	172	-	267
Supplies	12	-	3	-	15
Purchased services	22	-	158	-	180
Utilities	2	-	4	-	6
Insurance and other	73	-	82	-	155
Depreciation	-	-	21	-	21
Total operating expenses	481	-	1,011	-	1,492
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(480)	-	(274)	-	(754)
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS, beginning of year	647	(573)	(1,306)	-	(1,232)
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS, end of year	$ 167	$ (573)	$ (1,580)	$ -	$ (1,986)

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

	Parent	Adult Day Health Care	Live Well At Home	Eliminations	Eskaton Combined
CHANGE IN NET ASSETS (DEFICIT)	$ (480)	$ -	$ (274)	$ -	$ (754)
Adjustments to reconcile change in net assets to net cash used in operating activities:					
Depreciation	-	-	21	-	21
Change in operating assets and liabilities:				-	
Change in receivables	16	-	(5)	-	11
Change in deposits and prepaid expenses	-	-	(6)	-	(6)
Change in accounts payable	(3)	-	(12)	-	(15)
Change in accrued liabilities	(2)	-	8	-	6
Net cash used in operating activities	(469)	-	(268)	-	(737)
Expenditures for property and equipment	(53)	-	-	-	(53)
Net cash used in investing activities	(53)	-	-	-	(53)
Net change in due to/due from related entities	558	-	330	-	888
Net cash provided by financing activities	558	-	330	-	888
NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	36	-	62	-	98
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	11	-	164	-	175
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 47	$ -	$ 226	$ -	$ 273

Eskaton and Subsidiaries
Supplementary Information – Social Responsibility (Unaudited)
Years Ended December 31, 2023 and 2022

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

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

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

Scholarship Commitments – During 2021, Eskaton committed $250,000 of scholarship funds to local colleges and universities to help develop a diverse workforce in the aging services industry. These scholarships are intended to help support and promote future leaders who are majoring in gerontology and nursing programs. These commitments will be paid over five years, including $25,000 paid in 2023.

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

	2023	2022
Community sponsorships	$ 67	$ 68
Aging services sponsorships	13	95
Resident Assistance Funds	877	232
Community outreach	482	485
Total	$ 1,439	$ 880
Community service program operating statistics:		
Resident Assistance Funds:		
Months of assistance	137	48
Residents assisted	15	7
Community outreach		
Telephone calls	51,744	50,291
Home visits	-	474

PART 5

LIQUID RESERVES

MOSSADAMS

Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

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

December 31, 2023

Table of Contents

MOSSADAMS

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eskaton, Eskaton Village Carmichael, and The Reutlinger Community, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2023.

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care liquid reserves of Eskaton, Eskaton Village Carmichael, and The Reutlinger Community as of and for the year ended December 31, 2023, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis for Opinion

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Statement of Cash Flows – Direct Method; Supplementary Form 5-1 – Reconciliation to Audit Report; Supplementary Form 5-4 – Reconciliation to Audit Report; Supplementary Form 5-5 – Description of Reserves Under SB 1212; and Supplementary Form 5-5 – ALATU – Composition of Assets, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of Eskaton, Eskaton Village Carmichael, and The Reutlinger Community and the California Department of Social Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

San Francisco, California
April 19, 2024

Continuing Care Liquid Reserve Schedules

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

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

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid in Fiscal Year	Total Paid (columns(b)+(c)+(d))
1	5/22/2012	$ 1,225,000	$ 1,410,000	-	$ 2,635,000
2	6/6/2013	1,660,000	1,915,000	-	3,575,000
3	12/1/2010	297,000	184,000	-	481,000
4	8/31/2022	1,690,000	1,183,000	-	2,873,000
5					
6					
7					
8					
	TOTAL:	$ 4,872,000	$ 4,692,000	-	$ 9,564,000

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

PROVIDER: Eskaton

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Form 5-2
Long-Term Debt Incurred During Fiscal Year

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

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

PROVIDER: Eskaton

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

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$ 9,564,000
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:**	$ 9,564,000

PROVIDER: Eskaton

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

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$ 32,394,000
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$ 1,539,000	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$ -	
	c.	Depreciation	$ 2,919,000	
	d.	Amortization	$ (3,000)	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$ 11,815,000	
	f.	Extraordinary expenses approved by the Department	$ -	
3		Total Deductions		$ 16,270,000
4		Net Operating Expenses		$ 16,124,000
5		Divide Line 4 by 365 and enter the result.		$ 44,175
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$ 3,313,000

