State of California – Health and Human Services Agency | California Department of Social Services

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: July 31, 2025

PROVIDER(S): Casa de las Campanas, INC

CCRC(S): Casa de las Campanas, INC

PROVIDER CONTACT PERSON: David Johnson, CFO

TELEPHONE NUMBER:	**E-MAIL ADDRESS:**
(858) 592-1885	Johnson@casadlc.com

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

☒ Annual Report Checklist.

☒ Annual Provider Fee in the amount of: $39,873 ☐ If applicable, late fee in the amount of: $ 0

☒ 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.

Source form: LIC 9272 (11/21)

Casa de las Campanas

Retirement living for the best years of your life!

November 27, 2025

Department of Social Services

Certification by Chief Executive Officer

As Chief Executive Officer of Casa de las Campanas, I certify that the attached reports:

1) FY 2025 Audited Financial Statements with our CPA's opinion,

2) FY 2025 Audited Reserve Report Forms 5-1 to 5-5, with our accompanying CPA opinion, and related supplemental schedules thereto, including the disclosure report,

3) 2025 Continuing Care Provider's Fee and calculation fee,

4) Evidence of Fidelity Bond,

5) Continuing Care Retirement Community Disclosure Statement,

6) CCRC Monthly Fees,

are correct, that the continuing care contract form in use for new residents has been approved by the Department, and that the provider is maintaining the required liquid reserves, statutory reserves and refund reserves pursuant to requirements of the California Health and Safety Code.

Sincerely,

Janette Piankoff President of the Board of Directors Casa de las Campanas, Inc.

18655 West Bernardo Drive, San Diego, CA 92127 (858) 451-9152 • Fax (858) 451-8660
www.casadelascampanas.com • RCFE License #374600488 • COA 146

Casa de las Campanas
Continuing Care Contract Annual Report
Part 1

State of California – Health and Human Services Agency | California Department of Social Services

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: July 31, 2025

PROVIDER(S): Casa de las Campanas, INC

CCRC(S): Casa de las Campanas, INC

PROVIDER CONTACT PERSON: David Johnson, CFO

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☒ 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)).

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☐ 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.

Source form: LIC 9272 (11/21)

Casa de las Campanas
Continuing Care Contract Annual Report
Part 2

FORM 1-1: RESIDENT POPULATION

Continuing Care Residents

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	500
[2]	Number at end of fiscal year	520
[3]	Total Lines 1 and 2	1,020
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x.50
[5]	Mean number of continuing care residents	510

All Residents

Line	All Residents	TOTAL
[6]	Number at beginning of fiscal year	522
[7]	Number at end of fiscal year	542
[8]	Total Lines 6 and 7	1,064
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x.50
[10]	Mean number of *all* residents	532
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	96

Source form: LIC 9263 (3/21)

FORM 1-2: ANNUAL PROVIDER FEE

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	52,874,203.00
[a]	Depreciation	9,785,485.00
[b]	Debt Service (Interest Only)	1,554,562.00
[2]	Subtotal (add Line 1a and 1b)	11,340,047.00
[3]	Subtract Line 2 from Line 1 and enter result.	41,534,156.00
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	96.00
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	39,872,790.00
[6]	Total Amount Due (multiply Line 5 by .001)	$ 39,873.00

PROVIDER: Casa de las Campanas FYE 7-31-2025 COMMUNITY: Casa de las Campanas

Source form: LIC 9264 (3/21)

Casa de las Campanas, Inc. Per Capita Cost Calculation Support As of 7/31/2025

Per Capita Costs;

Item	Amount
Form 1-2 line 5 – Total Operating Expense for Continuing Care Residents =	$39,872,790
Form 1-1 line 5 – Mean # of Continuing Care Residents =	510
Per Capita Costs	$78,182

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-2025 COMMUNITY: Casa de las Campanas, Inc

Casa de las Campanas
Continuing Care Contract Annual Report
Part 3

ACORD — CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 11/24/2025

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

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

Producer

PRODUCER: Arthur J. Gallagher Risk Management Services, LLC 300 S Riverside Plaza Ste 1500 Chicago IL 60606

CONTACT NAME: (blank) PHONE (A/C, No, Ext): 312-704-0100 FAX (A/C, No): 312-803-7443 E-MAIL ADDRESS: (blank)

License#: 0D69293 LCSHOLD-05

Insured

INSURED: LCS Holding Company, LLC 400 Locust Street, Suite 820 Des Moines IA 50309-2334

Insurers Affording Coverage

Insurer	Name	NAIC #
INSURER A	XL Specialty Insurance Company	37885
INSURER B		
INSURER C		
INSURER D		
INSURER E		
INSURER F		

Coverages

CERTIFICATE NUMBER: 1168919801 REVISION NUMBER: (blank)

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

The standard ACORD coverage rows for COMMERCIAL GENERAL LIABILITY, AUTOMOBILE LIABILITY, UMBRELLA LIAB / EXCESS LIAB, and WORKERS COMPENSATION AND EMPLOYERS' LIABILITY are all blank (no checkboxes marked, no policy numbers, dates, or limits entered; Workers Compensation ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? box shows N/A). The only completed coverage row is the Crime policy:

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	Crime			ELU20430325	6/30/2025	6/30/2026	Limit: $3,000,000 — Retention: $50,000

Description of Operations / Locations / Vehicles

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

RE: Casa De Las Campanas 18655 W Bernardo Dr San Diego, CA 92127

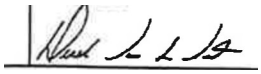
Certificate Holder

CERTIFICATE HOLDER: Casa De Las Campanas 18655 W Bernardo Dr San Diego CA 92127

Cancellation

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

AUTHORIZED REPRESENTATIVE:



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Source form: ACORD 25 (2016/03)

Casa de las Campanas
Continuing Care Contract Annual Report
Part 4

CASA DE LAS CAMPANAS

CONTINUING CARE RESERVE REPORT

YEAR ENDED JULY 31, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

CASA DE LAS CAMPANAS

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FORM 5-4 CALCULATION OF NET OPERATING EXPENSES
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FORM 5-5 ANNUAL RESERVE CERTIFICATION
SUPPORT SCHEDULE FOR FORM 5-5 RESERVE DISCLOSURE

CliftonLarsonAllen LLP CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Audit Committee and Board of Directors Casa De Las Campanas San Diego, California

Report on the Audit of the Continuing Care Reserve Report

Opinion

We have audited the accompanying continuing care reserve report (the Report) of Casa de las Campanas (a not-for-profit health care entity), (the Organization) which comprises the continuing care liquid reserve schedules Form 5-1 through Form 5-5, as of July 31, 2025, and the related notes to continuing care reserve report for the year then ended.

In our opinion, the Report presents fairly, in all material respects, the liquid reserve requirements of Casa de las Campanas as of July 31, 2025, in accordance with report preparation provisions 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 *Auditors' Responsibilities for the Audit of the Continuing Care Reserve Report* section of our report. We are required to be independent of Casa De Las Campanas 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 Note 3 to the Report, which describes the basis of accounting. The Report is prepared on the basis of the financial reporting provisions of the 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 comply with the requirements of the California Health and Safety Code section 1792. As a result, the Report may not be suitable for another purpose. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Continuing Care Reserve Report

Management is responsible for the preparation and fair presentation of this Report in accordance with the financial reporting provisions prescribed or permitted by the 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 the Report that are free from material misstatement, whether due to fraud or error.

CLAglobal.com/disclaimer

Audit Committee and Board of Directors Casa De Las Campanas

Auditors' Responsibility for the Audit of the Continuing Care Reserve Report

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

In performing an audit in accordance with GAAS, we:

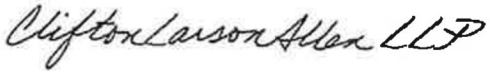
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Report, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Report.
- 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 Casa De Las Campanas' 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 Report.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Casa De Las Campanas' 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.

Audit Committee and Board of Directors Casa De Las Campanas

Restriction on Use

This report is intended solely for the use of the Organization and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.



CliftonLarsonAllen LLP

Dallas, Texas November 26, 2025

CASA DE LAS CAMPANAS

NOTES TO CONTINUING CARE RESERVE REPORT

YEAR ENDED JULY 31, 2025

NOTE 1 — MISSION STATEMENT

Casa de las Campanas (the Organization) is a not-for-profit continuing care retirement community (CCRC), providing seniors with the highest quality of care and services, honoring their dignity and promoting independence.

NOTE 2 — DESCRIPTION OF BUSINESS

Casa de las Campanas was incorporated on September 19, 1990 as a California nonprofit corporation for the purposes of constructing, owning and operating a continuing care retirement community. The facilities include 3599 independent living units, 36 assisted living units with a capacity of 49 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 90-bed skilled nursing facility. The Organization provides housing, health care and other related services to the elderly honoring their dignity and promoting independence.

The Organization operates under the continuing care concept whereby residents enter into agreements that require payment of a onetime entrance fee and a monthly charge. Generally, these payments will entitle residents to the use and privileges of the facility for life. The residence agreement does not entitle the residents to an ownership interest in the property.

NOTE 3 — CONTINUING CARE RESERVE REPORT BASIS OF PRESENTATION

The California Health and Safety Code section 1792 requires continuing care contract providers to establish and maintain statutory and refund reserves to ensure financial resources will be available to fulfill contractual obligations to residents. The continuing care reserve report (the Report), which calculates reserve requirements, is prepared in accordance with the January 1, 2007 Annual Report Instructions provided by the state of California Department of Social Services. The Report is required to be submitted annually to the California Department of Social Services within four months of year-end.

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	09/23/2020	$1,976,000	$1,558,348		$3,534,348
2					
3					
4					
5					
6					
7					
8					
TOTAL:			$1,558,348	-	$3,534,348

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

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

PROVIDER: Casa de las Campanas, INC

Source form: LIC 9265 (6/21)

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 Part 5) (columns (c) x (d))
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL:					

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

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

PROVIDER: Casa de las Campanas, INC.

Source form: LIC 9266 (3/21)

State of California – Health and Human Services Agency California Department of Social Services

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

Line	Description	TOTAL
1	Total from Form 5-1 bottom of Column (e)	$3,534,348
2	Total from Form 5-2 bottom of Column (e)	-0-
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	-0-
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	$3,534,348

PROVIDER: Casa de las Campanas

Source form: LIC 9267 (3/21)

FORM 5-4: CALCULATION OF NET OPERATING EXPENSES

Line	Description	Amounts	TOTAL
1	Total operating expenses from financial statements		$52,874,203
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	$1,558,348	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	-	
c.	Depreciation	$9,785,485	
d.	Amortization	$68,974	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$4,981,169	
f.	Extraordinary expenses approved by the Department	-	
3	Total Deductions		16,393,976
4	Net Operating Expenses		$36,480,227
5	Divide Line 4 by 365 and enter the result		$99,946
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount		$7,495,950

PROVIDER: Casa de las Campanas
COMMUNITY: Casa de las Campanas

Source form: LIC 9268 (6/21)

CASA DE LAS CAMPANAS

SUPPORT SCHEDULE FOR FORM 5-4

CALCULATION OF NET OPERATING EXPENSES, LINE 2

YEAR ENDED JULY 31, 2025

A. CALCULATION OF NET OPERATING EXPENSES, line 2e

Reimbursement (Revenues) for Services to Nonresidents:

Item	Amount
Guest Rooms	$ 134,165
Guest Meals	11,127
Employee Meals	7,295
Coffee Shop Income	17,324
Health Center - Non-CCRC Residents	4,664,721
Independent Living - Non-CCRC Residents	146,538
Total Reimbursement (Revenues) for Services to Nonresidents	$ 4,981,169

Reconciliation of Revenues to Audited Financial Statements:

Item	Amount
Total Reimbursement (Revenues) for Services to Nonresidents	$ 4,981,169
Residential Revenues, Excluding the Above Nonresident Reimbursements	41,747,602
Total Resident Fees Earned, Including Amortization of Deferred Revenues from Entrance Fees	$ 46,728,771

B. CALCULATION OF NET OPERATING EXPENSES, line 2d

Reconciliation of Amortization to Audited Financial Statements:

Item	Amount
Amortization of Deferred Financing Costs	$ 68,974
Total Amortization	$ 68,974

C. CALCULATION OF NET OPERATING EXPENSES, line 2a

Reconciliation of Interest Expense Paid to Audited Financial Statements:

Item	Amount
Interest Expense Paid on September 2020 Note	$ 1,558,348
Other Interest Expense Paid on Long-Term Debt and Capital Lease Obligations	464

Item	Amount
Total Interest Expense Paid on Long-Term Debt and Capital Lease Obligations (Net of amounts Capitalized of $-0-)	$ 1,558,812

FORM 5-5: ANNUAL RESERVE CERTIFICATION

Provider Name: Casa de las Campanas Fiscal Year Ended: July 31, 2025

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended, July 31, 2025 and are in compliance with those requirements. Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

Line	Description	Amount
[1]	Debt Service Reserve Amount	$3,534,348
[2]	Operating Expense Reserve Amount	$7,495,950
[3]	Total Liquid Reserve Amount:	$11,030,298

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

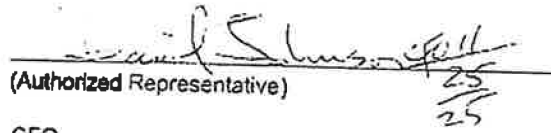
Line	Qualifying Asset Description	Debt Service Reserve	Operating Reserve
[4]	Cash and Cash Equivalents		
[5]	Investment Securities		
[6]	Equity Securities		$7,495,950
[7]	Unused/Available Lines of Credit		
[8]	Unused/Available Letters of Credit		
[9]	Debt Service Reserve	$3,534,348	(not applicable)
[10]	Other: Qualifying assets used in these reserves are described as follow:		

Source form: LIC 9269 (3/21)

State of California – Health and Human Services Agency California Department of Social Services
Total Amount of Qualifying Assets

Description	Debt Service Reserve	Operating Reserve
Listed for Reserve Obligation:	[11] $3,534,348	[12] $7,495,950
Reserve Obligation Amount:	[13] $3,534,348	[14] $7,495,950
Surplus/(Deficiency):	[15]	[16]

Signature:



(Authorized Representative)

Date: 11/25/2025 (handwritten)

CFO (Title)

Source form: LIC 9269 (3/21)

CASA DE LAS CAMPANAS

RESERVE DISCLOSURES, FORM 5-5 SUPPORT

JULY 31, 2025

[1] Operating Expense Reserve of $7,495,950.

