CASA DE LAS CAMPANAS

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JULY 31, 2023 AND 2022

CASA DE LAS CAMPANAS
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YEARS ENDED JULY 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective August 1, 2022, the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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.

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, 2023 and 2022, 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.

Audit Committee of the Board of Directors
Casa De Las Campanas

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
November 29, 2023

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JULY 31, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,542,566	$ 841,971
Cash Equivalent Assets Whose Use is Limited or Restricted for Current Liabilities (Note 5)	10,217,493	12,753,320
Invested Assets Whose Use is Limited or Restricted for Current Liabilities (Note 5)	4,548,413	4,230,850
Accounts Receivable, Net of Allowance for Doubtful Accounts of $41,500 and $47,913, Respectively	2,871,923	924,631
Prepaid Expenses and Other Current Assets	3,157,515	2,692,744
Contributions Receivable	-	122,142
Current Portion of Costs of Acquiring Contracts	13,804	11,205
Total Current Assets	23,351,714	21,576,863
ASSETS WHOSE USE IS LIMITED OR RESTRICTED, LESS AMOUNTS CLASSIFIED AS CURRENT	14,419,636	14,264,329
LONG-TERM INVESTMENTS	85,308,685	97,781,472
PROPERTY, BUILDINGS AND EQUIPMENT, NET	101,254,866	91,233,253
FINANCE ROU ASSETS	53,014	-
COST OF ACQUIRING CONTRACTS, NET OF CURRENT PORTION	448,442	305,373
DERIVATIVE INSTRUMENT	16,521,495	11,256,871
Total Assets	$ 241,357,852	$ 236,418,161

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JULY 31, 2023 AND 2022

LIABILITIES AND NET ASSETS	2023	2022
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 5,725,236	$ 4,957,244
Interest Payable	137,762	141,382
Deposits from Residents	825,700	520,526
Refunds to Residents	-	4,000
Current Lease Liability - Financing	32,148	31,375
Current Portion of Obligations Under Gift Annuity Contracts	292,109	333,850
Current Portion of Long-Term Debt	1,854,311	1,813,296
Current Portion of Estimated Refundable Entrance Fees	3,645,000	3,897,000
Current Portion of Retentions Payable	492,837	-
Total Current Liabilities	13,005,103	11,698,673
NONCURRENT LIABILITIES		
Long-Term Lease Liability - Financing (Less Current Maturities)	32,879	67,674
Obligations under Gift Annuity Contracts, Net of Current Portion	1,176,890	1,294,135
Deferred Contributions, Pooled Income Funds	34,770	46,757
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees	69,332,976	71,190,135
Estimated Refundable Entrance Fees, Net of Current Portion	25,302,652	25,472,129
Deferred Revenue from Unamortized Entrance Fees	55,227,743	57,019,195
Total Noncurrent Liabilities	151,107,910	155,090,025
Total Liabilities	164,113,013	166,788,698
NET ASSETS		
Without Donor Restrictions	71,217,719	63,669,087
With Donor Restrictions	6,027,120	5,960,376
Total Net Assets	77,244,839	69,629,463
Total Liabilities and Net Assets	$ 241,357,852	$ 236,418,161

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUES			
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 39,963,844	$ -	$ 39,963,844
Contributions	167,097	93,427	260,524
Total Support and Revenues	40,130,941	93,427	40,224,368
OTHER SUPPORT			
Donated Vehicles	7,400	2,700	10,100
Interest and Dividends, Net	3,882,161	336,153	4,218,314
Net Realized Gains (Losses) on Sale of Investments	477,126	(21,754)	455,372
Net Unrealized Gains on Investments	247,162	32,478	279,640
Change in Value of Gift Annuity Contracts	275,648	(121,215)	154,433
Change in Value of Charitable Remainder Trusts and Pooled Income funds	-	13,490	13,490
Unrealized Gain on Derivative Instrument	5,264,624	-	5,264,624
Loss on Disposal of Fixed Assets	(595,950)	-	(595,950)
Other Revenues	151,285	-	151,285
Total Other Support	9,709,456	241,852	9,951,308
NET ASSETS RELEASED FROM RESTRICTIONS	268,534	(268,534)	-
Total Support and Revenues	50,108,931	66,745	50,175,676
EXPENSES			
Program Services	34,814,077	-	34,814,077
Supporting Services:			
Management and General	6,951,837	-	6,951,837
Total Expenses	41,765,914	-	41,765,914
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	8,343,017	66,745	8,409,762
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(794,386)	-	(794,386)
CHANGE IN NET ASSETS	7,548,631	66,745	7,615,376
Net Assets - Beginning of Year	63,669,087	5,960,375	69,629,463
NET ASSETS - END OF YEAR	$ 71,217,718	$ 6,027,120	$ 77,244,839

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUES			
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 36,219,461	$ -	$ 36,219,461
Contributions	156,484	164,651	321,135
Total Support and Revenues	36,375,945	164,651	36,540,596
OTHER SUPPORT			
Grant - CARES Act	25,513	-	25,513
Donated Vehicles	-	8,300	8,300
Interest and Dividends, Net	8,646,482	540,333	9,186,815
Net Realized Gains on Sale of Investments	1,844,557	36,049	1,880,606
Net Unrealized Gains on Investments	(18,071,886)	(979,020)	(19,050,906)
Change in Value of Gift Annuity Contracts	(185,118)	(105,656)	(290,774)
Change in Value of Charitable Remainder			-
Trusts and Pooled Income Funds	-	(126,143)	(126,143)
Unrealized Gain on Derivative Instrument	9,068,653	-	9,068,653
Forgiveness of Refundable Advance (PPP Loan)	2,915,100	-	2,915,100
Loss on Disposal of Fixed Assets	(9,649)	-	(9,649)
Other Revenues	373,375	-	373,375
Total Other Support	4,607,027	(626,137)	3,980,890
NET ASSETS RELEASED FROM RESTRICTION	95,101	(95,101)	-
Total Support and Revenues	41,078,073	(556,587)	40,521,486
EXPENSES			
Program Services	32,075,377	-	32,075,377
Supporting Services:			
Management and General	7,597,645	-	7,597,645
Total Expenses	39,673,022	-	39,673,022
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	1,405,051	(556,587)	848,464
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(31,397,072)	-	(31,397,072)
CHANGE IN NET ASSETS	(29,992,021)	(556,587)	(30,548,608)
Net Assets - Beginning of Year	93,661,108	6,516,962	100,178,071
NET ASSETS - END OF YEAR	$ 63,669,087	$ 5,960,375	$ 69,629,463