PROVIDER: Eskaton

COMMUNITY: Eskaton Village Carmichael

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

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$ 23,003,000
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$ 184,000	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$ -	
	c.	Depreciation	$ 1,606,000	
	d.	Amortization	$ 9,000	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$ 7,660,000	
	f.	Extraordinary expenses approved by the Department	$ -	
3		Total Deductions		$ 9,459,000
4		Net Operating Expenses		$ 13,544,000
5		Divide Line 4 by 365 and enter the result.		$ 37,107
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$ 2,783,000

PROVIDER: Eskaton

COMMUNITY: The Reutlinger Community

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Form 5-5
Annual Reserve Certification

FORM 5-5: ANNUAL RESERVE CERTIFICATION

Provider Name: Eskaton
Fiscal Year Ended: December 31, 2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2023, and are in compliance with those requirements.

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

		Amount
[1]	Debt Service Reserve Amount	$ 9,564,000
[2]	Operating Expense Reserve Amount	$ 6,096,000
[3]	**Total Liquid Reserve Amount:**	$ 15,660,000

Qualifying assets sufficient to fulfill the operating reserve and debt service requirements, based on market value at end of fiscal year where applicable, are held as follows:

	Qualifying Asset Description	Debt Service Reserve	Operating Reserve
[4]	Cash and Cash Equivalents	$ -	$ 18,429,000
[5]	Investment Securities	$ -	$ 3,148,000
[6]	Equity Securities	$ 1,000,000	$ 48,170,000
[7]	Unused/Available Lines of Credit	$ -	$ -
[8]	Unused/Available Letters of Credit	$ -	$ -
[9]	Debt Service Reserve	$ 8,928,000	(not applicable)
[10]	Other:	$ -	$ -

Qualifying assets used in these reserves are described as follows:

Total Amount of Qualifying Assets

		Debt Service Reserve		Operating Reserve
Listed for Reserve Obligation:	[11]	$ 9,928,000	[12]	$ 69,747,000
Reserve Obligation Amount:	[13]	$ 9,564,000	[14]	$ 6,096,000
Surplus/(Deficiency):	[15]	$ 364,000	[16]	$ 63,651,000

Signature: Mark [signature]

(Authorized Representative)

Date: April 19, 2024

Chief Financial Officer
(Title)

Note 1 – Basis of Accounting

The accompanying reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of Eskaton's, Eskaton Village Carmichael's, and The Reutlinger Community's assets, liabilities, revenues, and expenses. Where not otherwise stated, the accompanying reserve reports include Eskaton, The Reutlinger Community, and the Obligated Group members of Home Office, Eskaton Care Center Manzanita, Eskaton Care Center Fair Oaks, Eskaton Care Center Greenhaven, Eskaton Monroe Lodge, Eskaton Lodge Cameron Park, Eskaton Gold River Lodge, Eskaton Home Healthcare, Eskaton Village Carmichael, Eskaton Village Grass Valley, and Eskaton Village Roseville.

Note 2 – Long-Term Debt

In accordance with the Health and Safety Code Section 1792, Eskaton has excluded $3,820,000 of long-term debt repayments made during the year ended December 31, 2023, from Form 5-1 as they were voluntary repayments to pay down principal.

Supplementary Schedules

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Statement of Cash Flows – Direct Method
December 31, 2023

Cash flows from operating activities:	
Cash received from ILU contract residents	$ 24,065,000
Cash received from ALU contract residents	1,082,000
Cash received from SNF contract residents	1,202,000
Cash received from noncontract residents	10,804,000
Cash received from other revenue	1,980,000
Cash received from investment income	202,000
Cash paid for interest	(1,539,000)
Cash paid for other operating expenses	(27,269,000)
Net cash provided by operating activities	10,527,000
Cash flows from investing activities:	
Purchases of assets limited as to use	(2,698,000)
Proceeds from sale of assets limited as to use	2,633,000
Purchases of investments	(282,000)
Proceeds from sale of investments	153,000
Expenditures for capital maintenance	(2,832,000)
Proceeds from disposal of property and equipment	28,000
Net cash used in investing activities	(2,998,000)
Cash flows from financing activities:	
CCRC contracts refunded	(314,000)
Change in deposits on unoccupied CCRC units	(196,000)
Principal payments on long-term debt	(1,411,000)
Change in due from related party - current year cash flow	(5,578,000)
Net cash used in financing activities	(7,499,000)
Net change in cash	30,000
Cash, cash equivalents, and restricted cash at December 31, 2022	244,000
Cash, cash equivalents, and restricted cash at December 31, 2023	$ 274,000