- Reserve requirement per DSS. Funds are held by our investment advisor, SEI and reported on our financials as unrestricted funds.

[2] Refund Reserve Requirement $20,470,324 includes:

- Reserve requirement per DSS.
- Funded by Real Estate $6,547,117
- Funded by Investments $13,923,207. Funds held by US Bank and reported as restricted funds.

[3] The following reserves are set up and consist of the following:

- Restricted by Donors of $7,315,773 for gifts received by our Foundation.
- Charitable Gift Annuities of $1,617,252 for gift annuity contracts.
- Charitable Remainder Trusts of $737,035 for CRT contracts by our Foundation.
- Pooled Income Funds of $87,273 for gifts received by our Foundation.

[4] Debt Service Reserve of $3,534,348.

- Reserve requirement per DSS. Funds are held by our investment advisor, SEI and reported on our financials as unrestricted funds.

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

Casa de las Campanas
Continuing Care Contract Annual Report
Part 5

CASA DE LAS CAMPANAS

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JULY 31, 2025 AND 2024

CPAs | CONSULTANTS | WEALTH ADVISORS

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CASA DE LAS CAMPANAS

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2024 CONSOLIDATING STATEMENT OF ACTIVITIES

INDEPENDENT AUDITORS' REPORT

Audit Committee of the Board of Directors Casa De Las Campanas San Diego, California

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Casa De Las Campanas (a California nonprofit health care entity) (the Organization), which comprise the consolidated statements of financial position as of July 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Casa De Las Campanas as of July 31, 2025 and 2024, and the results of their operations, changes in their net assets, 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Casa De Las Campanas 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 Consolidated 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 Casa De Las Campanas' ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Audit Committee of the Board of Directors Casa De Las Campanas

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 consolidated financial statements.

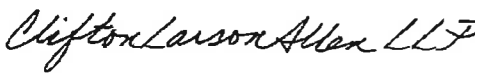
In performing an audit in accordance with GAAS, we:

- 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 Casa De Las Campanas' 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 Casa De Las Campanas' 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and the consolidating statements of activities for the years ended July 31, 2025 and 2024, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Dallas, Texas November 26, 2025

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JULY 31, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,336,223	$ 6,271,894
Assets Whose Use is Limited or Restricted - Invested Assets, Current (Note 5)	5,643,879	5,644,972
Accounts Receivable, Net of Allowance for Credit Losses of $34,951 and $198,000, Respectively	823,414	1,984,139
Grants Receivable	3,955,730	-
Prepaid Expenses and Other Current Assets	2,972,085	1,066,533
Costs of Acquiring Contracts - Current	28,758	20,006
Total Current Assets	14,760,089	14,987,544
ASSETS WHOSE USE IS LIMITED OR RESTRICTED, NET CURRENT PORTION	18,036,661	16,273,080
LONG-TERM INVESTMENTS	114,971,460	101,692,856
PROPERTY, BUILDINGS AND EQUIPMENT, NET	121,521,950	110,104,166
RIGHT-OF-USE ASSETS, FINANCING	2,120	27,567
COST OF ACQUIRING CONTRACTS, NET CURRENT PORTION	859,414	711,744
DERIVATIVE INSTRUMENT	14,346,158	15,277,073
Total Assets	$ 284,497,852	$ 259,074,030

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JULY 31, 2025 AND 2024

LIABILITIES AND NET ASSETS	2025	2024
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 6,352,851	$ 4,916,622
Interest Payable	130,278	134,064
Deposits from Residents	830,760	908,018
Refunds to Residents	710,003	708,430
Financing Lease Liability - Current	2,768	35,586
Obligations Under Gift Annuity Contracts - Current	322,006	304,853
Long-Term Debt - Current	1,954,053	1,900,328
Estimated Refundable Entrance Fees - Current	4,393,280	3,483,890
Retentions Payable - Current	928,593	948,836
Total Current Liabilities	15,624,592	13,340,627
NONCURRENT LIABILITIES		
Obligations under Gift Annuity Contracts, Net Current Portion	1,295,246	1,212,995
Deferred Contributions, Pooled Income Funds	26,299	31,337
Long-Term Debt, Net Current Portion, Unamortized Discount, and Deferred Financing Fees	65,467,145	67,427,896
Estimated Refundable Entrance Fees, Net Current Portion	28,599,810	29,378,421
Deferred Revenue from Unamortized Entrance Fees	70,074,244	63,880,065
Total Noncurrent Liabilities	165,462,744	161,930,714
Total Liabilities	181,087,336	175,271,341
NET ASSETS		
Without Donor Restrictions	95,768,710	76,559,147
With Donor Restrictions	7,641,806	7,243,542
Total Net Assets	103,410,516	83,802,689
Total Liabilities and Net Assets	$ 284,497,852	$ 259,074,030

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 46,728,771	$ -	$ 46,728,771
Contributions	177,904	120,321	298,225
Grant Revenue	3,955,730	-	3,955,730
Total Support and Revenues	50,862,405	120,321	50,982,726
OTHER SUPPORT			
Interest and Dividends, Net	6,749,315	572,945	7,322,260
Net Realized Gains (Losses) on Sale of Investments	1,830,488	(13,712)	1,816,776
Net Unrealized Gains on Investments	3,089,158	73,108	3,162,266
Change in Value of Gift Annuity Contracts	44,922	(121,369)	(76,447)
Change in Value of Charitable Remainder Trusts and Pooled Income funds	-	34,405	34,405
Unrealized Loss on Derivative Instrument	(930,916)	-	(930,916)
Loss on Disposal of Fixed Assets	(190,970)	-	(190,970)
Other Revenues	10,429,768	-	10,429,768
Total Other Support	21,021,765	545,377	21,567,142
NET ASSETS RELEASED FROM RESTRICTIONS	267,436	(267,436)	-
Total Support and Revenues	72,151,606	398,262	72,549,868
EXPENSES			
Program Services	39,295,996	-	39,295,996
Supporting Services:			
Management and General	13,578,207	-	13,578,207
Total Expenses	52,874,203	-	52,874,203
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	19,277,403	398,262	19,675,665
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(67,837)	-	(67,837)
CHANGE IN NET ASSETS	19,209,566	398,262	19,607,828
Net Assets - Beginning of Year	76,559,144	7,243,544	83,802,688
NET ASSETS - END OF YEAR	$ 95,768,710	$ 7,641,806	$ 103,410,516

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 42,071,428	$ -	$ 42,071,428
Contributions	119,178	1,081,461	1,200,639
Total Support and Revenues	42,190,606	1,081,461	43,272,067
OTHER SUPPORT			
Donated Vehicles	-	5,000	5,000
Interest and Dividends, Net	3,481,091	318,967	3,800,058
Net Realized Gains (Losses) on Sale of Investments	1,754,587	17,712	1,772,299
Net Unrealized Gains on Investments	5,248,812	291,456	5,540,268
Change in Value of Gift Annuity Contracts	58,412	(107,446)	(49,034)
Change in Value of Charitable Remainder Trusts and Pooled Income funds	-	50,226	50,226
Unrealized Gain on Derivative Instrument	(1,244,421)	-	(1,244,421)
Loss on Disposal of Fixed Assets	(1,297,052)	-	(1,297,052)
Other Revenues	218,413	-	218,413
Total Other Support	8,219,842	575,915	8,795,757
NET ASSETS RELEASED FROM RESTRICTIONS	440,952	(440,952)	-
Total Support and Revenues	50,851,400	1,216,424	52,067,824
EXPENSES			
Program Services	36,596,804	-	36,596,804
Supporting Services:			
Management and General	8,641,379	-	8,641,379
Total Expenses	45,238,183	-	45,238,183
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	5,613,217	1,216,424	6,829,641
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(271,791)	-	(271,791)
CHANGE IN NET ASSETS	5,341,426	1,216,424	6,557,850
Net Assets - Beginning of Year	71,217,718	6,027,120	77,244,839
NET ASSETS - END OF YEAR	$ 76,559,144	$ 7,243,544	$ 83,802,689

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2025

	Program Services					Management and General	Total Expenses
	Residential Care	Nursing Care	Clinic	Home Health	Total		
Salaries and Benefits	$ 8,379,964	$ 6,265,911	$ 547,597	$ 481,816	$ 15,675,288	$ 2,712,343	$ 18,387,631
Contracted Services	1,340,348	2,523,188	4,914	304,643	4,173,093	5,405,624	9,578,717
Supplies	635,635	627,586	4,876	109	1,268,206	67,382	1,335,588
Raw Food	1,946,921	589,608	-	-	2,536,529	-	2,536,529
Utilities	3,059,223	136,078	2,990	918	3,199,209	295,694	3,494,903
Insurance	-	-	-	-	-	2,945,874	2,945,874
Interest Expense	1,546,670	68,798	1,511	464	1,617,443	6,556	1,623,999
Depreciation and Amortization	9,505,713	252,411	5,126	1,574	9,764,824	172,966	9,937,790
Credit Loss Expense	-	163,956	-	-	163,956	-	163,956
Other Expenses	518,996	365,739	3,212	9,501	897,448	1,971,768	2,869,216
Total	$ 26,933,470	$ 10,993,275	$ 570,226	$ 799,025	$ 39,295,996	$ 13,578,207	$ 52,874,203
Percentage of Total Expenses	50.9%	20.8%	1.1%	1.5%	74.3%	25.7%	100%

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JULY 31, 2024

	Program Services					Management and General	Total Expenses
	Residential Care	Nursing Care	Clinic	Home Health	Total		
Salaries and Benefits	$ 8,068,904	$ 5,952,181	$ 665,452	$ 360,220	$ 15,046,757	$ 2,357,076	$ 17,403,833
Contracted Services	1,860,876	2,102,863	2,118	156,635	4,122,492	2,285,413	6,407,905
Supplies	600,824	585,908	1,504	109	1,188,345	62,370	1,250,715
Raw Food	1,962,284	571,005	-	-	2,533,289	-	2,533,289
Utilities	2,930,718	130,362	2,864	879	3,064,823	296,586	3,361,409
Insurance	-	-	-	-	-	2,782,882	2,782,882
Interest Expense	1,283,915	57,110	1,255	385	1,342,665	6,123	1,348,788
Depreciation and Amortization	8,271,914	193,181	3,691	1,133	8,469,919	137,786	8,607,705
Bad Debt Expense	-	167,233	-	-	167,233	-	167,233
Other Expenses	373,188	275,841	2,167	10,085	661,281	713,143	1,374,424
Total	$ 25,352,623	$ 10,035,684	$ 679,051	$ 529,446	$ 36,596,804	$ 8,641,379	$ 45,238,183
Percentage of Total Expenses	56.0%	22.2%	1.5%	1.2%	80.9%	19.1%	100%

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2025 AND 2024

	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third-Party Payors	$ 31,294,317	$ 27,392,425
Reimbursement for Services to Nonresidents	4,981,169	4,314,415
Contributions	315,762	1,202,486
Grant Revenue	3,955,730	-
Cash Paid to Suppliers and Employees	(35,130,980)	(33,695,506)
Cash Paid for Interest on Long-Term Debt and Capital Lease Obligations, Net of Amounts Capitalized of $-0- and $317,329, Respectively	(1,558,812)	(1,598,878)
Net Cash Provided (Used) by Operating Activities	3,857,186	(2,385,058)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditures	(21,414,483)	(18,175,148)
Sales of Investments	15,237,778	13,703,754
Purchases of Investments	(17,935,526)	(21,926,495)
Net Cash Used by Investing Activities	(24,112,231)	(26,397,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance Fees	22,996,458	28,275,395
Refunds of Entrance Fees	(5,591,008)	(4,103,490)
Net Change in Resident Deposits	(77,258)	82,318
Payments on Finance Leases	(32,818)	(29,441)
Principal Payments on Long-Term Debt	(1,976,000)	(1,930,000)
Net Cash Provided by Financing Activities	15,319,374	22,294,782
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(4,935,671)	(6,488,165)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	6,271,894	12,760,059
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 1,336,223	$ 6,271,894
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Accrued Capital Expenditures	$ 928,593	$ 948,836

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JULY 31, 2025 AND 2024

	2025	2024
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	$ 19,607,828	$ 6,557,850
Adjustments to Reconcile Change in Net Assets to Net Cash, Cash Equivalents, and Restricted Cash Provided (Used) by Operating Activities:		
Depreciation	9,785,485	8,484,795
Amortization of Deferred Financing Fees	68,974	70,937
Amortization of Finance Lease Right of Use Asset	25,447	25,447
Amortization of Costs of Acquiring Contracts	87,520	62,019
Change in Allowance for Credit Losses	(163,049)	156,500
Amortization Contract Revenues from Entrance Fees	(10,288,663)	(9,812,658)
Loss on Disposal of Fixed Assets	190,970	1,297,052
Interest and Dividend Reinvestment	(7,322,260)	(3,800,058)
Reinvestment of Net Realized Gains on Sale of Investments	(1,816,776)	(1,772,299)
Net Unrealized (Gains) Losses on Investments	(3,162,266)	(5,540,268)
Deferred Contributions, Pooled Income Fund	(5,038)	(3,433)
Change in Value of Charitable Remainder Trusts and Pooled Income Funds	34,405	50,226
Change in the Value of Gift Annuity Contracts	(76,447)	(49,034)
Unrealized (Gains) Losses on Derivative Instrument	930,915	1,244,422
Changes in Operating Assets and Liabilities:		
Accounts Receivable	533,518	(352,552)
Grants Receivable	(3,955,730)	-
Prepaid Expenses and Other Current Assets	(1,905,552)	2,090,982
Costs of Acquiring Contracts	(243,942)	(331,523)
Accounts Payable and Accrued Expenses	1,436,229	(808,614)
Interest Payable	(3,786)	(3,698)
Obligations Under Gift Annuity Contracts	99,404	48,849
Net Cash Provided (Used) by Operating Activities	$ 3,857,186	$ (2,385,058)

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JULY 31, 2025 AND 2024

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Casa De Las Campanas (Casa) was incorporated on September 19, 1990, as a California nonprofit corporation for the purposes of constructing, owning, and operating a continuing care retirement community (CCRC). The facility includes 359 independent living units, 36 assisted living units with a capacity of 49 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 90-bed skilled nursing facility. Casa provides housing, health care, and other related services to the elderly by honoring their dignity and promoting independence.