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2023

	Program Services						
	Residential Care	Nursing Care	Clinic	Home Health	Total	Management and General	Total Expenses
Salaries and Benefits	$ 8,122,949	$ 6,271,541	$ 712,204	$ 390,691	$ 15,497,385	$ 1,744,476	$ 17,241,861
Contracted Services	1,288,210	1,947,717	1,499	155,033	3,392,459	1,942,641	5,335,100
Supplies	526,372	724,408	2,276	109	1,253,165	41,162	1,294,327
Raw Food	2,050,616	414,092	-	-	2,464,708	-	2,464,708
Utilities	2,568,699	148,780	2,491	765	2,720,735	303,901	3,024,636
Insurance	-	-	-	-	-	1,968,661	1,968,661
Interest Expense	1,266,139	56,319	1,237	380	1,324,075	7,019	1,331,094
Depreciation	7,304,656	142,698	2,459	755	7,450,568	9,913	7,460,481
Bad Debt Expense	-	72,039	-	-	72,039	-	72,039
Other Expenses	349,441	282,537	2,452	4,513	638,943	934,064	1,573,007
Total	$ 23,477,082	$ 10,060,131	$ 724,618	$ 552,246	$ 34,814,077	$ 6,951,837	$ 41,765,914
Percentage of Total Expenses	56.2%	24.1%	1.7%	1.3%	83.4%	16.6%	100%

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2022

	Program Services						
	Residential Care	Nursing Care	Clinic	Home Health	Total	Management and General	Total Expenses
Salaries and Benefits	$ 8,030,220	$ 5,822,998	$ 740,223	$ 484,846	$ 15,078,287	$ 2,739,112	$ 17,817,399
Contracted Services	963,255	1,134,537	978	46,143	2,144,913	2,541,896	4,686,809
Supplies	608,829	614,219	2,038	779	1,225,865	66,681	1,292,546
Raw Food	2,013,634	364,525	-	-	2,378,159	-	2,378,159
Utilities	2,124,627	93,307	2,050	629	2,220,613	284,344	2,504,957
Insurance	-	-	-	-	-	1,124,148	1,124,148
Interest Expense	1,300,406	57,844	1,271	390	1,359,911	6,193	1,366,104
Depreciation	6,836,794	109,369	1,363	418	6,947,944	5,493	6,953,437
Bad Debt Expense	-	64,500	-	-	64,500	-	64,500
Other Expenses	382,062	262,779	1,891	8,453	655,185	829,778	1,484,963
Total	$ 22,259,827	$ 8,524,078	$ 749,814	$ 541,658	$ 32,075,377	$ 7,597,645	$ 39,673,022
Percentage of Total Expenses	56.1%	21.5%	1.9%	1.4%	80.8%	19.2%	100%

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2023 AND 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Cash Received from Residents and Third-Party Payors	$ 24,722,621	$ 24,150,945
Reimbursement for Services to Nonresidents	5,125,036	3,682,065
Grant – CARES Act	-	25,513
Contributions	368,927	379,116
Cash Paid to Suppliers and Employees	(33,131,096)	(33,474,183)
Cash Paid for Interest on Long-Term Debt and Capital Lease Obligations, Net of Amounts Capitalized of $389,109 and $399,179, Respectively	(1,650,967)	(1,689,816)
Net Cash Used by Operating Activities	(4,565,479)	(6,926,360)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital Expenditures	(17,702,034)	(7,776,791)
Sales of Investments	20,394,787	12,870,657
Purchases of Investments	(3,609,467)	(5,602,398)
Net Cash Used by Investing Activities	(916,714)	(508,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Entrance Fees	9,876,098	11,857,014
Refunds of Entrance Fees	(3,611,289)	(2,470,588)
Net Change in Resident Deposits	305,174	57,896
Payments on Finance Leases	(34,022)	(28,147)
Principal Payments on Long-Term Debt	(1,889,000)	(1,845,000)
Net Cash Provided by Financing Activities	4,646,961	7,571,175
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(835,232)	136,283
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	13,595,291	13,459,008
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 12,760,059	$ 13,595,291
SUPPLEMENTAL DISCLOSURE OF NONCASH INFORMATION		
Accrued Capital Expenditures	$ 492,837	$ 706,796
SUPPLEMENTAL SCHEDULE - CASH RECONCILIATION		
Cash and Cash Equivalents	$ 2,542,566	$ 841,971
Cash Equivalent Assets Whose use is Limited or Restricted for Current Liabilities	10,217,493	12,753,320
Total Cash, Cash Equivalents, and Restricted Cash	$ 12,760,059	$ 13,595,291

See accompanying Notes to Consolidated Financial Statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JULY 31, 2023 AND 2022

	2023	2022
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH, CASH EQUIVALENTS, AND RESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 7,615,376	$ (30,548,608)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities:		
Depreciation	7,460,481	6,953,437
Amortization of Deferred Financing Fees	72,856	74,738
Amortization of Finance Lease Right of Use Asset	(53,014)	-
Amortization of Costs of Acquiring Contracts	25,993	44,818
Change in Allowance for Doubtful Accounts	(6,413)	(51,270)
Amortization Contract Revenues from Entrance Fees	(10,113,774)	(8,805,141)
Loss on Impairment of Construction Projects	-	31,397,072
Loss on Disposal of Fixed Assets	676,016	9,649
Interest and Dividend Reinvestment	(4,218,314)	(9,186,815)
Reinvestment of Net Realized Gains on Sale of Investments	(455,372)	(1,880,606)
Net Unrealized (Gains) Losses on Investments	(279,640)	19,050,906
Deferred Contributions, Pooled Income Fund	(11,987)	24,346
Change in Value of Charitable Remainder Trusts and Pooled Income Funds	13,490	(126,143)
Change in the Value of Gift Annuity Contracts	154,433	(290,774)
Unrealized Gains on Derivative Instrument	(5,264,624)	(9,068,653)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(308,843)	227,325
Prepaid Expenses and Other Current Assets	(464,771)	(841,813)
Contributions Receivable	122,142	57,981
Costs of Acquiring Contracts	(171,661)	79,546
Accounts Payable and Accrued Expenses	804,753	(893,812)
Interest Payable	(3,620)	(3,534)
Refundable Advance - Paycheck Protection Program	-	(2,915,100)
Obligations Under Gift Annuity Contracts	(158,986)	(233,909)
Net Cash Provided (Used) by Operating Activities	$ (4,565,479)	$ (6,926,360)

See accompanying Notes to Consolidated Financial Statements.