PROVIDER: Eskaton
COMMUNITY: Eskaton Village Carmichael

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Statement of Cash Flows – Direct Method (Continued)
December 31, 2023

Cash flows from operating activities:	
Cash received from ILU contract residents	$ -
Cash received from ALU contract residents	8,728,000
Cash received from SNF contract residents	1,234,000
Cash received from noncontract residents	7,423,000
Cash received from other revenue	2,644,000
Cash received from investment income	85,000
Cash paid for interest	(184,000)
Cash paid for other operating expenses	(21,987,000)
Net cash used in operating activities	(2,057,000)
Cash flows from investing activities:	
Proceeds from sale of assets limited as to use	433,000
Purchases of investments	(543,000)
Proceeds from sale of investments	54,000
Expenditures for capital maintenance	(443,000)
Net cash used in investing activities	(499,000)
Cash flows from financing activities:	
Principal payments on long-term debt	(297,000)
Change in due from related party - current year cash flow	2,739,000
Net cash provided by financing activities	2,442,000
Net change in cash	(114,000)
Cash, cash equivalents, and restricted cash at December 31, 2022	793,000
Cash, cash equivalents, and restricted cash at December 31, 2023	$ 679,000

PROVIDER: Eskaton
COMMUNITY: The Reutlinger Community

Cash payments for interest - Obligated Group (per consolidated financial statements)	$ 4,508,000
Cash payments for interest - The Reutlinger Community (per consolidated financial statements)	184,000
Cash paid for interest	$ 4,692,000
Cash payments for principal - Obligated Group (per consolidated financial statements)	$ 8,395,000
Cash payments for principal - The Reutlinger Community (per consolidated financial statements)	297,000
Less: Voluntary cash payments for principal for 2022 Bonds	(3,820,000)
Cash paid for principal	$ 4,872,000

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Supplementary Form 5-4 – Reconciliation to Audit Report
December 31, 2023

Cash received from noncontract residents (per Statement of Cash Flows - Direct Method)	$ 10,804,000
Cash received from other revenue (per Statement of Cash Flows - Direct Method)	1,980,000
Less: Cash receipts from Contributions	(969,000)
Reimbursements for services to persons who did not have a CCRC contract	$ 11,815,000

Independent living reimbursements for services to noncontract residents	$ 506,000
Assisted living reimbursements for services to noncontract residents	3,980,000
Skilled nursing reimbursements for services to noncontract residents	6,318,000
Reimbursements for nonresident services	1,011,000
Reimbursements for services to persons who did not have a CCRC contract	$ 11,815,000

PROVIDER: Eskaton
COMMUNITY: Eskaton Village Carmichael

Cash received from noncontract residents (per Statement of Cash Flows - Direct Method)	$ 7,423,000
Cash received from other revenue (per Statement of Cash Flows - Direct Method)	2,644,000
Less: Cash receipts from contributions	(2,407,000)
Reimbursements for services to persons who did not have a CCRC contract	$ 7,660,000

Assisted living reimbursements for services to noncontract residents	$ 122,000
Skilled nursing reimbursements for services to noncontract residents	7,301,000
Reimbursements for nonresident services	237,000
Reimbursements for services to persons who did not have a CCRC contract	$ 7,660,000

PROVIDER: Eskaton
COMMUNITY: The Reutlinger Community

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Supplementary Form 5-5 – Description of Reserves Under SB 1212
December 31, 2023

Financial Statements and Footnote Description	Eskaton	Obligated Group	The Reutlinger Community	Total	Qualifying Asset Description (Form 5-5)
Cash and cash equivalents	$ 273,000	$ 12,785,000	$ 660,000	$ 13,718,000	[4] Cash and cash equivalents
Investments - cash and short-term investments	-	4,711,000	-	4,711,000	[4] Cash and cash equivalents
Investments - U.S. Treasury notes, government securities, and other corporate debt securities	-	3,148,000	-	3,148,000	Investment securities
Investments - equity securities and mutual funds	-	47,294,000	876,000	48,170,000	[6] Equity securities
Total cash and cash equivalents, investment securities, equity securities and mutual funds	$ 273,000	$ 67,938,000	$ 1,536,000	$ 69,747,000	**Operating Reserve**
Investments - equity securities and mutual funds	$ -	$ 1,000,000	$ -	$ 1,000,000	[6] Equity securities
Assets limited as to use - cash and short-term investments	-	526,000	-	526,000	[9] Debt service reserve
Assets limited as to use - U.S. Treasury notes, government securities, and other corporate debt securities	-	8,402,000	-	8,402,000	[9] Debt service reserve
Total cash and cash equivalents, equity securities, and assets limited as to use - debt service reserve	$ -	$ 9,928,000	$ -	$ 9,928,000	**Debt Service Reserve**
Total	$ 273,000	$ 77,866,000	$ 1,536,000	$ 79,675,000	