Casa operates under the continuing care concept whereby residents enter into agreements that require payment of a onetime entrance fee and a monthly charge. Generally, these payments will entitle residents to the use and privileges of the facility for life. The residence agreement does not entitle the residents to an ownership interest in the property.

Casa Foundation (the Foundation), a California nonprofit public benefit corporation, was established in 1994 to solicit contributions from the general public in support of Casa. The Foundation's board of directors consists of five members, three of whom are also members of the Casa board of directors and the remaining two are Casa residents in good standing. Funds of the Foundation are distributed to Casa for the benefit of its residents and operations as determined by the Foundation's board of directors. The Foundation's assets, liabilities, net assets, and results of operations are included in the accompanying consolidated financial statements.

Consolidation Policy

The accompanying consolidated financial statements include the accounts of Casa and the Foundation (collectively, the Organization). Intercompany transactions and balances have been eliminated in consolidation.

Nature of Programs

The Organization provides services for the following program areas:

Residential Care

Residential care facilities for the elderly (RCFE) are activities under licensed housing arrangements where varying levels and intensities of care and supervision, protective supervision, or personal care are provided to residents based upon their varying needs. RCFEs provide a range of services including meals, shelter, laundry, transportation, and medical care, including supervision with medications, and assistance with the activities of daily living depending on the level of care that includes independent living, assisted living, and assisted living - dementia care. Independent living is an active, independent lifestyle with abundant services and amenities and unlimited access to on-site health care.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Programs (Continued)

Residential Care (Continued)

Residents can transition from independent living to the higher levels of care, including assisted living or assisted living – dementia care, which includes 24-hour assistance in developing individualized care with the activities of daily living, medication management, and specialized activity programs for both cognitive and physical stimulation. RCFEs comply with certain conditions of licensure and operation as required and enforced by the California Department of Social Services (CDSS).

Nursing Care

Nursing care services are provided to residents requiring 24-hour skilled nursing care licensed by the California Department of Public Health. This includes 24-hour supportive care to patients whose primary need is for skilled nursing care on an extended basis. This supportive care includes developing individualized care with the activities of daily living, medication management, and specialized activity programs for both cognitive and physical stimulation. Additional services include a skilled team of therapists and other professional staff.

Clinic

The Wellness Clinic provides personal care services to assist residents in remaining independent, with services that include assistance and monitoring upon return from the hospital or Casa's nursing care center. In addition, the Wellness Clinic also provides assistance with vital signs, bathing, medication management, dressing changes as ordered by a resident's physician, and other daily activities. Certain contracts allocate services at limited specific times at no additional costs to monthly fees but, if exceeded, would result in coordination of additional services with home health.

Home Health

Home Health is a fee-for-service personal caregiving service that includes assistance with bathing, dressing, escorts to appointments, housekeeping, laundry, and other daily activities.

Basis of Presentation

The accompanying consolidated financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to ASC hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

The Organization's resources are classified for accounting and reporting purposes into net asset categories according to the existence or absence of "donor-imposed" restrictions. Generally, the donors of these assets permit the Organization to use all, or part of the income earned on related investments for general or specific purposes.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Accordingly, the net assets of the Organization are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. Unrestricted net assets represent the funds that are fully available, at the discretion of management and the board of directors, for the Organization to utilize in its program or supporting service activities.

Net Assets with Donor Restrictions – Net assets with donor restrictions are net assets composed of contributions that are subject to donor-imposed stipulations by either stipulations that contributions are to be maintained in perpetuity or stipulations that can be fulfilled by the actions of the Organization pursuant to those restrictions or those that expire by the passage of time. When the donor-imposed restrictions expire (that is, when a time restriction ends or a purpose restriction is fulfilled), restricted net assets are reclassified as net assets without donor restrictions.

Board-designated net assets are net assets without donor restrictions subject to self-imposed limits by actions of the Organization's board of directors. Board-designated net assets may be earmarked for future programs, investment, construction of property, or other uses. As of July 31, 2025 and 2024, Board-designated funds totaled $6,133,644 and $5,620,280, respectively, and are included in net assets without donor restrictions.

Performance Indicator

The consolidated statements of activities present the Organization's changes in net assets without donor restrictions. Changes in net assets that are excluded from this performance indicator, consistent with industry practices, include net assets released from restrictions for capital purposes, and contributions of capital assets.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Assets Whose Use is Limited or Restricted

Assets whose use is limited or restricted include (a) investments held by trustees and the Organization under debt agreements, (b) investments held in escrow accounts for Department of Social Services refund reserve and subscription and wait list deposit obligations, and (c) net assets restricted by donors. These assets include cash and cash equivalents and investments in debt and equity securities, which are stated at fair value in the accompanying consolidated financial statements. Amounts available to repay current liabilities are presented as current assets.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

In accordance with U.S. GAAP, investments are measured at fair value. Investment income or loss (including interest, dividends, and realized gains or losses) is reported as support unless the income is restricted by donor or law. Since investments are classified as trading securities, unrealized gains and losses on investments are included in total support and revenues.

Accounts Receivable, Net

Accounts receivable represent the Organization's unconditional right to consideration for monthly fees, health care receivables, including managed care receivables from third-party payors, and receivables due from residents for uncollected entrance fees, and are stated at estimated net realizable value. An allowance for credit losses is established based upon management's estimate of uncollectible accounts. Collections on accounts previously written off are included in income as received.

The Organization provides an allowance for credit losses, as needed, to present the net amount of accounts receivable expected to be collected. The allowance represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward-looking information. Adjustments are made to the allowance, as necessary.

Long-Lived Assets

The Organization recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors. There was no such loss for the years ended July 31, 2025 and 2024. Refer to Note 7 for impairment loss recognized related to assets under construction during the years ended July 31, 2025 and 2024.

Property, Buildings, and Equipment

Property, buildings, and equipment are stated at cost. Major improvements and betterments in excess of the Organization's capitalization policy of $2,500 are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives of the related assets are as follows:

Asset Category	Estimated Useful Life
Buildings and Improvements	40 Years
Property Held Under Capital Leases	3 to 5 Years
Furniture and Equipment	3 to 15 Years
Vehicles	3 to 5 Years

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Instrument - Interest Rate Swap

In accordance with the provisions of FASB ASC 815, *Derivatives and Hedging*, the Organization uses simplified hedge accounting and presents the changes in fair value of its interest rate swap as other support in the accompanying consolidated statement of activities.

Deferred Financing Fees

Deferred financing fees incurred in connection with the issuance of long-term debt are amortized using the effective interest method over the term of the associated debt. Amortization of deferred financing fees is included in interest expense in the accompanying consolidated statements of activities.

Revenue Recognition from Contracts with Customers

The Organization enters into continuing care residency contracts with its customers. The Organization recognizes revenue for residency, assistance with activities of daily living, memory care services, inpatient therapy, health care services, and related personalized health services in accordance with the provisions of FASB ASC 606, *Revenue from Contracts with Customers*. The Organization offers Type A life care contracts, Type C fee-for-service contracts, and occasionally the Organization enters into modified rental contracts. At July 31, 2025 and 2024, the Organization had five and two rental contract, respectively.

Type A life care contracts are all-inclusive continuing care contracts that include residential facilities, other amenities, and access to health care services, primarily assisted living and nursing care. Type C life care contracts provide for housing and residential services, but health care services are paid for by residents as they are needed and used. Life care contracts are deemed to have one performance obligation: The CCRC is standing ready each month to provide a service that allows the resident to continue to live in the CCRC and have access to the appropriate level of care based on his or her needs. The contract also allows the resident the ability to cancel the residency care agreement at any time, and thus the resident agreement is deemed to be a monthly contract with the option to renew. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services or housing residents receiving services in the facility.

Contract Revenues

The following is a description of the services provided and the accounting policies related to the contracted services.

Entrance Fees – The residency contract provides each resident with a material right to occupy an appropriate-level living unit for life and to receive certain services for which residents are required to pay an entrance fee. Upon execution of a deposit agreement, $20,000 of the entrance fee is payable with the remaining balance due on or before occupancy by the resident(s). Residents may cancel their residence agreement at any time up to 90 days after establishing residency at Casa and will be refunded the full amount of the entrance fee paid, less an application fee of $1,000.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition from Contracts with Customers (Continued)

Contract Revenues (Continued)

After the 90-day period has expired, residents are entitled to receive various amounts of refunds based upon the agreements covering Casa as of July 31, 2025 and 2024, as follows:

- *Standard Resident Agreement (90 agreements)* – This agreement was in place through 2014 and is no longer offered to new residents. As a result, all provisions for refunds under this contract type have lapsed. Under the contract terms, if cancellation had occurred in the first seven and a half years of residency, the resident shall be refunded the entrance fee, less 10% of the amount paid, and 1% for each month or partial month that they were a resident.
- *Refundable 2% Plan (242 agreements)* – Residents (or their estates) are entitled to a decreasing portion of the entrance fee that is refundable after the first 90 days, less 2% per month if the resident cancels or terminates the agreement. If Casa terminates the entrance fee agreement, the refund will be decreased for reasonable cost of services including a processing fee.
- *Refundable 75% Plan (55 agreements)* – Residents (or their estates) are entitled to a refund of 75% of the entrance fee paid.
- *Refundable 50% Plan (2 agreements)* – Residents (or their estates) are entitled to a refund of 50% of the entrance fee paid.
- *Fee-for-Service Plan (2 agreements)* – Residents (or their estates) are entitled to a decreasing portion of the entrance fee that is refundable after the first 90 days, less 2% per month or partial month if the resident cancels or terminates the agreement, less any unpaid monthly fees or other charges. If Casa terminates the entrance fee agreement, the refund will be decreased for reasonable cost of services including a processing fee.

Resident Fees – Resident living services fees, which are for basic support services, are paid on a monthly basis. Monthly fees are established at the inception of occupancy and may be increased by Casa according to economic necessity, which is related to the percentage change in the prior-year per capita cost of operating expenses of Casa for furnishing services to the residents. Revenue for resident fees is recognized as the Organization satisfies the performance obligation, which is monthly.

Health Care Services – The Organization also receives revenue for health care services from residents and various third-party insurance payors. Health care fees are generally assessed at a predetermined fixed daily rate contracted with the third-party payors and private-pay residents and are recorded net of the provision for contractual allowances or discounts and implicit price concessions provided to residents, which represents the difference between established rates and per diem reimbursement. Revenue for health care fees is recognized as the performance obligations are satisfied.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition from Contracts with Customers (Continued)

Contract Assets and Contract Liabilities

The following are assets and liabilities resulting from contracts with customers.

Deferred Revenue from Unamortized Entrance Fees – Fees paid by a resident upon entering a continuing care retirement contract, net of estimated future refunds, are recorded as deferred revenue from unamortized entrance fees and are amortized to income over time using the straight-line method over the remaining life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit, as published in Section 1792.2 of the State of California Continuing Care Contract Statutes.

Estimated Refundable Entrance Fees – Estimated refundable entrance fees represent amounts contractually refundable under the refundable agreement types covering Casa, which are computed based on the specific terms of the individual contracts. A current portion is recorded based on current and historical refund experience.

Deposits from Residents – Deposits from residents represent refundable security deposits from residents.

Costs of Acquiring Contracts

Costs of Acquiring Contracts – These costs represent unamortized incremental costs of acquiring contracts, which primarily consists of commissions paid to salespeople. These assets are amortized on a straight-line basis over the duration of the contract.

Income Taxes

Casa and the Foundation are exempt from federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and corresponding California provisions, except to the extent of unrelated business taxable income (UBTI) as defined by the IRC. Casa and the Foundation maintain their tax-exempt status by devoting their resources to meet the primary needs of aged persons for the provisions of housing, health care, and financial security. The Organization evaluates uncertain tax positions through its review of the sources of income to identify UBTI and certain other matters, including those that may affect its tax-exempt status. The effect of the uncertainty would be recorded if the outcome were considered probable and reasonably estimable. As of July 31, 2025 and 2024, the Organization had no uncertain tax positions requiring accrual.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

Pursuant to its mission statement as described in Note 1, the Organization provides services to those residents who are unable to pay all or a portion of their charges and those who meet certain eligibility criteria. Resident charges billed during 2025 less reimbursement received totaled $135,919. Records are maintained to identify and monitor the level of charity care provided. For the years ended July 31, 2025 and 2024, unreimbursed costs foregone for charity care amounted to $396,187 and $323,977, respectively. Charitable gifts received to offset such costs totaled $168,796 and $98,383 for the years ended July 31, 2025 and 2024, respectively. The Organization used an average-cost-per-resident-day amount to determine unreimbursed costs based on widely accepted cost reporting methodologies.

Public Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions of assets other than cash are recorded at their estimated fair value. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There are no conditional promises to give at July 31, 2025 and 2024.