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 357 independent living units, 41 assisted living units with a capacity of 54 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 93-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.

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.

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.

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

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 doubtful accounts is established based upon management's estimate of uncollectible accounts. Collections on accounts previously written off are included in income as received.

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 year ended July 31, 2023. Refer to Note 7 for impairment loss recognized during the year ended July 31, 2022.

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:

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

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, and these changes are excluded from the Organization's performance indicator.

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 financial position.

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

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*. Generally, the Organization is deemed to have Type A life care contracts that are all-inclusive continuing care contracts that include residential facilities, other amenities, and access to health care services, primarily assisted living and nursing care, although occasionally the Organization enters into modified rental contracts. At July 31, 2023 and 2022, the Organization had one rental contract for both years.

Type A 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 the appropriate level of care based on his or her needs. A Type A contract also allows the resident the ability to cancel the residency care agreement at any time, and thus, because of this provision, the resident agreement for a Type A life care CCRC resident is deemed to be a monthly contract with the option to renew.

Contract Revenues

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

Entrance Fees – The Type A 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.

After the 90-day period has expired, residents are entitled to receive various amounts of refunds based upon one of the three agreements covering Casa as of July 31, 2023 and 2022, as follows:

- *Standard Resident Agreement (126 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 (191 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.

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

Revenue Recognition from Contracts with Customers (Continued)

Contract Revenues (Continued)

- *Refundable 75% Plan (59 agreements)* – Residents (or their estates) are entitled to a refund of 75% of the entrance fee paid.

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.

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.

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

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, 2023 and 2022, the Organization had no uncertain tax positions requiring accrual.

Charity Care

Pursuant to its mission statement as described in Note 1, the Organization provides free services to those residents who are unable to pay all or a portion of their charges and those who meet certain eligibility criteria. Records are maintained to identify and monitor the level of charity care provided. For the year ended July 31, 2023, unreimbursed costs foregone for charity care amounted to $164,623, and charitable gifts received to offset costs amounted to $93,347. For the year ended July 31, 2022, unreimbursed costs foregone for charity care amounted to $211,379, and charitable gifts received to offset costs amounted to $85,853. 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, 2023 and 2022.

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.

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

Public Contributions (Continued)

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, 2023 and 2022, there were no in-kind service contributions recognized.

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 4.6% and 3.6% as of July 31, 2023 and 2022, 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.

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

Split-Interest Agreements (Continued)

Charitable Gift Annuities (Continued)

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, 2023 and 2022, the amount of the reserve was $1,468,999 and $1,627,985, 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, 2023 and 2022.

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.

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

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.

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.

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

Fair Value of Financial Instruments (Continued)

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.

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 2025.

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, 2023 and 2022, to value the Organization's assets and liabilities at fair value.

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

Adoption of New Accounting Standard:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective August 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended July 31, 2022 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on August 1, 2022 a lease liability at the carrying amount of the capital lease obligations on July 31, 2022, of $99,049 and a right-of-use asset at the carrying amount of the capital lease asset of $122,956. The standard did not have a material impact on the consolidated financial statements.

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.

Finance leases are included in finance ROU asset, and current and long-term lease liabilities - financing on the accompanying consolidated statements of financial position.

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

Leases (Continued)

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 2022 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:

	2023	2022
Revenue from Contracts with Customers:		
Entrances Fees, Amortized and on Terminated Contracts	$ 10,113,774	$ 8,805,141
Resident Fee Revenue:		
Monthly Fees and Ancillary Charges	23,534,785	22,768,478
Health-Care Services:		
Self-Pay Health-Care Center	341,528	382,547
Self-Pay Assisted Living - Dementia Care	16,484	71,096
Third-Party Payors (Medicare, HMO, Hospice, and Others, Net of Contractual Allowances and Discounts)	6,006,972	4,237,751
Total Revenues from Contracts with Customers	$ 40,013,543	$ 36,265,013

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, 2023	July 31, 2022	July 31, 2021
Accounts Receivable, Net of Allowance	$ 2,871,923	$ 924,631	$ 1,100,686
Cost of Acquiring Contracts	$ 462,246	$ 316,578	$ 440,942
Estimated Refundable Entrance Fees	$ 28,947,652	$ 29,369,129	$ 28,244,670
Deferred Revenue from Unamortized Entrance Fees	$ 55,227,743	$ 57,019,195	$ 57,170,236
Deposits from Residents	$ 825,700	$ 520,526	$ 462,630
Refunds Payable to Residents	$ -	$ 4,000	$ 473,960

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, 2023 and 2022, 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:

	2023	2022
Cash and Cash Equivalents	$ 2,495,801	$ 821,489
Investments	80,047,084	92,943,972
Account Receivable, Net	2,871,923	924,631
Accrued Interest Income	92,365	72,384
Total Financial Assets Available to Meet General Expenditures within One Year	$ 85,507,173	$ 94,762,476

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, 2023 and 2022, are as follows:

	2023	2022
Cash and Cash Equivalents	$ 46,765	$ 20,482
Investments	5,261,601	4,837,500
Contributions Receivable	-	122,142
Accrued Interest Income	11,884	5,645
Total Financial Assets Available to Meet General Expenditures within One Year	$ 5,320,250	$ 4,985,769

Excluded from the amounts above are those investments that do not have immediate liquidity and are intended to be held for both short-term and long-term purposes and restrictions. 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, 2023 and 2022, 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:

	2023	2022
Held by Administrative Agent Under Loan Agreement	$ 10,217,492	$ 12,753,320
Refund Reserve*	11,446,573	11,005,804
Restricted by Donors	5,276,517	4,988,318
Charitable Gift Annuities	1,468,999	1,627,985
Charitable Remainder Trusts	655,408	646,140
Pooled Income Fund	120,553	226,932
Total Assets Whose Use is Limited or Restricted	29,185,542	31,248,499
Less: Amounts Required for Current Liabilities	(14,765,906)	(16,984,170)
Assets Whose Use is Limited or Restricted Less Current Liabilities and Cash Equivalents	$ 14,419,636	$ 14,264,329

* In order to meet the refund reserve requirement for the years ended July 31, 2023 and 2022, 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 $8,608,057 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, 2023 and 2022, is as follows:

	2023	2022
Money Market Funds	$ 10,206,200	$ 13,026,916
Domestic - Bond Mutual Funds	25,036,476	29,279,346
International - Bond Mutual Funds	2,840,147	3,059,265
Domestic - Equity (Including Mutual Funds)	25,955,864	28,000,602
International - Equity (Including Mutual Funds)	16,125,759	18,306,733
Balance Mutual Funds	11,480,225	11,044,038
Limited Partnership	38,916	90,023
Absolute Return	1,591,977	1,515,926
US Government Obligation	897,649	761,494
Real Asset Fund	47,566	15,523
Hedge Fund	4,810,321	6,638,630
Real Estate Partnership	14,807,719	16,645,335
Charitable Remainder Trusts	655,408	646,140
Total Investments	114,494,227	129,029,971
Less: Amounts Classified as Assets Whose Use is Limited or Restricted - Current and Noncurrent	(29,185,542)	(31,248,499)
Long-Term Investments	$ 85,308,685	$ 97,781,472

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, 2023 are summarized as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and Dividends	$ 3,882,161	$ 336,153	$ 4,218,314
Realized Gains on Sales of Investments	477,126	(21,754)	455,372
Net Unrealized Gain on Investments	247,162	32,478	279,640
Change in Value of Gift Annuity Contracts, Pooled Income Funds, and Charitable Remainder Trust	275,648	(107,725)	167,923
Total	$ 4,882,097	$ 239,152	$ 5,121,249

Investment income and losses on cash equivalents, investments, and assets whose use is limited or restricted for the year ended July 31, 2022, are summarized as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and Dividends	$ 8,646,482	$ 540,333	$ 9,186,815
Realized Gains on Sales of Investments	1,844,557	36,049	1,880,606
Net Unrealized Loss on Investments	(18,071,886)	(979,020)	(19,050,906)
Change in Value of Gift Annuity Contracts, Pooled Income Funds, and Charitable Remainder Trust	(185,118)	(231,799)	(416,917)
Total	$ (7,765,965)	$ (634,437)	$ (8,400,402)

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, 2023:

	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	$ 10,206,200	$ -	$ -	$ 10,206,200
Mutual Funds:				
Domestic - Bond Mutual Funds	25,036,476	-	-	25,036,476
International - Bond Mutual Funds	2,840,147	-	-	2,840,147
Domestic - Equity (Including Mutual Funds)	25,955,864	-	-	25,955,864
International - Equity (Including Mutual Funds)	16,125,759	-	-	16,125,759
Balanced Mutual Funds	11,480,225	-	-	11,480,225
Limited Partnerships	-	-	38,916	38,916
U.S. Government Obligations	-	897,649	-	897,649
Real Asset Fund	47,566	-	-	47,566
Charitable Remainder Trusts	-	-	655,408	655,408
Total Assets Measured at Fair Value	$ 91,692,237	$ 897,649	$ 694,324	93,284,210
Assets Measured at Net Assets Value:				
Absolute Return Funds				1,591,977
Alternate Investment Funds				19,618,040
Total Investments				$ 114,494,227
Fair Value of Interest Rate Swap	$ -	$ 16,521,495	$ -	$ 16,521,495
Liabilities:				
Obligation Under Gift Annuity Contracts	$ -	$ -	$ 1,468,999	$ 1,468,999
Deferred Contributions, Pooled Income Funds	-	-	34,770	34,770
Total Liabilities	$ -	$ -	$ 1,503,769	$ 1,503,769

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, 2022:

	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	$ 13,026,916	$ -	$ -	$ 13,026,916
Mutual Funds:				
Domestic - Bond Mutual Funds	29,279,346	-	-	29,279,346
International - Bond Mutual Funds	3,059,265	-	-	3,059,265
Domestic - Equity (Including Mutual Funds)	28,000,602	-	-	28,000,602
International - Equity (Including Mutual Funds)	18,306,733	-	-	18,306,733
Balanced Mutual Funds	11,044,038	-	-	11,044,038
Limited Partnerships	-	-	90,023	90,023
U.S. Government Obligations	-	761,494	-	761,494
Real Asset Fund	15,523	-	-	15,523
Charitable Remainder Trusts	-	-	646,140	646,140
Total Assets Measured at Fair Value	$ 102,732,423	$ 761,494	$ 736,163	104,230,080
Assets Measured at Net Assets Value:				
Absolute Return Funds				1,515,926
Alternate Investment Funds				23,283,965
Total Investments				$ 129,029,971
Fair Value of Interest Rate Swap	$ -	$ 11,256,871	$ -	$ 11,256,871
Liabilities:				
Obligation Under Gift Annuity Contracts	$ -	$ -	$ 1,627,985	$ 1,627,985
Deferred Contributions, Pooled Income Funds	-	-	46,757	46,757
Total Liabilities	$ -	$ -	$ 1,674,742	$ 1,674,742

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, 2023 and 2022, 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, 2021	$ 104,088	$ 723,462	$ (1,884,305)
Net Realized Gains	-	-	-
Unrealized Gain	85,118	-	-
Changes in Value	-	(77,322)	209,563
Sales	(99,183)	-	-
Fair Value - July 31, 2022	90,023	646,140	(1,674,742)
Net Realized Gains	-	-	-
Unrealized Gains	60,907	-	-
Change in Value	-	9,268	170,973
Sale	(112,014)	-	-
Fair Value - July 31, 2023	$ 38,916	$ 655,408	$ (1,503,769)

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

<u>Limited Partnerships</u>

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.

NOTE 6 INVESTMENTS AND FAIR VALUE DISCLOSURE (CONTINUED)

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.