Reconciliation to Audited Financial Statements	Eskaton	Obligated Group	The Reutlinger Community	Total
Cash and cash equivalents	$ 273,000	$ 12,785,000	$ 660,000	$ 13,718,000
Assets limited as to use, required for current liabilities	-	569,000	-	569,000
Assets limited as to use, net of amount required for current liabilities	-	8,358,000	-	8,358,000
Investments, current	-	56,153,000	876,000	57,029,000
	$ 273,000	$ 77,865,000	$ 1,536,000	$ 79,674,000
Total amount of qualifying assets as filed for operating reserve	$ 273,000	$ 67,938,000	$ 1,536,000	$ 69,747,000
Total amount of qualifying assets as filed for debt service reserve	-	9,928,000	-	9,928,000
	$ 273,000	$ 77,866,000	$ 1,536,000	$ 79,675,000

Per Capita Cost of Operations	Eskaton Village Carmichael	The Reutlinger Community
Operating expenses (Form 5-4, line 1)	$ 32,394,000	$ 23,003,000
Mean Number of CCRC Residents	439	114
Per Capita Cost of Operations	$ 73,790	$ 201,781

Eskaton, Eskaton Village Carmichael, and The Reutlinger Community
Supplementary Form 5-5 – ALATU – Composition of Assets
December 31, 2023

	Total	Cash and ST Investments	U.S. Treasury Notes, Government Securities, and Other Corporate Debt Securities
2012 Bonds	$ 4,445,948	$ 272,240	$ 4,173,708
2013 Bonds	4,481,131	253,507	4,227,624
EVP FHA Loan	512,474	512,474	-
ELGB FHA Loan	784,822	784,822	-
TOTAL DEBT SERVICE RESERVE	$ 10,224,375	$ 1,823,043	$ 8,401,332

PROVIDER: Eskaton

MOSSADAMS

PART 6

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 4/19/2024

Facility Name: Eskaton Village Carmichael

Address: 3939 Walnut Avenue	Zip Code: 95608	Phone: 916-974-2000

Provider Name:

Eskaton

Facility Operator: Eskaton Properties, Inc.

Religious Affiliation: N/A

Year Opened: 1992 # of Acres: 37 Miles to Shopping Center: 1 Miles to Hospital: 4

☑ Single Story ☑ Multi-Story ☐ Other:

Number of Units: 388

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

RLU Occupancy (%) at Year End: 96.9%

Type of Ownership: ☑ Not for Profit ☐ For Profit

Accredited? ☐ Yes By: ☑ No

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

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

Range of Entrance Fees: $80,000 - $ 500,000

Long-Term Care Insurance Required? ☐ Yes ☑ No

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

Entry Requirements: Min Age: 62 Prior Profession: N/A Other: N/A

Resident Representative(s) to, and Resident Members on, the Board:
(briefly describe provider's compliance and residents' roles):

Please see attached disclosure worksheet.

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

Facility Services and Amenities

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

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

PROVIDER NAME: ESKATON

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

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)
Eskaton Village Grass Valley	Grass Valley, CA	530-273-1778
Eskaton Village Roseville	Roseville, CA	916-789-7831
Eskaton Village Placerville	Placerville, CA	530-295-3400
Eskaton Granite Bay	Granite Bay, CA	916-789-0326

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

FREE-STANDING ASSISTED LIVING	LOCATION (City, State)	PHONE (with area code)
Eskaton Gold River	Gold River, CA	916-852-7900

FREE-STANDING SKILLED NURSING	LOCATION (City, State)	PHONE (with area code)

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

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

Provider Name: Eskaton (Eskaton Village Carmichael)

Income and Expenses [Year]	2020	2021	2022	2023
Income from Ongoing Operations **Operating Income** (Excluding amortization of entrance fee income)	142,630	148,382	153,525	122,363
Less Operating Expenses (Excluding depreciation, amortization, and interest)	146,460	150,848	155,738	115,537
Net Income From Operations	(3,830)	(2,466)	(2,213)	6,826
Less Interest Expense	(5,424)	(4,913)	(5,029)	(5,179)
Plus Contributions	4,043	562	734	3,589
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	10,313	15,254	(13,369)	7,991
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	5,102	8,437	(19,877)	13,227
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	1,762	1,300	3,541	1,958