The Organization reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Public contributions 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 net assets with donor restrictions.

Absent explicit donor stipulations (i.e., how long these long-lived assets must be maintained) these gifts are reported by the Organization as net assets without donor restrictions.

In-Kind Service Contributions

In accordance with U.S. GAAP, in-kind services are recognized if the services (a) create or enhance nonfinancial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, the Organization receives a significant amount of donated services from unpaid volunteers who are essential to the completion of the Organization's mission. However, these services have not been recorded in the consolidated financial statements since they do not meet the accounting criteria necessary for recognition. For the years ended July 31, 2025 and 2024, there were no in-kind service contributions recognized.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements

The following instruments are recorded as income or net assets at the present value of the Organization's beneficiary interest:

Charitable Remainder Trusts

The Foundation is the beneficiary of charitable remainder trust agreements (the Trusts). The Trusts are irrevocable, and the beneficiary designation may not be changed. Upon the death of the beneficiaries, or other termination of the Trusts as defined, the remaining Trust assets become the property of the Foundation as stipulated in the Trust agreements. The beneficial interest in the Trusts is recorded at the expected fair value to be received by the Foundation. The Foundation calculated the expected fair value using the fair value of the Trusts at year-end, which is discounted at a rate of 5.0% and 5.4% as of July 31, 2025 and 2024, respectively, over the life expectancy of the Trusts' beneficiaries. The change in fair value of the Trusts is reflected in the consolidated statements of activities. All beneficial interests in charitable remainder trusts are included in the accompanying consolidated statements of financial position under assets whose use is limited or restricted and are classified as long term.

Charitable Gift Annuities

Donors have contributed assets to the Organization in exchange for a promise by the Organization to pay a fixed amount for a specified period of time to the donor or to individuals designated by the donor. Under the terms of such agreements, no trust exists, as the assets are held by, and the annual liability is an obligation of, the Organization.

The contributed assets are recorded at fair market value on the date of receipt, and the liability obligation is recorded at the expected value of the annuity liability. The expected value of the annuity liability is the present value of future annuity payments, discounted at the prescribed federal mid-term rate at the date of the gift over the life expectancy of the donor or the designated beneficiary, as defined in the Insurance Code of the State of California.

Rates are based on the highest federal mid-term rate available over a three-month period, including the month of the gift. In 2023, the Board approved increasing this rate by an additional 2%. The change in fair value of the annuity liability is reflected in the consolidated statements of activities. The Organization is required to maintain a state-mandated reserve to cover its gift annuity liability. As of July 31, 2025 and 2024, the amount of the reserve was $1,617,252 and $1,517,848, respectively, and is included in the accompanying consolidated statements of financial position under assets whose use is limited or restricted. In addition, there were no voluntary reserves at July 31, 2025 and 2024.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements (Continued)

Pooled Income Fund

The Foundation has formed one pooled income fund (the Fund). Donors have made irrevocable contributions of assets to the Fund in exchange for a promise by the Foundation to pay the actual income, as defined, earned on the donor's contribution for the remainder of the donor's or the donor's designated income beneficiary's lifetime. Upon the death of the donor or the designated income beneficiary, the value of his or her proportionate interest at the time reverts to the Foundation to be used for such purposes as the donor may have designated or, if there is no designation, as the Foundation's board of directors may determine.

The assets of the pooled income fund are held and managed by an outside trustee who is responsible for investing the assets and making the quarterly income distributions to the beneficiaries. The contributed assets are recorded at fair market value on the date of receipt, and contribution revenue is recorded at the present value of the fair value of assets received, discounted at a rate of 3.6% over the life expectancy of the donors or beneficiaries. The change in fair value of the contributed assets is reflected in the consolidated statements of activities. The assets under the pooled income fund are included in the accompanying consolidated statements of financial position under assets whose use is limited or restricted. The corresponding liabilities for pooled income funds are assessed at fair value and included in deferred contributions, pooled income funds in the accompanying consolidated statements of financial position.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied.

Expenses are allocated in the following ways: labor expenses, including salaries, payroll taxes, workers' compensation, and employee benefits are allocated based on the percentage of time that each employee spends providing resident services specific to the program or supporting function; nonlabor direct expenses are allocated based on each program's direct expenses; and indirect expenses are allocated based on the related expense allocation methodology, including dining expenses allocated based on the number of meals served. Occupancy, housekeeping, plant expenses, insurance, repairs, interest, and depreciation expenses are allocated based on the square footage of the building dedicated to the functional areas.

Use of Estimates

The preparation of financial statements in accordance with 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

Financial instruments included in the Organization's consolidated statements of financial position include cash and cash equivalents, investments, accounts receivable, and contributions receivable, payables arising in the ordinary course of business, split-interest agreements, and long-term debt. For cash and cash equivalents, accounts receivable, contributions receivable, and payables arising in the ordinary course of business, the carrying amounts represent a reasonable estimate of the fair values due to their short-term maturity. Split-interest agreements consist of numerous arrangements in which a donor establishes and funds a trust whereby the Organization is either the trustee or has a beneficial interest in the trust. With regard to trusts for which the Organization is the trustee, the corresponding assets and liabilities are recorded at fair value, and with regard to trusts for which the Organization has a beneficial interest, the Organization records an asset at the fair value of its interest in the net assets held by the trust. The fair value of long-term debt is determined using current applicable rates for similar instruments and approximates the carrying value of such debt.

Financial instruments are reflected at estimated fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. FASB ASC 820 provides the framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. Investments with readily determinable fair values are reported at fair value as determined by quoted market prices (Level 1). The Organization's interest rate swap and investments that represent pooled investment funds that are not publicly traded, are reported at fair value based on the quoted market prices of the underlying securities (Level 2). The Organization's Level 2 investments include various government obligations that are held to maturity, as these investments mature in various dates through 2035.

Investments also include investments in limited partnerships and other alternative investments, which are in accordance with the Organization's investment policy and monitored through quarterly performance reviews. The alternative investments deal in and with securities of all kinds and descriptions. Publicly-traded securities within the alternative investments are generally valued by reference to closing market prices on one or more national securities exchanges or generally accepted pricing services selected by the custodial trustees of the respective alternative investments. Securities not valued by such pricing services are valued based upon bid quotations obtained from independent dealers in securities. In the absence of any independent quotations, securities will be valued by respective custodial trustees based on data obtained from the best available sources (Level 3). Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets could result in a different fair value measurement at the measurement date. The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one level to another. In such instances, the transfer is reported at the end of the reporting period. There have been no changes in the valuation methodologies used at July 31, 2025 and 2024, to value the Organization's assets and liabilities at fair value.

Leases

The Organization leases equipment under noncancelable lease arrangements. The Organization determines if an arrangement is a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

NOTE 1 — NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Right-of-use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the current-year presentation.

NOTE 2 — REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents the Organization's revenue disaggregated by service and payor type for the years ended July 31:

	2025	2024
Revenue from Contracts with Customers (Over Time):		
Entrances Fees, Amortized and on Terminated Contracts	$ 10,288,663	$ 9,812,658
Resident Fee Revenue:		
Monthly Fees and Ancillary Charges	30,023,935	26,653,625
Health-Care Services:		
Self-Pay Health-Care Center	693,942	729,917
Self-Pay Assisted Living - Dementia Care	42,856	37,258
Third-Party Payors (Medicare, HMO, Hospice, and Others, Net of Contractual Allowances and Discounts)	5,741,323	4,886,052
Total Revenues from Contracts with Customers	$ 46,790,719	$ 42,119,510

NOTE 2 — REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

The beginning and end of year balances of the Organization's various contract receivables, contract assets, and contract liabilities were as follows:

	July 31, 2025	July 31, 2024	July 31, 2023
Accounts Receivable, Net	$ 823,414	$ 1,984,139	$ 2,871,923
Cost of Acquiring Contracts	$ 888,172	$ 731,750	$ 462,246
Estimated Refundable Entrance Fees	$ 32,993,090	$ 32,862,311	$ 28,947,652
Deferred Revenue from Unamortized Entrance Fees	$ 70,074,244	$ 63,880,065	$ 55,227,743
Deposits from Residents	$ 830,760	$ 908,018	$ 825,700
Refunds Payable to Residents	$ 710,003	$ 708,430	$ -

NOTE 3 — CONCENTRATIONS OF CREDIT RISK

Financial Instruments

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, investments, receivables, and an interest rate swap derivative. The Organization places its cash and cash equivalents and investments in several high-credit quality financial institutions. For the years ended July 31, 2025 and 2024, cash accounts at each institution were insured by the Federal Deposit Insurance Corporation for up to $250,000.

Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements. The Organization mitigates these risks with an investment policy designed to limit the exposure and concentration while achieving optimal return within reasonable risk tolerances.

With respect to the receivables, the Organization's customer base consists of a large number of customers. The Organization performs credit evaluations and writes off uncollectible amounts as they become known.

NOTE 4 — LIQUIDITY

Casa regularly monitors its liquidity requirements to meet its operating needs, debt covenants, and other contractual commitments, while also striving to maximize the investment of its available funds. Casa operates with a long-term outlook towards a balanced budget and anticipates collecting revenues and entrance fees designated to meet its operating and capital expenditures, which, together with other financial assets, is sufficient to cover its liquidity needs. Casa's unrestricted investment portion of the portfolio consists of highly liquid investments. Prudent investment management must be considered for the preservation of the funds for future use.

Casa's regulatory agreements require that Casa maintains at the end of each fiscal year not less than 200 days of cash on hand as based on the annual audited financial statements. Days of cash on hand is defined as the corporation's cash and cash equivalents and investments that are classified as either without donor restrictions or board-designated and excluding proceeds of short-term indebtedness, refundable entrance fees, and amounts held by the trustee determined in accordance with U.S. GAAP. In addition, Casa is subject to certain financial or operational covenants as noted in Note 5.

Furthermore, the CDSS requires that Casa, as a provider operating under a continuing care contract, must maintain three liquid reserve funds of qualifying assets. The three funds consist of (1) restricted assets held in a debt service reserve per the California Health & Safety Code (H&SC) Section 1792.3, (2) 75 days net operating expenses referred to as the operating expense reserve per H&SC Section 1792.4, and (3) the refund reserve requirement held under trust for the residents in the manner required by H&SC Section 1792.6 at an institution qualified to be an escrow agent. In addition, an independent actuarial opinion is required to be performed every five years per H&SC Section 1792.10.

Casa's financial assets available to meet general expenditures within one year of July 31, are as follows:

	2025	**2024**
Cash and Cash Equivalents	$ 1,294,760	$ 6,220,065
Investments	108,355,090	95,530,400
Account Receivable, Net	823,414	1,984,139
Accrued Interest Income	130,107	141,344
Total Financial Assets Available to Meet General Expenditures within One Year	$ 110,603,371	$ 103,875,948

Managing the assets of the Foundation is distinctly different from that of Casa due to the various endowments and related restrictions. The Foundation's asset management strategy is to provide a steady and where possible escalating cash flow that both supports the Foundation's operations and preserves the corpus of the endowments. Ultimately, this strategy provides a framework for maintaining a level of liquid reserves (cash and cash equivalents) that allows the Foundation to operate and maintain the endowments, as well as support the programmatic activities carried out in fulfillment of its charitable purpose to Casa from year to year, without the need to liquidate strategic investments of the endowments, as the Foundation receives many gifts to establish endowments that will exist in perpetuity.

NOTE 4 — LIQUIDITY (CONTINUED)

The Foundation's financial assets available to meet general expenditures within one year of July 31, are as follows:

	2025	2024
Cash and Cash Equivalents	$ 41,463	$ 51,829
Investments, including Accrued Interest Income	6,616,370	6,179,991
Total Financial Assets Available Within One Year	6,657,833	6,231,820
Less: Board Designated Investments	(6,133,643)	(5,620,279)
Total Financial Assets Available to Meet General Expenditures within One Year	$ 524,190	$ 611,541

Excluded from the amounts above are investments that lack immediate liquidity and are intended to be held for both short-term and long-term purposes, including those subject to restrictions. Board-designated funds are also excluded from liquidity determinations because they are not available for general expenditures within one year. Accordingly, certain revisions have been made to the disclosure of total assets available to meet general expenditures within one year for the year ended July 31, 2024. These revisions had no impact on previously reported net assets. Some of the assets without immediate liquidity may be available and liquid within one year. Prudent investment management must be considered for the preservation of the funds for future use. The Foundation has no debt and typically pays its obligations by the use of its cash and readily marketable investments.

Management is confident that the level of financial assets, including cash and cash equivalents as of July 31, 2025 and 2024, is more than adequate to support one year of normal operations and programmatic activities of Casa and the Foundation.

NOTE 5 — ASSETS WHOSE USE IS LIMITED OR RESTRICTED

Assets whose use is limited or restricted are part of the Organization's investments, as further disclosed in Note 6. Assets whose use is limited or restricted were available for the following purposes for the years ended July 31:

	2025	2024
Refund Reserve*	$ 13,923,207	$ 12,791,459
Restricted by Donors	7,315,773	6,786,815
Charitable Gift Annuities	1,617,252	1,517,848
Charitable Remainder Trusts	737,035	709,701
Pooled Income Fund	87,273	112,229
Total Assets Whose Use is Limited or Restricted	23,680,540	21,918,052
Less: Amounts Required for Current Liabilities	(5,643,879)	(5,644,972)

	2025	2024
Assets Whose Use is Limited or Restricted Less Current Liabilities and Cash Equivalents	$ 18,036,661	$ 16,273,080

* In order to meet the refund reserve requirement for the years ended July 31, 2025 and 2024, CDSS approved for the reserve requirement to be secured by the escrow agreement and the deed of trust on the Organization's facilities, including real property. The Refund Reserves are held by US Bank and the required refund reserve also includes $6,547,117 in Casa's real estate equity.