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:

	2023	2022
Land and Improvements	$ 18,622,332	$ 18,130,556
Buildings and Improvements	148,669,661	137,841,350
Property Under Capital Leases	-	127,196
Furniture and Equipment	13,764,344	12,611,382
Vehicles	1,508,743	1,177,031
Art Collection	300,678	300,678
Total Depreciable Assets	182,865,758	170,188,193
Less: Accumulated Depreciation and Amortization	(87,302,778)	(80,481,061)
Subtotal	95,562,980	89,707,132
Construction in Progress	5,691,886	1,526,121
Property, Building, Equipment, Net	$ 101,254,866	$ 91,233,253

Depreciation expense for the years ended July 31, 2023 and 2022, amounted to $7,460,481 and $6,953,437, respectively.

Casa has several projects under construction and predevelopment. Total predevelopment and construction costs as of July 31, 2023 and 2022, amounted to $5,691,886 and $1,526,121, 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. Subsequent to year end, Management determined the costs were not recoverable and accordingly, effective July 31, 2022, total carrying costs of $31,397,072 were realized as an impairment loss on the accompanying statement of activities. During the year ended July 31, 2023, total costs incurred related to the impairment of the health center amounted to $794,386.

Casa's estimated costs to complete construction of ongoing projects are approximately $8,025,000 and $706,796 as of July 31, 2023 and 2022, respectively. Outstanding commitments on these projects totaled approximately $938,217 and $1,755,196 as of July 31, 2023 and 2022, respectively.

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

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

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
2023			
Donor-Restricted Endowment Funds	$ -	$ 4,569,746	$ 4,569,746
Board-Designated Endowment Funds	5,071,887	-	5,071,887
Total Endowment Funds	$ 5,071,887	$ 4,569,746	$ 9,641,633
2022			
Donor-Restricted Endowment Funds	$ -	$ 4,635,521	$ 4,635,521
Board-Designated Endowment Funds	4,523,463	-	4,523,463
Total Endowment Funds	$ 4,523,463	$ 4,635,521	$ 9,158,984

NOTE 8 ENDOWMENT (CONTINUED)

Composition and Changes in Endowment Net Assets

Changes in endowment net assets for the years ended July 31, 2023 and 2022, were as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment Net Assets - July 31, 2021	$ 4,933,244	$ 5,259,776	$ 10,193,020
Investment Return:			
Investment Income, Net	557,849	555,952	1,113,801
Net Appreciation, (Realized/Unrealized)	(946,763)	(941,089)	(1,887,852)
Change in Value	-	(133,593)	(133,593)
Total Investment Return	(388,914)	(518,730)	(907,644)
Contributions	76,216	55,128	131,344
Transfers	91,947	-	91,947
Appropriation of Endowment Assets for Expenditure	(189,030)	(160,653)	(349,683)
Endowment Net Assets - July 31, 2022	4,523,463	4,635,521	9,158,984
Investment Return:			
Investment Income, Net	330,214	287,123	617,337
Net Appreciation, (Realized/Unrealized)	15,940	(21,934)	(5,994)
Donated Vehicles	4,440	-	4,440
Change in Value	-	(111,999)	(111,999)
Total Investment Return	350,594	153,190	503,784
Contributions	22,378	7,904	30,282
Transfers	447,878	-	447,878
Appropriation of Endowment Assets for Expenditure	(272,426)	(226,869)	(499,295)
Endowment Net Assets - July 31, 2023	$ 5,071,887	$ 4,569,746	$ 9,641,633

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 $1,062,598 and $964,595 as of July 31, 2023 and 2022, 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.

NOTE 8 ENDOWMENT (CONTINUED)

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)

<u>Spending Policy and How the Investment Objectives Relate to Spending Policy</u>

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:

	2023	2022
Net Assets With Donor Restrictions -		
Purpose Restrictions:		
Assets Restricted for Activities	$ 55,121	$ 51,827
Assets Restricted for Art	3,935	3,330
Assets Restricted for Art Collections	300,678	300,678
Assets Restricted for Capital Improvements	14,818	14,818
Assets Restricted for Chaplains	27,514	24,254
Assets Restricted for Charitable Remainder Trusts	328,602	328,550
Assets Restricted for Education Assistance	5,981	5,981
Assets Restricted for Employee Disaster and Assistance	6,441	6,320
Assets Restricted for Employee Scholarships	908,705	779,071
Assets Restricted for Health Care	164,946	272,216
Assets Restricted for Music Activities	346,387	329,930
Assets Restricted for Pooled Income	85,094	180,174
Assets Restricted for the Residential Fund	62	62
Assets Restricted for Residential Hardship	740,848	714,307
Assets Restricted for the Norte Library	19,144	18,360
Assets Restricted for the Sur Library	7,225	7,605
Assets Restricted for the Rose and Garden Club	17,875	18,520
Assets Restricted for the Rosenmeier Health Fund	46,818	42,728
Assets Restricted for Technology	245,458	216,133
Assets Restricted for Transportation	675,570	649,866
Assets Restricted for General Use	2,025,899	1,995,645
Total Net Assets With Donor Restrictions	$ 6,027,121	$ 5,960,375

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:

	2023	2022
Resident Hardships	$ 96,389	$ 95,101
Employee Scholarships	27,417	-
General Purpose	114,728	-
Capital Expenditures	30,000	-
Total	$ 268,534	$ 95,101

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, 2023 and 2022:

	2023	2022
Commercial Bank Note, Bears Interest at 2.225%, Calls for Monthly Interest and Principal Payments Through Maturity in October 2035.	$ 71,902,000	$ 73,791,000
Less: Unamortized Deferred Financing Fees	(714,713)	(787,569)
Total Long-Term Debt	71,187,287	73,003,431
Less: Current Portion of Long-Term Debt	(1,854,311)	(1,813,296)
Long-Term Portion of Long-Term Debt	$ 69,332,976	$ 71,190,135

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
2024	$ 1,930,000	$ (70,920)	$ 1,859,080
2025	1,976,000	(68,958)	1,907,042
2026	2,021,000	(66,947)	1,954,053
2027	2,069,000	(64,888)	2,004,112
2028	2,114,000	(62,784)	2,051,216
Thereafter	61,792,000	(380,216)	61,411,784
Total	$ 71,902,000	$ (714,713)	$ 71,187,287