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

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
2022 Bonds	$17,936,424	Variable	Aug-2022	2029	15 years
2013 Bonds	$36,590,000	2-5.00%	Jun-2013	2035	22 years
2012 Bonds	$25,590,000	2-5.25%	May-2012	2034	22 years
First Republic Bank	$4,556,142	3.85%	Dec-2010	2035	25 years

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

Financial Ratios [Year]	**CCAC Medians 50th Percentile** *(optional)*	2021	2022	2023
Debt to Asset Ratio		35.82%	45.17%	41.34%
Operating Ratio		104.84%	104.72%	98.65%
Debt Service Coverage Ratio		1.23	(1.15)	1.90
Days Cash On Hand Ratio		226	151	223

Provider Name: Eskaton (Eskaton Village Carmichael)

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

Residence/Service [Year]	2020	%	2021	%	2022	%	2023	%
Studio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
One Bedroom	4,430	3.50%	4,630	4.50%	4,854	4.85%	5,189	6.90%
Cottage/House	5,960	3.50%	6,228	4.50%	6,531	4.85%	6,982	6.90%
Assisted Living	5,803	3.50%	6,064	4.50%	6,358	4.85%	6,797	6.90%
Skilled Living	12,211	3.50%	12,766	4.50%	13,387	4.85%	14,318	6.90%
Special Care	7,527	3.50%	7,866	4.50%	8,248	4.85%	8,817	6.90%

Comments from Provider:

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

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

Operating Ratio

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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

ESKATON
ESKATON VILLAGE CARMICHAEL
ATTACHMENT TO DISCLOSURE WORKSHEET

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

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

PART 7

REPORT ON CCRC MONTHLY CARE FEES

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

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

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

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

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

4. Check *each* of the appropriate boxes.

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

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

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

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

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

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1.	Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	$4,794-7,355	$6,562-7,837	$8817-11,361	13860-16530
2.	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	6.90%	6.90%	6.90%	6.90%

☐ Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: 01/01/2023
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

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

☑ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
Date of Notice: 10/31/2022 **Method of Notice:** Letters to residents

☑ At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 10/31/2022

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

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

- ☐ Emailed the documents to those residents for whom the provider had email addresses on file
- ☑ Placed hard copies in resident cubby
- ☑ Placed hard copies at designated locations
- ☑ Provided hard copies to residents upon request, and/or
- ☐ Other: [please describe] ________________________
- ☑ **Date of Notice:** 10/31/2022

☑ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
Date of Notice: 10/14/2022

☑ The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: 10/14/2022 **Location of Posting:** Resident Mail Room

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

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

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

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

The goal of Eskaton Village Carmichael's annual budgeting and rate setting process is to establish a financial plan that is sufficient to meet the needs of its residents and support the mission of the organization.

Eskaton Village Carmichael's rate setting methodology is derived from a process that considers the anticipated cost of providing care and services, reasonable operating margins necessary to ensure the sustainability of the community, and the organizational mission. The cost of providing care and services is analyzed in the annual budget process. This budget process starts with the historic costs of providing care, which are then adjusted for known and anticipated changes expected in the budget period. Contractual obligations and market factors are considered when estimating the costs of providing care. After the expense budget is established, an analysis of monthly rates is performed to ensure that the rates are adequately adjusted to cover the anticipated changes in future operating costs. Monthly care fees were increased by 6.9% for all levels of care in 2023. Anticipated cost increases included higher labor costs and normal inflationary cost increases related to purchases of supplies and services.

Labor costs were expected to increase in excess of 5% in 2023 due to minimum wage requirements in California increasing from $15.00 per hour to $15.50 per hour (3.3%) and the indirect effects that increase would have on all wages, in addition to standard merit-based increases.

Supplies and purchased service costs were estimated to increase commensurate with the consumer price index, which as of October 2022 (the period when the budget was finalized) reflected an increase of 6.0% to 8.3% for San Francisco-Oakland-Hayward and Western Cities with populations under 2.5 million, the market areas most relevant to Sacramento, California.

The projected 2023 net operating income shown on the following page allows the community to reinvest in the physical plant, thereby maintaining the quality of the facilities for current residents and ensuring the continued marketability of the community to prospective residents. Additionally, positive net operating income ensures that the community will be able to fund unexpected costs or capital needs, and continue its mission to enhance the quality of life of seniors through innovative health, housing and social services.