NOTE 6 — INVESTMENTS AND FAIR VALUE DISCLOSURES

The Organization's investments are managed as a diversified portfolio governed by various third-party brokers and financial institutions in accordance with the Organization's investment policy. The composition of investments at fair value at July 31, is as follows:

	2025	2024
Money Market Funds	$ 110,803	$ 68,924
Domestic - Bond Mutual Funds	36,089,429	31,964,024
International - Bond Mutual Funds	4,008,298	3,511,052
Domestic - Equity (Including Mutual Funds)	38,192,694	31,926,846
International - Equity (Including Mutual Funds)	20,064,989	19,883,660
Balance Mutual Funds	13,941,210	12,803,743
Limited Partnership	23,261	25,922
Absolute Return	3,046,520	2,366,016
US Government Obligation	784,739	686,626
Real Asset Fund	45,779	36,322
Hedge Fund	6,145,494	5,427,787
Real Estate Partnership	15,461,749	14,200,285
Charitable Remainder Trusts	737,035	709,701
Total Investments	138,652,000	123,610,908
Less: Amounts Classified as Assets Whose Use is Limited or Restricted - Current and Noncurrent	(23,680,540)	(21,918,052)
Long-Term Investments	$ 114,971,460	$ 101,692,856

Investment income and losses on cash equivalents, investments, and assets whose use is limited or restricted for the year ended July 31, 2025, are summarized as follows:

	2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Interest and Dividends	$ 6,749,315	$ 572,945	$ 7,322,260
Realized Gains on Sales of Investments	1,830,488	(13,712)	1,816,776
Net Unrealized Gain on Investments	3,089,158	73,108	3,162,266
Change in Value of Gift Annuity Contracts, Pooled Income Funds, and Charitable Remainder Trust	44,922	(86,964)	(42,042)
Total	$ 11,713,883	$ 545,377	$ 12,259,260

NOTE 6 — INVESTMENTS AND FAIR VALUE DISCLOSURES (CONTINUED)

Investment income and losses on cash equivalents, investments, and assets whose use is limited or restricted for the year ended July 31, 2024, are summarized as follows:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Interest and Dividends	$ 3,481,091	$ 318,967	$ 3,800,058
Realized Gains on Sales of Investments	1,754,587	17,712	1,772,299
Net Unrealized Gain on Investments	5,248,812	291,456	5,540,268
Change in Value of Gift Annuity Contracts, Pooled Income Funds, and Charitable Remainder Trust	58,412	(57,220)	1,192
Total	$ 10,542,902	$ 570,915	$ 11,113,817

The following table presents the Organization's fair value hierarchy for those assets and related liabilities measured at fair value on a recurring basis as of July 31, 2025:

	2025			
	Quoted Price in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets Measured at Fair Value:				
Money Market Funds	$ 110,803	$ -	$ -	$ 110,803
Mutual Funds:				
Domestic - Bond Mutual Funds	36,089,429	-	-	36,089,429
International - Bond Mutual Funds	4,008,298	-	-	4,008,298
Domestic - Equity (Including Mutual Funds)	38,192,694	-	-	38,192,694
International - Equity (Including Mutual Funds)	20,064,989	-	-	20,064,989
Balanced Mutual Funds	13,941,210	-	-	13,941,210
Limited Partnerships	-	-	23,261	23,261
U.S. Government Obligations	-	784,739	-	784,739
Real Asset Fund	45,779	-	-	45,779
Charitable Remainder Trusts	-	-	737,035	737,035
Total Assets Measured at Fair Value	$ 112,453,202	$ 784,739	$ 760,296	113,998,237
Assets Measured at Net Asset Value:				
Absolute Return Funds				3,046,520
Alternative Investment Funds				21,607,243
Total Investments				$ 138,652,000

	2025			
	Quoted Price in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Fair Value of Interest Rate Swap	$ -	$ 14,346,158	$ -	$ 14,346,158
Liabilities:				
Obligation Under Gift Annuity Contracts	$ -	$ -	$ 1,617,252	$ 1,617,252
Deferred Contributions, Pooled Income Funds	-	-	26,299	26,299
Total Liabilities	$ -	$ -	$ 1,643,551	$ 1,643,551

NOTE 6 — INVESTMENTS AND FAIR VALUE DISCLOSURES (CONTINUED)

The following table presents the Organization's fair value hierarchy for those assets and related liabilities measured at fair value on a recurring basis as of July 31, 2024:

	2024			
	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets Measured at Fair Value:				
Money Market Funds	$ 68,924	$ -	$ -	$ 68,924
Mutual Funds:				
Domestic - Bond Mutual Funds	31,964,024	-	-	31,964,024
International - Bond Mutual Funds	3,511,052	-	-	3,511,052
Domestic - Equity (Including Mutual Funds)	31,926,846	-	-	31,926,846
International - Equity (Including Mutual Funds)	19,883,660	-	-	19,883,660
Balanced Mutual Funds	12,803,743	-	-	12,803,743
Limited Partnerships	-	-	25,922	25,922
U.S. Government Obligations	-	686,626	-	686,626
Real Asset Fund	36,322	-	-	36,322
Charitable Remainder Trusts	-	-	709,701	709,701
Total Assets Measured at Fair Value	$ 100,194,571	$ 686,626	$ 735,623	101,616,820
Assets Measured at Net Asset Value:				
Absolute Return Funds				2,366,016
Alternative Investment Funds				19,628,072
Total Investments				$ 123,610,908
Fair Value of Interest Rate Swap	$ -	$ 15,277,073	$ -	$ 15,277,073
Liabilities:				
Obligation Under Gift Annuity Contracts	$ -	$ -	$ 1,517,848	$ 1,517,848
Deferred Contributions, Pooled Income Funds	-	-	31,337	31,337
Total Liabilities	$ -	$ -	$ 1,549,185	$ 1,549,185

NOTE 6 — INVESTMENTS AND FAIR VALUE DISCLOSURE (CONTINUED)

For investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended July 31, the reconciliation of beginning and ending balances is as follows:

	Limited Partnership	Charitable Remainder Trusts	Obligations Under Gift Annuity Contracts and Pooled Income Funds
Fair Value - August 1, 2023	$ 38,916	$ 655,408	$ (1,503,769)
Unrealized Gain	646	-	-
Change in Value	-	54,293	(45,416)
Sale	(13,640)	-	-
Fair Value - July 31, 2024	25,922	709,701	(1,549,185)
Unrealized Gains	29	-	-
Change in Value	-	27,334	(94,366)
Sale	(2,690)	-	-
Fair Value - July 31, 2025	$ 23,261	$ 737,035	$ (1,643,551)

The following are the techniques used to determine fair values of the Organization's financial instruments:

Limited Partnerships

Limited Partnerships are valued based on the prorata interest in the net assets of the underlying investment as reported by the investment funds' investment managers or general partners. An advisor independently evaluates the valuation provided by the fund managers. This evaluation takes into consideration numerous factors that may include, but are not limited to, the following: attributes of the interest held, risks inherent in the inputs to the manager's valuation, restrictions on the disposition of the interest, and data reasonably available to market participants.

Absolute Return Funds

Invest primarily in investment funds, limited partnerships, limited liability companies, or non-U.S. corporations. Valuation of interests in these funds is based on an amount equal to the prorata interests in net assets, which are stated at fair value and consistent with the measurement principles, as defined in FASB ASC 946, *Financial Services - Investment Companies*, of such investment funds as reported by the management of the investment funds monthly and adjusted for management and incentive fees, if any. In connection with these funds, there is a monthly redemption period, and there are no known unfunded commitments or redemption restrictions. Fair value of these funds has been estimated using net asset value per share as a practical expedient.

NOTE 6 — INVESTMENTS AND FAIR VALUE DISCLOSURE (CONTINUED)

Alternative Investment Funds

Alternative investment funds invest primarily in investment funds that are not registered under the 1940 Act and invest in and actively trade securities and a variety of financial instruments using different strategies and techniques that may involve significant credit, market, and liquidity risks. The closely held entity fund strategy is to invest in collateralized debt obligations and other structured credit investments, while the hedge fund strategy is diversified amongst direct lending, distressed debt, equity long/short, event equities, and structured credit-type investments. Valuation of interests in these funds is based on an amount equal to the prorata interests in net assets, which are stated at fair value and consistent with the measurement principles in FASB ASC 946, *Financial Services - Investment Companies*, of such investment funds as reported by the management of the investment funds at least quarterly and adjusted for management and incentive fees, if any. In connection with these funds, there is a monthly redemption period, and there are no known unfunded commitments or redemption restrictions. Fair value of these funds has been estimated using net asset value per share as a practical expedient.

Charitable Remainder Trusts, Obligations Under Gift Annuity Contracts and Deferred Contributions, and Pooled Income Funds

Fair values are estimated using present value techniques. The net present value is determined using investment returns consistent with the composition of the asset portfolios, life expectancies, and the appropriate federal interest rate and is adjusted annually.

NOTE 7 — PROPERTY, BUILDINGS, AND EQUIPMENT

Property, buildings, and equipment are as follows at July 31:

	2025	2024
Land and Improvements	$ 20,452,414	$ 18,788,181
Buildings and Improvements	180,971,588	163,003,751
Furniture and Equipment	18,956,297	16,776,686
Vehicles	1,535,323	1,415,901
Art Collection	59,807	59,807
Total Depreciable Assets	221,975,429	200,044,326
Less: Accumulated Depreciation and Amortization	(102,037,172)	(92,358,902)
Subtotal	119,938,257	107,685,424
Construction in Progress	1,583,693	2,418,742
Property, Building, Equipment, Net	$ 121,521,950	$ 110,104,166

Depreciation expense for the years ended July 31, 2025 and 2024, amounted to $9,785,485 and $8,484,795, respectively.

NOTE 7 — PROPERTY, BUILDING, AND EQUIPMENT (CONTINUED)

Casa has several projects under construction and predevelopment. Total predevelopment and construction costs as of July 31, 2025 and 2024, amounted to $1,583,693 and $2,418,742, respectively, exclusive of any capitalized amounts. During the year ended July 31, 2022, existing circumstances and difficulties encountered during construction culminated in management assessing indicators of impairment for one project under construction and predevelopment, Casa's new health care center. During the years ended July 31, 2025 and 2024, total costs incurred related to the impairment of the health center amounted to $67,836 and $271,791.

Casa's estimated costs to complete construction of ongoing projects are approximately $1,015,000 and $2,780,000 as of July 31, 2025 and 2024, respectively. Outstanding commitments related to these projects totaled approximately $1,320,385 as of July 31, 2024. As of July 31, 2025, remaining commitments were minimal, as substantial construction on these projects had been completed.

NOTE 8 — ENDOWMENT

The Organization's endowment consists of various individual funds established for a variety of purposes. Net assets associated with endowment funds, including funds designated by the board of directors (the Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted the California Prudent Management of Institutional Funds Act (CPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Composition and Changes in Endowment Net Assets

In accordance with CPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization

- The investment policies of the Organization

NOTE 8 — ENDOWMENT (CONTINUED)

Composition and Changes in Endowment Net Assets (Continued)

The composition of endowment net assets is as follows at July 31:

	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Donor-Restricted Endowment Funds	$ -	$ 5,191,434	$ 5,191,434
Board-Designated Endowment Funds	6,133,644	-	6,133,644
Total Endowment Funds	$ 6,133,644	$ 5,191,434	$ 11,325,078
2024			
Donor-Restricted Endowment Funds	$ -	$ 4,911,290	$ 4,911,290
Board-Designated Endowment Funds	5,620,280	-	5,620,280
Total Endowment Funds	$ 5,620,280	$ 4,911,290	$ 10,531,570

Changes in endowment net assets for the years ended July 31, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - July 31, 2023	$ 5,071,887	$ 4,569,746	$ 9,641,633
Investment Return:			
Investment Income, Net	286,067	263,207	549,274
Net Appreciation, (Realized/Unrealized)	325,773	271,721	597,494
Donated Vehicles	-	5,000	5,000
Change in Value	801	(74,906)	(74,105)
Total Investment Return	612,641	465,022	1,077,663
Contributions	47,222	3,788	51,010
Transfers	99,380	33,281	132,661
Appropriation of Endowment Assets for Expenditure	(210,850)	(160,547)	(371,397)
Endowment Net Assets - July 31, 2024	5,620,280	4,911,290	10,531,570
Investment Return:			
Investment Income, Net	558,683	445,814	1,004,497
Net Appreciation, (Realized/Unrealized)	70,829	45,801	116,630
Change in Value	-	(109,142)	(109,142)
Total Investment Return	629,512	382,473	1,011,985
Contributions	56,228	-	56,228
Transfers	115,995	33,427	149,422

	Without Donor Restrictions	With Donor Restrictions	Total
Appropriation of Endowment Assets for Expenditure	(119,575)	(135,756)	(255,331)
Expenditures	(168,796)	-	(168,796)
Endowment Net Assets - July 31, 2025	$ 6,133,644	$ 5,191,434	$ 11,325,078

NOTE 8 — ENDOWMENT (CONTINUED)

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the law requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported as net assets with donor restrictions were $1,246,646 and $1,137,504 as of July 31, 2025 and 2024, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowment funds that the Organization must hold in perpetuity, as well as quasi endowment funds established by the Board.

Under this policy, as approved by the Board, the endowment funds are invested in a manner that is expected to:

- produce a nominal average annual rate of return of 6.20% assuming 2.30% inflation, or an annual compound total rate of return of approximately 3.90% in excess of the rate of inflation, as measured by the National Urban Consumer Price Index (CPI), in the long-term portfolio; and
- perform above average in the comparable fund universe with volatility that is equal to or less than that of such similarly managed funds.

Actual returns in any given year may vary from the expected amounts, as past experience is not an indicator of future performance.