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 Bonds or any other indebtedness. As of July 31, 2023 and 2022, Casa was in 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 one-month LIBOR 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, 2023, the variable interest rate was 0.10225%. As of July 31, 2023, the notional amount of the Swap Agreement was $71,902,000, and the fair value of the Swap Agreement was an asset of $16,521,495. 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 CORONAVIRUS

Paycheck Protection Program

In April 2020, Casa applied for and received funds under the Small Business Administration (SBA) Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in the amount of $3,072,100. During the year ended July 31, 2020, the Organization made a voluntary partial payment of $157,000. The application for these funds requires Casa to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires Casa to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to its business. The receipt of these funds, and the forgiveness of the loan, is dependent upon Casa having initially qualified for the loan and qualifying for the forgiveness of such loan is based on future adherence to the forgiveness criteria. Therefore, the Casa has classified this loan as a conditional contribution for accounting purposes. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position. On August 5, 2021, the SBA processed the Organization's PPP Loan forgiveness application and notified the Organization that the PPP Loan qualified for full forgiveness and accordingly, the Organization recognized forgiveness of the refundable advance on the accompanying consolidated statement of activities.

NOTE 11 CORONAVIRUS (CONTINUED)

Provider Relief Funds

Under the CARES Act, the U.S. Department of Health & Human Services (HHS) was allocated $175 billion in relief funds to be given to hospitals and other health care providers on the front lines of the COVID-19 response. These funds are also known as Provider Relief Funds (PRF). Payments from PRF are being distributed by HHS through various general distributions and targeted distributions. PRF payments may be used to cover lost revenue attributable to COVID-19 or health-related expenses, which include purchasing supplies and equipment, workforce training, reporting COVID-19 test results to federal, state, or local government, building or constructing temporary structures for COVID-19 patient care or non-COVID-19 patients, acquiring additional resourcing, and developing and staffing emergency operation centers. During the year ended July 31, 2022, the Organization received PRF payments totaling $25,513. Management believes they are in compliance with all grant terms and as such, the funds are presented as grant revenues in the consolidated statements of activities.

NOTE 12 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, 2023:

Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	$	26,521
Interest on Lease Liabilities		2,033
Total Lease Cost	$	28,554
Other Information:		
Operating Cash Flows from Finance Leases	$	2,033
Financing Cash Flows from Leases	$	31,178
Weighted-Average Remaining Lease Term - Finance Lease		2.0 Years
Weighted-Average Discount Rate - Finance Leases		2.66%

NOTE 12 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, 2023, is as follows:

Year Ending July 31,	Financing Leases
2024	$ 33,281
2025	33,281
Total Lease Payments	66,562
Less: Imputed Interest	(1,535)
Present Value of Lease Liabilities	$ 65,027
Current Portion lease liabilities	32,148
Long-term lease liabilities	32,879
Total	$ 65,027

Leases ASC 840

Casa leases certain equipment under a capital lease agreement. As of July 31, 2022, the cost of assets under the capital lease agreement amounts to $127,196, with accumulated amortization of $4,240, which is included in property, buildings, and equipment in the accompanying consolidated statements of financial position and amortized over the applicable lease terms of 4 to 5 years. Amortization expense of capital leases in 2022 amounted to $2,120, and is included in depreciation and amortization expense (see Note 7). Future minimum lease payments for fiscal year ended July 31, 2022, are $102,617, including interest due of $3,568 at 2.25%.

NOTE 13 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, 2023 and 2022, the obligation is discounted at 4.00% and 5.00%, respectively. At July 31, 2023 and 2022, 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.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 $1,044,783 and $1,444,280, inclusive of salary and benefits, for the years ended July 31, 2023 and 2022, respectively. Amounts due and payable under this agreement amounted to $244,485 and $187,384 at July 31, 2023 and 2022, respectively. Also under this agreement, the Organization had credits due totaling $145,830 to offset future fees. Management fee expense may vary year to year, as certain amounts are based upon an incentive performance computation.

In October 2013, Casa entered into a development agreement with LCS Development LLC. The agreement covers services relating to the renovation and expansion of existing buildings and common spaces on the Casa campus, including the following: planning and development, assisting with financing, managing state and local approvals, arranging design and construction services, and handling certain bookkeeping functions. In July 2016, Casa completed an amendment to the development agreement with LCS Development LLC, which changed the development fee to 4.50% from 4.75% of the capital costs relating to the project. The development fee will be paid coinciding with achieving certain milestones throughout the development and construction phases of the renovation and expansion project, as detailed in the agreement. The renovation and expansion project commenced during 2015 was terminated and not completed.

Fee expense related to this development agreement, which is included in management and general expenses, was $-0- and $5,840 for the years ended July 31, 2023 and 2022, respectively. There were no amounts due and payable under this development agreement July 31, 2023 and 2022, respectively.

Purchase Commitment

Casa is obligated to buy a minimum amount of electricity under a Master Energy Sales Agreement (the Agreement) that expires May 31, 2026. Casa may also sell excess energy back to the open market. As of July 31, 2023 and 2022, the remaining commitment under the Agreement amounted to $2,635,859 and $476,861, respectively. Expenditures under the Agreement amounted to $543,673 and $486,731 for the years ended July 31, 2023 and 2022, 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.

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 14 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 2023 and 2022 amounted to $252,822 and $250,272, respectively.

NOTE 15 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 for professional and general 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 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 $29,000 and $52,000 at July 31, 2023 and 2022.