FORM 7-1 ATTACHMENT
FISCAL YEAR 2023 MONTHLY CARE FEE INCREASE (MCFI) (in thousands)
ESKATON VILLAGE CARMICHAEL

		2021	2022	2023
1	2021 Operating Expenses (audited)	(30,553)		
2	2022 Operating Expenses		(30,559)	
3	Projected 2023 Operating Expenses			(30,691)
4	Projected 2023 Revenue without a MCFI			36,078
5	Projected 2023 Net Operating Income without a MCFI			5,387
6	Projected 2023 Revenue with MCFI 6.90%			37,999
7	Projected 2023 Net Operating Income After 6.90% MCFI			7,308

Monthly Care Fee Increase: 6.90%

Notes:
Total increase in revenues related to monthly care fee increase is estimated at $1,921,000
Total projected increase in expenses is estimated at $132,000
EVC 2023 principal due on debt was $1,411,382

Eskaton Village Carmichael
2023 Budget Review Meeting

October 31, 2022

EVC 2023 Budget Review Meeting

Agenda

- Current Economic Conditions
- Senior Living Response to Inflation
- Expenses
- Revenue
- Capital Expenditures
- 2023 Rate Increase

ESKATON
AGE is Beautiful

Current Economic Environment

EVC 2023 Budget Review Meeting

Economic Environment

- Inflation has risen by more than 8%
- Social Security increasing by 8.7%
  - Largest increase in 40 years
- Our cost of care is increasing
  - We are seeing increases in the cost associated with providing care in nearly every expense category.

ESKATON
AGE is Beautiful

Senior Living Industry Response to Inflation

EVC 2023 Budget Review Meeting

Industry Response to Inflation

- Many organizations made mid-year increases in 2022.
  - Eskaton did not.
- We have indications that many senior living operators are increasing rates in excess of 9%.

EVC 2023 Budget Review Meeting

Industry Response to Inflation

- Recent WSJ article reported a resident's experience from Sunrise Senior Living.
- She received a 10.2% increase in 2022, an inflation-related daily fee of $25 (approximately $750 a month), and another 9.7% increase anticipated for 2023.

ESKATON
AGE is Beautiful

Expenses

EVC 2023 Budget Review Meeting

Labor Expenses

- Labor is Eskaton's largest operation expense.
- Employees are demanding higher wages than ever before. In many cases a competitive salary is the top wage in the market place.

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Labor Expenses

- It’s our goal to retain the high quality caregivers and staff our residents know and rely on.

- During 2022 Eskaton made more than $4M in unbudgeted salary increases to caregivers and dining services to retain and recruit top talent.

EVC 2023 Budget Review Meeting

Labor Expenses

- Minimum wage is increasing from $15.00 to $15.50 on January 1.
  - "Ripple effect," longevity increases, merit increases and market rate increases
- EVC is budgeting an additional 8.2% salary increase for 2023.
- Cost of employee health plan increasing.

EVC 2023 Budget Review Meeting

Labor Expenses

- Year over year salaries increasing by $874,000.
- Year over year health plan cost increasing by $177,000 .
- Total year over year labor expenses increasing by $1,051,000.

EVC 2023 Budget Review Meeting

Labor Expenses
Personnel Changes

- Adding position in Resident Services for room set-up and support. Eliminated one Food Service Supervisor by attrition.
- Eliminated MCC position. RCC and Wellness Nurse will manage both ALU and MCU.
- Eliminated Lead Housekeeper position. (Vacant for a year.)
- Small CNA decrease from 17.8 FTEs to 17.3 FTEs.

EVC 2023 Budget Review Meeting

Insurance Expenses

- Property insurance is budgeted to increase 10% due to increased premiums from fires in the Western US.

- Changes to laws within the State are driving up costs to insurance companies, so those costs are being passed to us.

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Utility Expenses

- PG&E is increasing rates by 18% in 2023.
- All other utilities expected to increase by at least 5%

EVC 2023 Budget Review Meeting

Other Operating Costs

- All other operating costs are expected to increase by a minimum of 5-6%

- Food, fuel, and supplies costs are on the rise.