Strategies Employed for Achieving Objectives

To satisfy its long-term return objectives, the Organization relies on a total return strategy in which investment returns and real growth are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). As asset allocation is the major determinant of investment performance, the endowment assets are allocated across a number of investment classes to provide diversification and achieve long-term return objectives. As a general policy guideline, the target asset allocations for quasi endowment funds are 75% for growth investments, including both equities and alternative investments, and 25% for fixed-income investments. The long-term portfolio will be invested in mutual and/or exchange-traded funds, hedge funds - fund of funds, limited partnerships, structured notes, and/or individually managed accounts that focus on specific style segments within each asset class. The asset allocation plan provides for diversification of assets in an effort to maximize the investment return and manage the risk of the endowment assets consistent with market conditions. Due to the fluctuation of market values, allocations within a specified range constitute compliance with the policy.

NOTE 8 — ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Currently, the Organization's intent is to reinvest all dividends, interest, and capital gains in a long-term portfolio. The Organization has a spending policy that applies to all endowment funds that provides for a distribution of the percentage of assets that is sufficient to allow for growth in principal net of expected inflation and investment management fees. The formula for determining the distribution's percentage evaluates long-term expected rate of returns, inflation, and fees. In establishing this policy, the Organization considered the long-term expected return on its endowment funds. Accordingly, over the long term, the Organization expects that its current spending policy will allow its endowment funds to grow at a rate equal to or above the CPI. This is consistent with the Organization's objective to maintain the purchasing power of the endowment funds held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 9 — NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows as of July 31:

	2025	2024
Net Assets With Donor Restrictions - Purpose Restrictions:		
Activities	$ 65,850	$ 60,558
Art	6,021	4,905
Art Collections	59,807	59,807
Capital Improvements	14,968	14,818
Chaplains	30,659	33,118
Charitable Remainder Trusts	365,462	350,354
Education Assistance	5,981	5,981
Employee Disaster and Assistance	7,247	6,872
Employee Scholarships	2,264,066	2,177,468
Health Care	3,837	101,754
Music Activities	400,799	384,492
Pooled Income	60,974	80,892
Residential Fund	62	62
Residential Hardship	858,488	803,155
Norte Library	23,058	21,330
Sur Library	8,027	7,654
Rose and Garden Club	18,993	18,013
Rosenmeier Health Fund	64,041	55,479
Technology	308,464	276,124
Transportation	857,983	770,270
General Use	2,217,018	2,010,436

	2025	2024
Total Net Assets With Donor Restrictions	$ 7,641,805	$ 7,243,542

NOTE 9 — NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from restrictions by incurring expenses, thereby satisfying the donor-restricted purposes or time requirements during the years ended July 31, as follows:

	2025	2024
Resident Hardships	$ 99,802	$ 99,300
Employee Scholarships	81,920	77,289
General Purpose	82,723	23,492
Capital Expenditures	2,991	240,871
Total	$ 267,436	$ 440,952

NOTE 10 — LONG-TERM DEBT

In September 2020, the California Enterprise Development Authority (CEDA) refinanced Casa's 2017 Bonds, 2014 Bonds, and 2010 Bonds with a Note (the Note) and pursuant to the indenture, all proceeds are to be assigned to Casa de las Campanas, Inc. in order to fund the ongoing master plan renovation costs. The Note provides total borrowings amounting to $77,000,000. The 2020 Note matures 15 years from the closing date and calls for a 360-month amortization with principal and any accrued interest paid monthly. The note bears interest at a fixed rate of 2.225% (under a related interest rate SWAP agreement), based on an index that is tied to the Organization's credit rating. The Note is secured by (i) a security interest in all the gross revenues of Casa and (ii) a lien on all real property and fixtures of Casa. Long-term debt was composed of the following at July 31, 2025 and 2024:

	2025	2024
Commercial Bank Note, Bears Interest at 2.225%, Calls for Monthly Interest and Principal Payments Through Maturity in October 2035.	$ 67,996,000	$ 69,972,000
Less: Unamortized Deferred Financing Fees	(574,802)	(643,776)
Total Long-Term Debt	67,421,198	69,328,224
Less: Current Portion of Long-Term Debt	(1,954,053)	(1,900,328)
Long-Term Portion of Long-Term Debt	$ 65,467,145	$ 67,427,896

The maturities of long-term debt and amortization of debt issuance costs for each of the next five years and in the aggregate are as follows:

Year Ended July 31,	Principal	Amortization of Deferred Financing Fees	Total
2026	$ 2,021,000	$ (66,947)	$ 1,954,053
2027	2,069,000	(64,888)	2,004,112

Year Ended July 31,	Principal	Amortization of Deferred Financing Fees	Total
2028	2,114,000	(62,784)	2,051,216
2029	2,169,000	(62,784)	2,106,216
2030	2,218,000	(60,563)	2,157,437
Thereafter	57,405,000	(256,836)	57,148,164
Total	$ 67,996,000	$ (574,802)	$ 67,421,198

NOTE 10 — LONG-TERM DEBT (CONTINUED)

Restrictive Covenants

In connection with the issuance of the debt described above, Casa is subject to certain financial or operational covenants, such as limitations on the ability of Casa to incur indebtedness, dispose of property, or create liens on property. Casa is also required to maintain revenues at levels sufficient to provide coverage of debt service on the Note or any other indebtedness. As of July 31, 2025 and 2024, Management of Casa is not aware of any non-compliance with these respective covenants.

Interest Rate Swap

Effective September 23, 2020, Casa entered into an ISDA Master Agreement with a major financial institution (Counterparty). As part of the 2020 Note issuance, pursuant to the terms of the Swap Agreement, Casa will pay the Counterparty interest at a fixed rate of 0.97500% until October 1, 2035. The Counterparty will pay Casa interest at a variable rate equal to the daily SOFR rate. The variable interest rate resets monthly. The termination date of the agreement is October 1, 2035, unless terminated earlier as provided in the ISDA Agreement. At July 31, 2025, the variable interest rate was 4.36%. As of July 31, 2025, the notional amount of the Swap Agreement was $67,996,000, and the fair value of the Swap Agreement was an asset of $14,346,158. Included in the fair value of the Swap Agreement is accrued interest, which is included in accrued interest payable on the consolidated statements of financial position.

NOTE 11 — LEASES

Leases ASC 842

The Organization leases equipment under long-term, non-cancelable lease agreements. The leases expire during August 2025. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Organization to pay insurance, and repairs.

The following table provides quantitative information concerning the Company's leases, as of July 31:

	2025	**2024**
Lease Cost		
Finance Lease Cost		
Amortization of Right-of-Use Assets	$ 26,521	$ 26,521
Interest on Lease Liabilities	464	1,066
Total Lease Cost	$ 26,985	$ 27,587
Other Information		
Operating Cash Flows from Finance Leases	$ 464	$ 1,066
Financing Cash Flows from Leases	$ 32,879	$ 32,017
Weighted-Average Remaining Lease Term - Finance Lease	0.1 Years	1.0 Years

	2025	2024
Weighted-Average Discount Rate - Finance Leases	N/A	2.66%

NOTE 11 — LEASES (CONTINUED)

Leases ASC 842 (Continued)

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of July 31, 2025, is as follows:

Year Ending July 31,	Financing Leases
2026	$ 2,768
Total Lease Payments	2,768
Less: Imputed Interest	-
Present Value of Lease Liabilities	$ 2,768

Current Portion Lease Liabilities	$ 2,768
Long-Term Lease Liabilities	-
Total	$ 2,768

NOTE 12 — COMMITMENTS AND CONTINGENCIES

Obligation to Provide Future Services

Casa annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the present value of monthly fees and the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the monthly fees and deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with a corresponding charge to income. For the years ended July 31, 2025 and 2024, the obligation is discounted at 4.89% and 4.46%, respectively. At July 31, 2025 and 2024, the present value of the net cost of future services and the use of facilities did not exceed the anticipated revenues. Consequently, a liability has not been recorded.

Management Agreements

Casa has a management agreement with Life Care Services LLC, which expires on July 31, 2027. Management fee expense related to this agreement, which is included in management and general expenses, was $1,874,435 and $1,539,390, inclusive of salary and benefits, for the years ended July 31, 2025 and 2024, respectively. Amounts due and payable under this agreement amounted to $112,154 and $296,490 at July 31, 2025 and 2024, respectively. Management fee expense may vary year to year, as certain amounts are based upon an incentive performance computation.

NOTE 12 — COMMITMENTS AND CONTINGENCIES (CONTINUED)

Purchase Commitment

Casa is obligated to buy a minimum amount of electricity under a Master Energy Sales Agreement (the Agreement) that expires June 30, 2029. Casa may also sell excess energy back to the open market. As of July 31, 2025 and 2024, the remaining commitment under the Agreement amounted to $2,481,338 and $1,773,361, respectively. Expenditures under the Agreement amounted to $912,072 and $753,795 for the years ended July 31, 2025 and 2024, respectively.

Litigation

Casa may, from time to time, be involved in litigation and regulatory investigations that arise in the normal course of doing business. After consultation with legal counsel, and based on current facts and circumstances, management believes that resolution of such matters, if any, is not expected to have a material adverse effect on the financial position of Casa.

For the year ended 2025, the Organization recognized $10,100,000 in other revenue as a result of a legal settlement.

Health Care Industry

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare program, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from resident and patient services. Management believes that the Organization is in substantial compliance with current laws and regulations.

NOTE 13 — BENEFIT PLAN

Casa sponsors a 403(b) defined contribution plan (the Plan) covering all eligible employees. Eligible employees may defer their compensation as an employee contribution subject to current IRC limits. Casa currently makes matching contributions to the Plan in an amount equal to 50% of the employee contribution, which is not to exceed 3% of the eligible compensation. Casa contributions to the Plan for 2025 and 2024, amounted to $231,880 and $213,264, respectively.

NOTE 14 — INSURANCE COVERAGE

Since June 30, 2020, Casa de las Campanas has placed their workers' compensation coverage up to a maximum of $3,000,000 through BETA Risk Management Authority on a guaranteed cost basis with statutory limits. BETA Risk Management Authority holds a "Certificate of Consent to Self-Insure" by the state of California, Department of Industrial Relations. Casa de las Campanas does not have any assessment liability through their placement of coverage with BETA Risk Management Authority.

Professional Liability

Casa is insured with commercial general liability and medical professional liability claims, including malpractice, under a claims-made policy for $1,000,000 per occurrence and $3,000,000 aggregate and $32,500,000 program aggregate. Losses in excess of the limits are covered by an umbrella liability policy for up to $10,000,000 per occurrence and $50,000,000 program policy aggregate. Deductibles under the policy currently range from $-0- to $1,000.

Self-Insurance

Casa was self-insured for workers' compensation claims for up to a maximum of $250,000 per occurrence until July 31, 2009. Self-insured losses were accrued based upon Casa's consultant's estimates of the aggregate liability for uninsured claims incurred. As a requirement of this policy, Casa deposited funds into a workers' compensation escrow account to fund any potential unpaid claims, which is classified as a workers' compensation receivable. The balance of the workers' compensation receivable amounted to approximately $28,000 and $20,000 at July 31, 2025 and 2024.

NOTE 15 — CONTINUING CARE RESERVE REQUIREMENTS

Casa is subject to statutory reserve requirements. As of July 31, 2025 and 2024, Casa's reserves, as calculated in accordance with Continuing Care Statutes of the California Health and Safety Code, were in excess of such requirement.

NOTE 16 — GOVERNMENT GRANTS

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the year ending July 31, 2025, the Organization filed amended Form 941-X's (Amended Returns) for the Employee Retention Credit (ERC) for the first and second quarters of 2021 for credits of $3,533,219.

As of July 31, 2025, the Organization's ERC receivables are included in grant receivables in the accompanying balance sheet. As of November 26, 2025, ERC all credits were collected, along with interest, in the amount of $596,422, for total payments of $4,129,641.

The IRS has the right to review grant eligibility for up to three years from the date amended returns were filed. The amount of liability, if any, from potential disallowance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 17 — SUBSEQUENT EVENTS

All events occurring after July 31, 2025, have been evaluated for possible adjustment to the consolidated financial statements or disclosure as of November 26, 2025, which is the date the consolidated financial statements were available to be issued. There were no adjustments to the consolidated financial statements or additional disclosures as a result of this evaluation.