NOTE 16 CONTINUING CARE RESERVE REQUIREMENTS

Casa is subject to statutory reserve requirements. As of July 31, 2023 and 2022, 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 17 SUBSEQUENT EVENTS

All events occurring after July 31, 2023, have been evaluated for possible adjustment to the consolidated financial statements or disclosure as of November 29, 2023, 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, 2023

ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	$ 2,495,801	$ 46,765	$ -	$ 2,542,566
Cash Equivalent Assets Whose Use is Limited or Restricted, Required for Current Liabilities	10,217,493	-	-	10,217,493
Invested Assets Whose Use is Limited or Restricted, Required for Current Liabilities	4,548,413	-	-	4,548,413
Accounts Receivable, Net	2,871,923	-	-	2,871,923
Prepaid Expenses and Other Current Assets	3,138,131	19,384	-	3,157,515
Current Portion of Costs of Acquiring Contracts	13,804	-	-	13,804
Total Current Assets	23,285,565	66,149	-	23,351,714
INTERCOMPANY RECEIVABLES		797,702	(797,702)	-
ASSETS WHOSE USE IS LIMITED OR RESTRICTED LESS AMOUNTS CLASSIFIED AS CURRENT	8,367,159	6,052,477	-	14,419,636
LONG-TERM INVESTMENT	80,047,084	5,261,601	-	85,308,685
PROPERTY, BUILDING AND EQUIPMENT, NET	100,954,188	300,678	-	101,254,866
FINANCE ROU ASSET	53,014	-	-	53,014
COST OF ACQUIRING CONTRACTS, NET OF CURRENT PORTION	448,442	-	-	448,442
DERIVATIVE INSTRUMENT	16,521,495	-	-	16,521,495
INTEREST IN CASA FOUNDATION	12,415,411	(5,373)	(12,410,038)	-
Total Assets	$ 242,092,358	$ 12,473,234	$ (13,207,740)	$ 241,357,852

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JULY 31, 2023

LIABILITIES AND NET ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	$ 5,696,810	$ 28,426	$ -	$ 5,725,236
Interest Payable	137,762	-	-	137,762
Deposits from Residents	825,700	-	-	825,700
Current Lease Liability - Financing	32,148	-	-	32,148
Current Portion of Obligations Under Gift Annuity Contracts	292,109	-	-	292,109
Current Portion of Long-Term Debt	1,854,311	-	-	1,854,311
Current Portion of Estimated Refundable Entrance Fees	3,645,000	-	-	3,645,000
Current Portion of Retentions Payable	492,837	-	-	492,837
Total Current Liabilities	12,976,677	28,426	-	13,005,103
NONCURRENT LIABILITIES				
Intercompany Payables	797,702		(797,702)	-
Long-Term Lease Liability - Financing (Less Current Maturities)	32,879	-	-	32,879
Obligations Under Gift Annuity Contracts, Net of Current Portion	1,176,890	-	-	1,176,890
Deferred Contributions, Pooled Income Funds	-	34,770	-	34,770
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees	69,332,976	-	-	69,332,976
Estimated Refundable Entrance Fees, Net of Current Portion	25,302,652	-	-	25,302,652
Deferred Revenue from Unamortized Entrance Fees	55,227,743	-	-	55,227,743
Total Noncurrent Liabilities	151,870,842	34,770	(797,702)	151,107,910
Total Liabilities	164,847,519	63,196	(797,702)	164,113,013
NET ASSETS				
Without Donor Restrictions	71,217,719	6,382,917	(6,382,917)	71,217,719
With Donor Restrictions	6,027,120	6,027,121	(6,027,121)	6,027,120
Total Net Assets	77,244,839	12,410,038	(12,410,038)	77,244,839
Total Liabilities and Net Assets	$ 242,092,358	$ 12,473,234	$ (13,207,740)	$ 241,357,852

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2023

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Support and Revenues:				
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 40,013,543	$ -	$ (49,699)	$ 39,963,844
Contributions	242,762	167,097	(242,762)	167,097
Net Assets Released from Restrictions, Used for Operations	-	238,534	-	238,534
Net Assets Released from Restrictions, Used for Capital	-	30,000	-	30,000
Total Support and Revenues	40,256,305	435,631	(292,461)	40,399,475
Other Support:				
Donated vehicles		7,400		7,400
Interest and Dividends, Net	3,534,473	347,688	-	3,882,161
Net Realized Gains on Sale of Investments	490,714	(13,588)	-	477,126
Net Unrealized Gains on Investments	227,357	19,805	-	247,162
Change in Value of Gift Annuity Contracts	13,197	262,451	-	275,648
Unrealized Gain on Derivative Instrument	5,264,624	-	-	5,264,624
Loss on Disposal of Fixed Assets	(595,950)	-	-	(595,950)
Other Revenues, net	151,285	-	-	151,285
Total Other Support	9,085,700	623,756	-	9,709,456
Total Support and Revenues	49,342,005	1,059,387	(292,461)	50,108,931
Expenses:				
Program Services	34,780,171	276,668	(242,762)	34,814,077
Supporting Services:				
Management and General	6,847,975	153,561	(49,699)	6,951,837
Total Expenses	41,628,146	430,229	(292,461)	41,765,914
Total Changes in Net Assets Without Donor Restrictions	7,713,859	629,158	-	8,343,017

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JULY 31, 2023

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	$ -	$ 93,427	$ -	$ 93,427
Donated vehicles	-	2,700	-	2,700
Interest and Dividends, Net	-	336,153	-	336,153
Net Realized Losses on Sale of Investments	-	(21,754)	-	(21,754)
Net Unrealized Gains on Investments	-	32,478	-	32,478
Net Assets Released from Restrictions, Used for Operations	-	(238,534)	-	(238,534)
Net Assets Released from Restrictions, Used for Capital Expenditures	-	(30,000)	-	(30,000)
Change in Value of Gift Annuity Contracts	-	(121,215)	-	(121,215)
Change in Value of Charitable Remainder Trust and Pooled Income Funds	-	13,490	-	13,490
Total Changes in Net Assets With Donor Restrictions	-	66,745	-	66,745
CHANGE IN INTEREST IN CASA FOUNDATION	695,903	-	(695,903)	-
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	8,409,762	695,903	(695,903)	8,409,762
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(794,386)	-	-	(794,386)
CHANGE IN NET ASSETS	7,615,376	695,903	(695,903)	7,615,376
Net Assets - Beginning of Year	69,629,463	11,714,135	(11,714,135)	69,629,463
NET ASSETS - END OF YEAR	$ 77,244,839	$ 12,410,038	$ (12,410,038)	$ 77,244,839