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Total Operating Expenses

- Year over year total operating expenses increasing by $1,749,580.
  - ILU = $727,623
  - ALU = $160,973
  - MCU = $121,937
  - SNF = $739,047

ESKATON AGE is Beautiful

Revenue

EVC 2023 Budget Review Meeting

Occupancy

- Economic conditions have impacted occupancy
  - Occupancy drives revenue

  - YTD ILU occupancy 94.9% vs. budget of 97.3%
  - YTD ALU occupancy 91.4% vs. budget of 94.7%
  - YTD MCU occupancy 91.6% vs. budget of 91.7%
  - YTD SNF occupancy 82.8% vs. budget of 87.3%

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Membership Resales

- Economic conditions have impacted resales:
  - YTD resales at 22 vs. budget of 26.25
  - Current memberships for sale are 18
    - Last year at this time there were 7 memberships for sale
    - Pipeline is strong, but decision-making is slower due to investment and housing markets

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

2023 Budgeted Occupancy

- ILU gradual increase beginning 96.3% and ending at 98.0%
- ALU gradual increase beginning 94.7% and ending at 97.4%
- MCU average occupancy budgeted at 95%
- SNF average occupancy budgeted at 95%

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Total Operating Revenue

- Year over year budgeted net operating revenue increasing by $2,660,723
    - ILU = $1,590,054
    - ALU = $273,088
    - MCU = $209, 592
    - SNF = $607,998

ESKATON
AGE is Beautiful

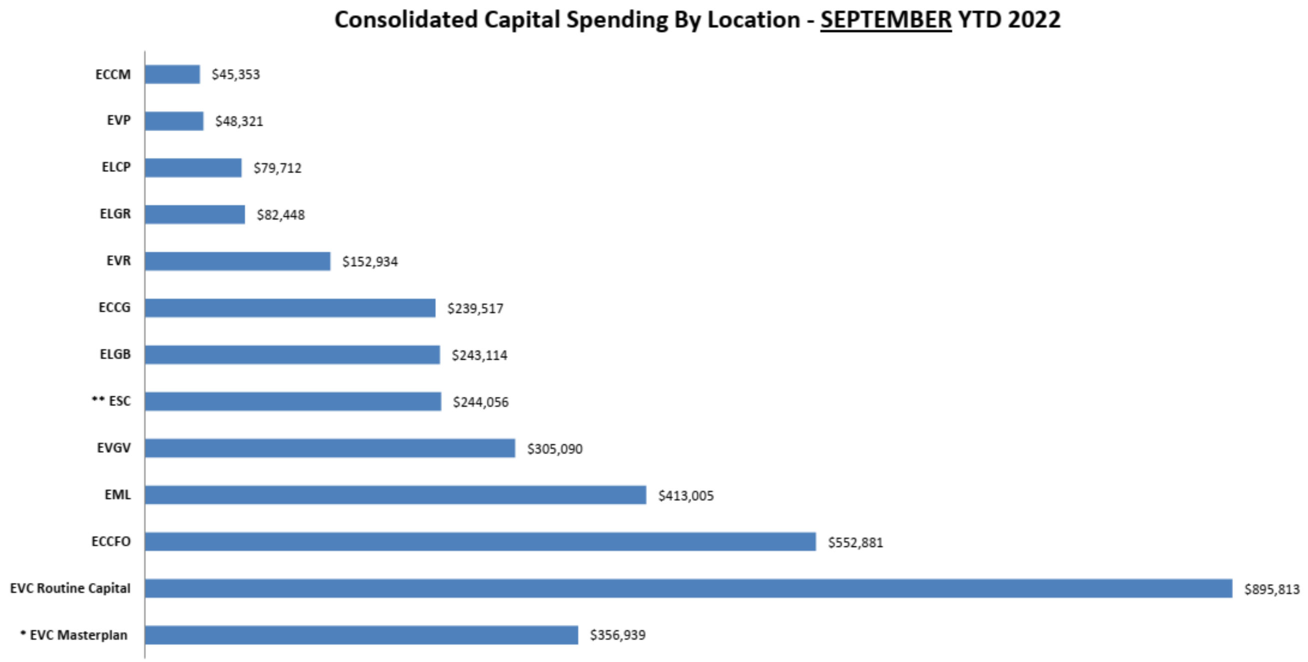
EVC 2023 Budget Review Meeting

	2022 Budget	2023 Budget	% Change
Revenue	36,633,597	39,308,329	7.32%
Operating Expenses	24,775,706	26,519,286	7.06%
Operating Margin	11,857,891	12,789,043	7.85%
Total Fixed Expenses	5,715,947	4,276,178	(20.15%)
Net Operating Income	6,141,944	8,512,865	30.91%