SUPPLEMENTARY INFORMATION

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JULY 31, 2025

ASSETS

ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	$ 1,294,760	$ 41,463	$ -	$ 1,336,223
Assets Whose Use is Limited or Restricted - Invested Assets, Current	5,643,879	-	-	5,643,879
Accounts Receivable, Net	823,414	-	-	823,414
Grant Receivables	3,955,730	-	-	3,955,730
Prepaid Expenses and Other Current Assets	2,972,085	-	-	2,972,085
Costs of Acquiring Contracts - Current	28,758	-	-	28,758
Total Current Assets	14,718,626	41,463	-	14,760,089
INTERCOMPANY RECEIVABLES	6,481	421,216	(427,697)	-
ASSETS WHOSE USE IS LIMITED OR RESTRICTED, NET CURRENT PORTION	9,896,580	8,140,081	-	18,036,661
LONG-TERM INVESTMENTS	108,355,090	6,616,370	-	114,971,460
PROPERTY, BUILDING AND EQUIPMENT, NET	121,462,143	59,807	-	121,521,950
RIGHT-OF-USE ASSETS, FINANCING	2,120	-	-	2,120
COST OF ACQUIRING CONTRACTS, NET CURRENT PORTION	859,414	-	-	859,414
DERIVATIVE INSTRUMENT	14,346,158	-	-	14,346,158
INTEREST IN CASA FOUNDATION	15,243,858	-	(15,243,858)	-
Total Assets	$ 284,890,470	$ 15,278,937	$ (15,671,555)	$ 284,497,852

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JULY 31, 2025

LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT LIABILITIES				

LIABILITIES AND NET ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Accounts Payable and Accrued Expenses	$ 6,350,552	$ 2,299	$ -	$ 6,352,851
Interest Payable	130,278	-	-	130,278
Deposits from Residents	830,760	-	-	830,760
Refunds to Residents	710,003	-	-	710,003
Financing Lease Liability - Current	2,768	-	-	2,768
Obligations Under Gift Annuity Contracts - Current	322,006	-	-	322,006
Long-Term Debt - Current	1,954,053	-	-	1,954,053
Estimated Refundable Entrance Fees - Current	4,393,280	-	-	4,393,280
Retentions Payable - Current	928,593	-	-	928,593
Total Current Liabilities	15,622,293	2,299	-	15,624,592
NONCURRENT LIABILITIES				
Intercompany Payables	421,216	6,481	(427,697)	-
Obligations Under Gift Annuity Contracts, Net Current Portion	1,295,246	-	-	1,295,246
Deferred Contributions, Pooled Income Funds	-	26,299	-	26,299
Long-Term Debt, Net Current Portion, Unamortized Discount, and Deferred Financing Fees	65,467,145	-	-	65,467,145
Estimated Refundable Entrance Fees, Net Current Portion	28,599,810	-	-	28,599,810
Deferred Revenue from Unamortized Entrance Fees	70,074,244	-	-	70,074,244
Total Noncurrent Liabilities	165,857,661	32,780	(427,697)	165,462,744
Total Liabilities	181,479,954	35,079	(427,697)	181,087,336
NET ASSETS				
Without Donor Restrictions	95,768,710	7,602,053	(7,602,053)	95,768,710
With Donor Restrictions	7,641,806	7,641,805	(7,641,805)	7,641,806
Total Net Assets	103,410,516	15,243,858	(15,243,858)	103,410,516
Total Liabilities and Net Assets	$ 284,890,470	$ 15,278,937	$ (15,671,555)	$ 284,497,852

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2025

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Support and Revenues:				
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 46,790,719	$ -	$ (61,948)	$ 46,728,771
Contributions	290,515	177,904	(290,515)	177,904
Grant Revenue	3,955,730	-	-	3,955,730

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Net Assets Released from Restrictions, Used for Operations	-	264,445	-	264,445
Net Assets Released from Restrictions, Used for Capital	-	2,991	-	2,991
Total Support and Revenues	51,036,964	445,340	(352,463)	51,129,841
Other Support:				
Interest and Dividends, Net	6,163,749	585,566	-	6,749,315
Net Realized Gains (Losses) on Sale of Investments	1,851,689	(21,201)	-	1,830,488
Net Unrealized Gains on Investments	2,995,052	94,106	-	3,089,158
Change in Value of Gift Annuity Contracts	-	44,922	-	44,922
Unrealized Loss on Derivative Instrument	(930,916)	-	-	(930,916)
Loss on Disposal of Fixed Assets	(190,970)	-	-	(190,970)
Other Revenues, Net	10,429,768	-	-	10,429,768
Total Other Support	20,318,372	703,393	-	21,021,765
Total Support and Revenues	71,355,336	1,148,733	(352,463)	72,151,606
Expenses:				
Program Services	39,195,549	390,962	(290,515)	39,295,996
Supporting Services: Management and General	13,478,964	161,191	(61,948)	13,578,207
Total Expenses	52,674,513	552,153	(352,463)	52,874,203
Total Changes in Net Assets Without Donor Restrictions	18,680,823	596,580	-	19,277,403

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED JULY 31, 2025

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Contributions	$ -	$ 120,321	$ -	$ 120,321
Interest and Dividends, Net	-	572,945	-	572,945
Net Realized Losses on Sale of Investments	-	(13,712)	-	(13,712)
Net Unrealized Gains on Investments	-	73,108	-	73,108
Net Assets Released from Restrictions, Used for Operations	-	(264,445)	-	(264,445)
Net Assets Released from Restrictions, Used for Capital Expenditures	-	(2,991)	-	(2,991)
Change in Value of Gift Annuity Contracts	-	(121,369)	-	(121,369)
Change in Value of Charitable Remainder Trust and Pooled Income Funds	-	34,405	-	34,405
Total Changes in Net Assets With Donor Restrictions	-	398,262	-	398,262
CHANGE IN INTEREST IN CASA FOUNDATION	994,842	-	(994,842)	-
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	19,675,665	994,842	(994,842)	19,675,665
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(67,837)	-	-	(67,837)
CHANGE IN NET ASSETS	19,607,828	994,842	(994,842)	19,607,828
Net Assets - Beginning of Year	83,802,688	14,249,016	(14,249,016)	83,802,688
NET ASSETS - END OF YEAR	$ 103,410,516	$ 15,243,858	$ (15,243,858)	$ 103,410,516

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JULY 31, 2024

ASSETS

ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	$ 6,220,065	$ 51,829	$ -	$ 6,271,894

ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Assets Whose Use is Limited or Restricted - Invested Assets, Current	5,644,972	-	-	5,644,972
Accounts Receivable, Net	1,984,139	-	-	1,984,139
Prepaid Expenses and Other Current Assets	1,048,996	17,537	-	1,066,533
Costs of Acquiring Contracts - Current	20,006	-	-	20,006
Total Current Assets	14,918,178	69,366	-	14,987,544
INTERCOMPANY RECEIVABLES	-	404,489	(404,489)	-
ASSETS WHOSE USE IS LIMITED OR RESTRICTED, NET CURRENT PORTION	8,664,335	7,608,745	-	16,273,080
LONG-TERM INVESTMENTS	95,530,400	6,162,456	-	101,692,856
PROPERTY, BUILDINGS, AND EQUIPMENT, NET	110,044,359	59,807	-	110,104,166
FINANCE ROU ASSET	27,567	-	-	27,567
COST OF ACQUIRING CONTRACTS, NET CURRENT PORTION	711,744	-	-	711,744
DERIVATIVE INSTRUMENT	15,277,073	-	-	15,277,073
INTEREST IN CASA FOUNDATION	14,249,016	-	(14,249,016)	-
Total Assets	$ 259,422,672	$ 14,304,863	$ (14,653,505)	$ 259,074,030

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

JULY 31, 2024

LIABILITIES AND NET ASSETS

LIABILITIES AND NET ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	$ 4,892,112	$ 24,510	$ -	$ 4,916,622
Interest Payable	134,064	-	-	134,064
Deposits from Residents	908,018	-	-	908,018
Refunds to Residents	708,430	-	-	708,430
Financing Lease Liability - Current	35,586	-	-	35,586
Obligations Under Gift Annuity Contracts - Current	304,853	-	-	304,853
Long-Term Debt - Current	1,900,328	-	-	1,900,328
Estimated Refundable Entrance Fees - Current	3,483,890	-	-	3,483,890
Retentions Payable - Current	948,836	-	-	948,836
Total Current Liabilities	13,316,117	24,510	-	13,340,627

LIABILITIES AND NET ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
NONCURRENT LIABILITIES				
Intercompany Payables	404,489	-	(404,489)	-
Obligations under Gift Annuity Contracts, Net of Current Portion	1,212,995	-	-	1,212,995
Deferred Contributions, Pooled Income Funds	-	31,337	-	31,337
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees	67,427,896	-	-	67,427,896
Estimated Refundable Entrance Fees, Net of Current Portion	29,378,421	-	-	29,378,421
Deferred Revenue from Unamortized Entrance Fees	63,880,065	-	-	63,880,065
Total Noncurrent Liabilities	162,303,866	31,337	(404,489)	161,930,714
Total Liabilities	175,619,983	55,847	(404,489)	175,271,341
NET ASSETS				
Without Donor Restrictions	76,559,147	7,005,472	(7,005,472)	76,559,147
With Donor Restrictions	7,243,542	7,243,544	(7,243,544)	7,243,542
Total Net Assets	83,802,689	14,249,016	(14,249,016)	83,802,689
Total Liabilities and Net Assets	$ 259,422,672	$ 14,304,863	$ (14,653,505)	$ 259,074,030

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED JULY 31, 2024

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Support and Revenues:				
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 42,119,510	$ -	$ (48,082)	$ 42,071,428
Contributions	200,329	124,520	(205,671)	119,178
Net Assets Released from Restrictions, Used for Operations	-	200,081	-	200,081
Net Assets Released from Restrictions, Used for Capital	-	240,871	-	240,871
Total Support and Revenues	42,319,839	565,472	(253,753)	42,631,558
Other Support:				
Interest and Dividends, Net	3,166,431	314,660	-	3,481,091
Net Realized Gains on Sale of Investments	1,748,611	5,976	-	1,754,587
Net Unrealized Gains on Investments	4,925,211	323,601	-	5,248,812

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Change in Value of Gift Annuity Contracts	(18,995)	77,407	-	58,412
Unrealized Gain on Derivative Instrument	(1,244,421)	-	-	(1,244,421)
Loss on Disposal of Fixed Assets	(1,056,181)	(240,871)	-	(1,297,052)
Other Revenues, Net	218,413	-	-	218,413
Total Other Support	7,739,069	480,773	-	8,219,842
Total Support and Revenues	50,058,908	1,046,245	(253,753)	50,851,400
Expenses:				
Program Services	36,520,919	281,556	(205,671)	36,596,804
Supporting Services: Management and General	8,547,326	142,135	(48,082)	8,641,379
Total Expenses	45,068,245	423,691	(253,753)	45,238,183
Total Changes in Net Assets Without Donor Restrictions	4,990,663	622,554	-	5,613,217

CASA DE LAS CAMPANAS

CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED JULY 31, 2024

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Contributions	$ -	$ 1,081,461	$ -	$ 1,081,461
Donated vehicles	-	5,000	-	5,000
Interest and Dividends, Net	-	318,967	-	318,967
Net Realized Losses on Sale of Investments	-	17,712	-	17,712
Net Unrealized Gains on Investments	-	291,456	-	291,456
Net Assets Released from Restrictions, Used for Operations	-	(200,081)	-	(200,081)
Net Assets Released from Restrictions, Used for Capital Expenditures	-	(240,871)	-	(240,871)
Change in Value of Gift Annuity Contracts	-	(107,446)	-	(107,446)
Change in Value of Charitable Remainder Trusts and Pooled Income Funds	-	50,226	-	50,226
Total Changes in Net Assets With Donor Restrictions	-	1,216,424	-	1,216,424
CHANGE IN INTEREST IN CASA FOUNDATION	1,838,978	-	(1,838,978)	-
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	6,829,641	1,838,978	(1,838,978)	6,829,641
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(271,791)	-	-	(271,791)
CHANGE IN NET ASSETS	6,557,850	1,838,978	(1,838,978)	6,557,850
Net Assets - Beginning of Year	77,244,839	12,410,038	(12,410,038)	77,244,839
NET ASSETS - END OF YEAR	$ 83,802,689	$ 14,249,016	$ (14,249,016)	$ 83,802,689

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Casa de las Campanas
Continuing Care Contract Annual Report
Part 6

State of California – Health and Human Services Agency | California Department of Social Services

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 11/25/2025

Field	Value
Facility Name	Casa de las Campanas
Address	18655 W Bernardo Drive
Zip Code	92127
Phone	858-451-9152
Provider Name	Casa de las Campanas
Facility Operator	Life Care Services, LLC
Religious Affiliation	None
Year Opened	1988
# of Acres	22
Miles to Shopping Center	1
Miles to Hospital	4

□ Single Story ☒ Multi-Story □ Other:

Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio	1	Assisted Living	36 with 49 beds
Apartments – 1 Bdrm	140	Skilled Nursing	51 with 93 beds
Apartments – 2 Bdrm	219	Special Care	18 with 27 beds
Cottages/Houses	-0-	Description	Memory Care

RLU Occupancy (%) at Year End: 91.3%

Type of Ownership: ☒ Not for Profit □ For Profit **Accredited?** □ Yes By: ☒ No

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

Refund Provisions: (Check all that apply) ☒ Refundable □ Repayable □ 90% ☒ 75% ☒ 50% ☒ Other: 2% plan

Range of Entrance Fees: $298,627 – $1,622,507

Long-Term Care Insurance Required? □ Yes ☒ No

Health Care Benefits Included in Contract: Dependent on contract signed, as options available

Entry Requirements: Min Age: 60 Prior Profession: N/A Other: Asset level

Resident Representative(s) to, and Resident Members on, the Board: (briefly describe provider's compliance and residents' roles): Resident Committee Chair attend Board Committee meetings in a non-voting capacity & one Resdient is a voting & one non-voting Board Member.