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JULY 31, 2022

ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT ASSETS				
Cash and Cash Equivalents	$ 821,489	$ 20,482	$ -	$ 841,971
Cash Equivalent Assets Whose Use is Limited or Restricted, Required for Current Liabilities	12,753,320	-	-	12,753,320
Invested Assets Whose Use is Limited or Restricted, Required for Current Liabilities	4,230,850	-	-	4,230,850
Accounts Receivable, Net	924,631	-	-	924,631
Prepaid Expenses and Other Current Assets	2,687,099	5,645	-	2,692,744
Contributions Receivable	-	122,142	-	122,142
Current Portion of Costs of Acquiring Contracts	11,205	-	-	11,205
Total Current Assets	21,428,594	148,269	-	21,576,863
INTERCOMPANY RECEIVABLES	-	636,526	(636,526)	-
ASSETS WHOSE USE IS LIMITED OR RESTRICTED, LESS AMOUNT CLASSIFIED AS CURRENT	8,402,939	5,861,390	-	14,264,329
LONG-TERM INVESTMENTS	92,943,972	4,837,500	-	97,781,472
PROPERTY, BUILDINGS, AND EQUIPMENT, NET	90,932,575	300,678	-	91,233,253
COST OF ACQUIRING CONTRACTS, NET OF CURRENT PORTION	305,373	-	-	305,373
DERIVATIVE INSTRUMENT	11,256,871	-	-	11,256,871
INTEREST IN CASA FOUNDATION	11,714,135	-	(11,714,135)	-
Total Assets	$ 236,984,459	$ 11,784,363	$ (12,350,661)	$ 236,418,161

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JULY 31, 2022

LIABILITIES AND NET ASSETS	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses	$ 4,933,773	$ 23,471	$ -	$ 4,957,244
Interest Payable	141,382	-	-	141,382
Deposits from Residents	520,526	-	-	520,526
Refunds to Residents	4,000	-	-	4,000
Current Portion of Obligations Under Capital Leases	31,375	-	-	31,375
Current Portion of Obligations Under Gift Annuity Contracts	333,850	-	-	333,850
Current Portion of Long-Term Debt	1,813,296	-	-	1,813,296
Current Portion of Estimated Refundable Entrance Fees	3,897,000	-	-	3,897,000
Total Current Liabilities	11,675,202	23,471	-	11,698,673
NONCURRENT LIABILITIES				
Intercompany Payables	636,526	-	(636,526)	-
Obligations under Capital Leases, Net of Current Portion	67,674	-	-	67,674
Obligations under Gift Annuity Contracts, Net of Current Portion	1,294,135	-	-	1,294,135
Deferred Contributions, Pooled Income Funds	-	46,757	-	46,757
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees	71,190,135	-	-	71,190,135
Estimated Refundable Entrance Fees, Net of Current Portion	25,472,129	-	-	25,472,129
Deferred Revenue from Unamortized Entrance Fees	57,019,195	-	-	57,019,195
Total Noncurrent Liabilities	155,679,794	46,757	(636,526)	155,090,025
Total Liabilities	167,354,996	70,228	(636,526)	166,788,698
NET ASSETS				
Without Donor Restrictions	63,669,087	5,753,760	(5,753,760)	63,669,087
With Donor Restrictions	5,960,376	5,960,375	(5,960,375)	5,960,376
Total Net Assets	69,629,463	11,714,135	(11,714,135)	69,629,463
Total Liabilities and Net Assets	$ 236,984,459	$ 11,784,363	$ (12,350,661)	$ 236,418,161

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2022

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Support and Revenues:				
Residents Fees Earned, Including Amortization of Deferred Revenues from Nonrefundable Entrance Fees	$ 36,265,013	$ -	$ (45,552)	$ 36,219,461
Contributions	77,307	174,701	(95,524)	156,484
Net Assets Released from Restrictions, Used for Operations	-	95,101	-	95,101
Total Support and Revenues	36,342,320	269,802	(141,076)	36,471,046
Other Support:				
Grant - CARES Act	25,513	-	-	25,513
Interest and Dividends, Net	8,081,754	564,728	-	8,646,482
Net Realized Gains on Sale of Investments	1,791,723	52,834	-	1,844,557
Net Unrealized Gains on Investments	(17,030,049)	(1,041,837)	-	(18,071,886)
Change in Value of Gift Annuity Contracts	4,176	(189,294)	-	(185,118)
Unrealized Gain on Derivative Instrument	9,068,653	-	-	9,068,653
Forgiveness of Refundable Advance - Paycheck Protection Program	2,915,100	-	-	2,915,100
Loss on Disposal of Fixed Assets	(9,649)	-	-	(9,649)
Other Revenues	372,688	687	-	373,375
Total Other Support	5,219,909	(612,882)	-	4,607,027
Total Support and Revenues	41,562,229	(343,080)	(141,076)	41,078,073
Expenses:				
Program Services	32,048,134	122,767	(95,524)	32,075,377
Supporting Services:				
Management and general	7,515,021	128,176	(45,552)	7,597,645
Total Expenses	39,563,155	250,943	(141,076)	39,673,022
Total Changes in Net Assets Without Donor Restrictions	1,999,074	(594,023)	-	1,405,051

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JULY 31, 2022

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Contributions	$ -	$ 164,651	$ -	$ 164,651
Donated vehicles	-	8,300	-	8,300
Interest and Dividends, Net	-	540,333	-	540,333
Net Realized Gains on Sale of Investments	-	36,049	-	36,049
Net Unrealized Losses on Investments	-	(979,020)	-	(979,020)
Net Assets Released from Restrictions, Used for Operations	-	(95,101)	-	(95,101)
Change in Value of Gift Annuity Contracts	-	(105,656)	-	(105,656)
Change in Value of Charitable Remainder Trusts and Pooled Income Funds	-	(126,143)	-	(126,143)
Total Changes in Net Assets With Donor Restrictions	-	(556,587)	-	(556,587)
CHANGE IN INTEREST IN CASA FOUNDATION	(1,150,610)	-	1,150,610	-
CHANGE IN NET ASSETS BEFORE IMPAIRMENT LOSS	848,464	(1,150,610)	1,150,610	848,464
LOSS ON IMPAIRMENT OF PROJECT UNDER UNDER CONSTRUCTION	(31,397,072)	-	-	(31,397,072)
CHANGE IN NET ASSETS	(30,548,608)	(1,150,610)	1,150,610	(30,548,608)
Net Assets - Beginning of Year	100,178,071	12,864,745	(12,864,745)	100,178,071
NET ASSETS - END OF YEAR	$ 69,629,463	$ 11,714,135	$ (11,714,135)	$ 69,629,463