ESKATON
AGE is Beautiful

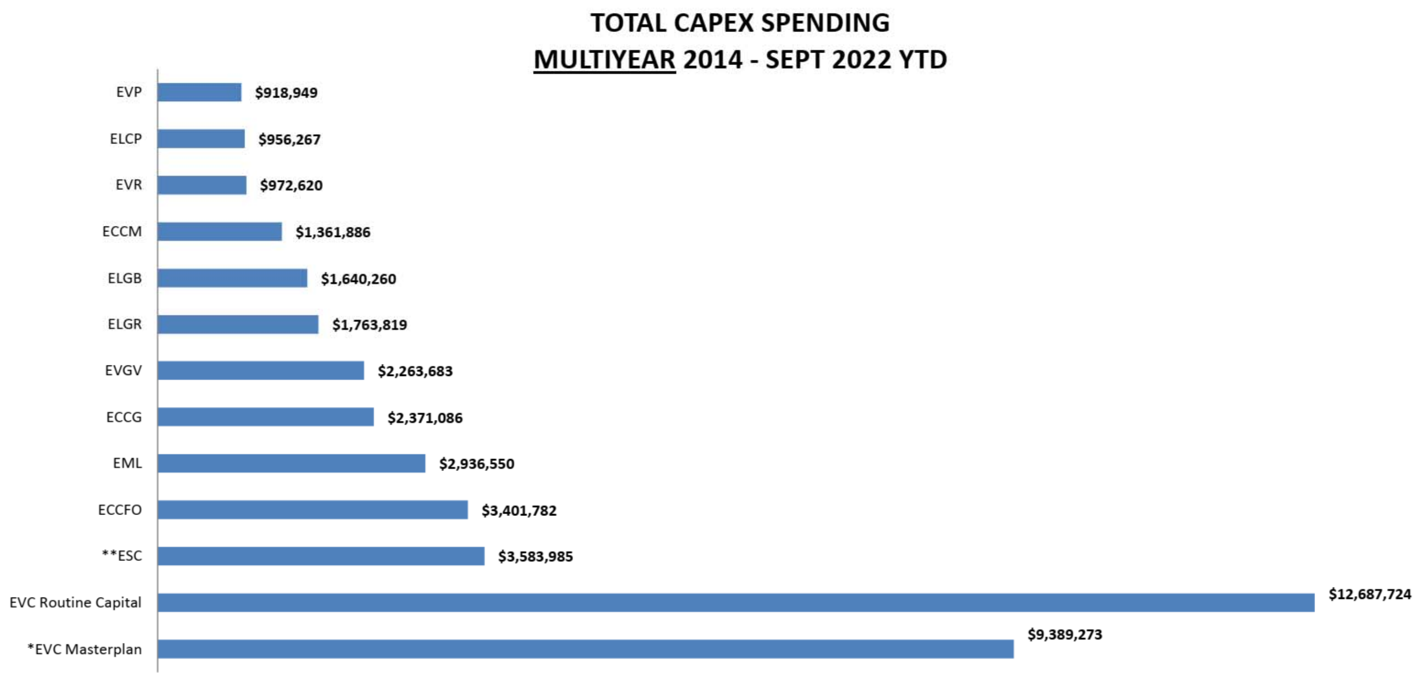
Capital Expenditures

EVC 2023 Budget Review Meeting



ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting



ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Capital Spending Projects 2023

- ILU Apartment Building Fire Alarm Enhancement
- New Exterior Paint
- Handicapped Parking Spaces Improvements

EVC 2023 Budget Review Meeting

Capital Spending Projects 2023

- Replace Exterior Signage
- Add Accessible Walkway at Fitness Center
- Continue ILU cottage and apartment renovations

ESKATON
AGE is Beautiful

EVC 2023 Budget Review Meeting

Capital Spending Projects 2023

- Landscape improvements
- Refurbishing Game Room 205 and 206
- Replace Main Dining Room Carpet

ESKATON AGE is Beautiful

EVC 2023 Budget Review Meeting

Capital Spending Projects 2023

- Refurbish ALU Dining Room
- Refurbish ALU Library
- New Living Room Furniture in MCU

EVC 2023 Budget Review Meeting

Capital Spending Projects 2023

- Update Patient Rooms in SNF
- Replacement of aged kitchen and housekeeping equipment
- Proactive replacement of HVAC units

ESKATON AGE is Beautiful

EVC 2023 Budget Review Meeting

Capital Spending Projects 2023

- Replacement of indoor signage

ESKATON
AGE is Beautiful

ESKATON®

AGE is Beautiful

Rate Increase for 2023

EVC 2023 Budget Review Meeting

Rate Increase for 2023

6.9%
ILU, ALU, MCU, SNF

(Lowest Increase of all Eskaton Communities)

EVC 2023 Budget Review Meeting

Ancillary Fee Increase for 2023

Approximately 6.9%

ILU, ALU, MCU, SNF

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

ESKATON

AGE is Beautiful

ESKATON®

AGE is Beautiful

Thank you!