Source form: LIC 9273 (5/22)

State of California – Health and Human Services Agency | California Department of Social Services

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: PC Room	☒	☐

Services Available	Included in Fee	For Extra Charge
Housekeeping (2 Times/Month at $0 each) (handwritten: "2" and "0")	☒	☐
Meals (1-3/Day) (handwritten: "1-3")	☒	☒
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	☒	☐

Services Available	Included in Fee	For Extra Charge
Other: Wi-Fi all areas	☒	☐
Other: Bistro	☒	☐
Other: Bocce Court	☒	☐
Other: Card Rooms	☒	☐
Other: Dance Studio	☒	☐
Other: Dog Parks	☒	☐
Other: Massage Room	☒	☐
Other: Outdoor Dining/Meeting Area	☒	☐
Other: Resident Lounges	☒	☐

Source form: LIC 9273 (5/22)

State of California – Health and Human Services Agency | California Department of Social Services

Provider Name: Casa de las Campanas

Affiliated CCRCs	**Location (city, state)**	**Phone (with area code)**
None		

Multi-Level Retirement Communities	**Location (city, state)**	**Phone (with area code)**
None		

Free-Standing Skilled Nursing	**Location (city, state)**	**Phone (with area code)**
None		

Subsidized Senior Housing	**Location (city, state)**	**Phone (with area code)**
None		

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

Source form: LIC 9273 (5/22)

State of California – Health and Human Services Agency | California Department of Social Services

Provider Name: Casa de las Campanas

Income and Expenses [Year]	2022	2023	2024	2025
Income from Ongoing Operations — Operating Income (Excluding amortization of entrance fee income)	$37,905,359	$34,209,357	$37,494,448	$45,019,911
Less Operating Expenses (Excluding depreciation, amortization, and interest)	$31,233,925	$32,928,504	$35,246,197	$41,282,779
Net Income From Operations	$6,671,434	$1,280,853	$2,248,251	$3,737,132
Less Interest Expense	$1,366,104	$1,331,094	$1,348,788	$1,623,999
Plus Contributions	$181,997	$174,497	$119,178	$4,133,634
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	($5,812,424)	$5,377,769	$2,988,164	$12,441,962
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	($325,097)	$5,502,025	$4,006,805	$18,688,729
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	$9,386,426	$6,264,809	$24,171,905	$17,405,450

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

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
City National Bank	$67,421,198	2.225%	9/23/2020	10/2035	30 years

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

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2023	2024	2025
Debt to Asset Ratio	29.58	29%	26%	23%
Operating Ratio	102.19	101%	102%	99.7%
Debt Service Coverage Ratio	2.94	2.0	7.0	8.7
Days Cash On Hand Ratio	512.00	938	1,077	942

Source form: LIC 9273 (5/22)

State of California – Health and Human Services Agency | California Department of Social Services

Provider Name: Casa de las Campanas

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

Residence/Service [Year]	2022	%	2023	%	2024	%	2025	%
Studio	$2,928	4.2	$3,089	5.5	$3,552	15	$4,056	7.5
One Bedroom	$3,406	4.2	$3,593	5.5	$4,132	15	$5,026	7.5
Cottage/House								
Assisted Living	$4,318	4.2	$4,555	5.5	$5,238	15	$6,077	7.5
Skilled Living	$4,318	4.2	$4,555	5.5	$5,238	15	$6,077	7.5
Special Care	$4,318	4.2	$4,555	5.5	$5,238	15	$6,077	7.5

Comments from Provider: The Monthly Fees in FY 2025 represent the various contract type pricing. The average trends may vary as unit types were removed or added.

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

Long Term Debt, less Current portion ÷ Total Assets

Operating Ratio

Total Operating Expenses - Depreciation Expense - Amortization Expense ÷ Total Operating Revenues – Amortization of Deferred Revenue

Debt Service Coverage Ratio

Total Excess of Revenues Over Expenses + Interest, Depreciation, and Amortization Expenses + Amortization of Deferred Revenue + Net Proceeds from Entrance Fees ÷ Annual Debt Service

Days Cash On Hand Ratio

Unrestricted Current Cash & Investments + Unrestricted Non-Current Cash and Investments ÷ (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.

Source form: LIC 9273 (5/22)

Casa de las Campanas
Continuing Care Contract Annual Report
Part 7

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.

Source form: LIC 9270 (9/22)

California Health and Human Services Agency | California Department of Social Services

FORM 7-1 — REPORT ON CCRC MONTHLY CARE FEES

Item	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	$3171-$7572	$3171-$7572	$3171-$7572	$3171-$7572
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	7.5%	7.5%	7.5%	7.5%

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

3. Indicate the date the fee increase was implemented: August 1, 2024 (If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

- ☒ Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

Date of Notice: June 7, 2024 **Method of Notice:** Inhouse mail or US mail

- ☒ 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:** June 21, 2024
- ☒ 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:** June 30, 2023

Source form: LIC 9270 (9/22)

FORM 7-1 — REPORT ON CCRC MONTHLY CARE FEES (continued)

- ☒ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: June 7, 2024

- ☒ 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: June 21, 2024 **Location of Posting:** Bullentin Boards & Inhouse mailbox

- ☒ 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: June 7, 2024 **Location of Posting:** Bullentin Boards & Inhouse mailbox

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: Casa de las Campanas **COMMUNITY:** Casa de las Campanas

Source form: LIC 9270 (9/22)

Form 7-1 Attachment — Monthly Care Fee Increase

FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)

ANNUAL REPORTING FISCAL YEAR (F/Y) 2025

Dollar Amounts in Thousands

Line	Fiscal Years	2023	2024	2025
1	**F/Y 2022 Operating Expenses1**	$(41,766)		
2	**F/Y 2023 Operating Expenses2 (Adjustments include less interest expense, depreciation & amortization)**		$(35,246)	
3	**Projected F/Y 2024 Results of Operations (Budgeted operating costs)**			$(36,498)
4	**F/Y 2024 Anticipated MCF Revenue2 Based on Current and Projected Occupancy and Other4 without a MCFI**			$35,230
5	**Projected F/Y 2024 (Net) Operating Results2 without a MCFI (Line 3 plus Line 4)**			$(1,268)
6	**Projected F/Y 2024 Anticipated Revenue Based on Current and Projected Occupancy and Other4 with MCFI 5.5%**			$37,169
7	**Grand Total - Projected FY 2024 Net Operating Activity After 15% MCFI (Line 3 plus Line 6)**			$671

Monthly Care Fee Increase: 7.5%

Adjustments Explained:

Sixty percent of Casa's costs represent wages and benefits costs. It is expected that future rate increases are in line with the wage & benefit adjustment & cost of living increases.

The 2025 employee merit increases are projected at 3.7% plus other wage adjustments primarily for direct care nursing staff and the projected minimum wage increases effective January 1st in San Diego.

Casa Residents pay the same monthly fee for all levels of care, as it is based on the Independent Living unit they transfer from.

General Insurance costs are expected to increase by 10.7%, depending on the line of coverage. [1] Enter to the total operating expenses from the independent audit of the Statement of Operations [2] Internal Accounting and Budget Records does not include entrance fees [3] "Adjustments" can include but not limited to reserves [4] "Other" can include but not limited to Contributions and Ancillary

ATTACHMENT TO FORM 7-1

REPORT ON CCRC MONTHLY FEES

EXPLANATION FOR INCREASE IN MONTHLY SERVICE FEES

The financial goals of Casa de las Campanas' annual budgeting process and resulting rate setting is to establish a financial plan that is sufficient to meet the unique needs & service levels of our Residents, and support our mission. Monthly Fees were increased in Fiscal Year 2025 by 7.5% for all levels of care. The rate increase is derived from a process that considers the increased cost of providing services, and reasonable operating margins on a long-term basis that is necessary to ensure the continuation of the organizational mission. Anticipated cost increases included higher labor costs, insurance costs, utilities and normal inflationary cost increases related to purchases of supplies and services.

Labor costs were expected to increase in excess of 3.7%, especially with the year over year increase in the California minimum wage requirements in San Diego and the direct care nursing staff wage competitive pressures. Expenses related to employee benefits were expected to increase in excess of 11.9% due to increasing employee health benefit expense.

Supply and purchased service costs were estimated to increase commensurate with the consumer price index, which as of March 2024 reflected an increase of 3.6% for San Diego, California. Casa has also increased the monthly fees for the insurance policies and utility increases, that will be partially offset by Casa's solar project.

In addition, the Casa Foundation, has release funding for both operating costs such as activities and hardships as well as capital related items. Casa's operating & capital budget has included these types of continued support in our budgeting process, that has also offset the rate increase calculation.

The projected 2025 NOI (net operating income) shown on the following page is a temporary approach in our budget process during this period of higher inflationary pressures. Casa continues to reinvest in the physical plant, thereby maintaining the quality of the facility for current Residents and ensuring the continued marketability of the community to prospective residents. Additionally, the long-term positive NOI & unrestricted reserves ensures that the community will be able to fund unexpected costs or capital needs on a long-term basis, and continue its' mission to enhance the quality of life.

Casa de las Campanas
Continuing Care Contract Annual Report
Part 9

FORM 9-1 — CALCULATION OF REFUND RESERVE AMOUNT

FYE: 7/31/2025

Column headings as printed: [1] Resident Name | [2] Sex | [3] Entrance Fee | [4] Refund % | [5] Refund Amount (promised after 6 yrs) | [6] Age | [7] Life Exp. | [8] Present Value Multiplier | [9] Present Value of Refund

Note: The Resident Name column [1] is blank for every row in the source.

[1] Resident Name	[2] Sex	[3] Entrance Fee	[4] Refund %	[5] Refund Amount (promised after 6 yrs)	[6] Age	[7] Life Exp.	[8] Present Value Multiplier	[9] Present Value of Refund
	F	$1,002,412	75%	$751,809	84	7.438	0.648	$487,397
	F	$1,225,565	75%	$919,174	84	7.438	0.648	$595,899
	F	$696,830	75%	$522,623	80	9.620	0.571	$298,363
	F	$537,867	75%	$403,400	81	9.060	0.590	$237,939
	F	$982,215	75%	$736,661	81	9.060	0.590	$434,507
	F	$1,013,520	75%	$760,140	83	7.952	0.629	$478,257
	F	$944,727	75%	$708,545	82	8.501	0.609	$431,760
	F	$712,490	75%	$534,368	84	7.438	0.648	$346,430
	M	$677,606	75%	$508,205	88	4.513	0.769	$390,691
	F	$790,822	75%	$593,117	85	6.956	0.667	$395,469
	M	$886,787	75%	$665,090	85	5.475	0.727	$483,427
	F	$556,421	75%	$417,316	86	6.494	0.685	$285,844
	F	$737,490	75%	$553,118	85	6.956	0.667	$368,799
	F	$515,008	75%	$386,256	86	6.494	0.685	$264,569
	M	$548,959	75%	$411,719	87	4.806	0.756	$311,158
	F	$529,623	75%	$397,217	88	5.613	0.721	$286,409
	F	$615,747	75%	$461,810	88	5.613	0.721	$332,983
	M	$686,081	75%	$514,561	88	4.513	0.769	$395,577
	F	$952,371	75%	$714,278	88	5.613	0.721	$515,022
	F	$502,737	75%	$377,053	90	4.838	0.754	$538,812
	F	$626,154	75%	$469,616	90	4.838	0.754	$354,252
	F	$1,164,921	75%	$873,690	90	4.838	0.754	$659,064
	F	$665,960	75%	$499,470	84	7.438	0.648	$323,806
	F	$509,205	75%	$381,904	90	4.838	0.754	$288,087
	M	$874,666	75%	$656,000	91	3.670	0.807	$529,701
	F	$827,572	50%	$413,786	81	9.060	0.590	$244,065
	F	$719,237	75%	$539,428	91	4.501	0.769	$414,984
	F	$603,578	75%	$452,684	92	4.175	0.784	$354,930
	F	$520,839	75%	$390,629	92	4.175	0.784	$306,276
	F	$512,808	50%	$256,404	87	6.054	0.703	$180,187
	M	$692,108	75%	$519,081	92	3.388	0.821	$426,087
	M	$441,034	75%	$330,776	93	3.129	0.833	$275,646
	F	$590,004	75%	$442,503	93	3.862	0.798	$353,334
	F	$454,659	75%	$340,994	93	3.862	0.798	$272,280
	F	$639,397	75%	$479,548	93	3.862	0.798	$382,913
	M	$526,073	75%	$394,555	94	2.903	0.844	$333,153
	F	$452,697	75%	$339,523	94	3.579	0.812	$275,613

[1] Resident Name	[2] Sex	[3] Entrance Fee	[4] Refund %	[5] Refund Amount (promised after 6 yrs)	[6] Age	[7] Life Exp.	[8] Present Value Multiplier	[9] Present Value of Refund
	F	$500,779	75%	$375,584	94	3.579	0.812	$304,886
	F	$378,540	75%	$283,905	95	3.329	0.824	$233,846
	F	$875,580	75%	$656,685	95	3.329	0.824	$540,896
	F	$509,205	75%	$381,904	96	3.109	0.834	$318,624
	F	$532,122	75%	$399,092	97	2.914	0.844	$336,768
	F	$274,381	75%	$205,786	97	2.914	0.844	$173,650
	F	$493,137	75%	$369,853	93	3.862	0.798	$295,323
	F	$1,017,996	75%	$763,499	85	6.956	0.667	$509,074
	F	$716,268	75%	$537,201	89	5.200	0.739	$396,777
	F	$682,586	75%	$511,940	83	7.952	0.629	$322,097
	F	$925,829	75%	$694,372	83	7.952	0.629	$436,878
	F	$451,034	75%	$338,276	93	3.862	0.798	$270,109
	M	$883,812	75%	$662,859	86	5.124	0.742	$491,761
	F	$1,065,693	75%	$799,270	73	13.761	0.449	$358,475
	M	$548,959	75%	$411,719	85	5.475	0.727	$299,262
	F	$879,239	75%	$659,429	75	12.607	0.480	$316,328
	F	$319,344	75%	$239,508	100	2.433	0.868	$207,850
	F	$377,407	75%	$283,055	101	2.289	0.875	$247,711
	M	$387,143	75%	$290,357	101	1.919	0.894	$259,640
	F	$824,627	75%	$618,470	75	12.607	0.480	$296,680
								$0
TOTAL AMOUNT REQUIRED FOR REFUND RESERVE :								$20,470,324

PROVIDER/COMMUNITY: Casa de las Campanas, INC.

COMMUNITY: Casa de las Campanas, INC. FYE 07/31/2025

Casa de las Campanas — Form 9-1 Supporting Schedule

Fiscal Year Ending 7/31/2025

Amount	Description
$ 150,900,000	Net Equity (Casa de las Campanas appraised value 8-8-2023)
$ —	(blank line)
$ (69,363,810)	Less Debt (Bank Note & Leases)
$ 81,536,190	Net Equity (Real Estate & Buildings, net book value less any depreciation and encumbrances)
x .50	x .50
$ 40,768,095	Net Equity available
$ 20,470,324	Refund Reserve Requirement per DSS Form 9-1
x .70	x .70
$ 14,329,227	Amount of the Refund Reserve Requirement that could be offset by Net Equity of Real Estate & Buildings

Final Recap

Amount	Description
$ 13,923,207	Actual Refund Reserve Assets in Investments
$ 6,547,117	Adjusted Real Estate Equity
$ 20,470,324	Total Reserve Requirement