FISCAL YEAR ENDED:
07/31/2020

ANNUAL REPORT CHECKLIST

PROVIDER(S): ____Casa de las Campanas, INC.___________________________________

CCRC(S): _________Casa de las Campanas, INC.___________________________________

PROVIDER CONTACT PERSON: ____David Johnson, CFO_____________________________

TELEPHONE NO.: (858) 592-1885____________ EMAIL: Johnson@casadlc.com________

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

☒ Annual Report Checklist.

☒ Annual Provider Fee in the amount of: $_28,185_________
- ☐ If applicable, late fee in the amount of: $___________

☒ Certification by the provider's ***Chief Executive Officer*** that:
- ☒ The reports are correct to the best of his/her knowledge.
- ☒ Each continuing care contract form in use or offered to new residents has been approved by the Department.
- ☒ The provider is maintaining the required *liquid* reserves and, *when applicable*, the required refund reserve.

☒ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.

☒ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.

☒ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).

☒ "Continuing Care Retirement Community Disclosure Statement" for ***each*** community.

☒ Form 7-1, "Report on CCRC Monthly Service Fees" for ***each*** community.

☒ Form 9-1, "Calculation of Refund Reserve Amount", *if applicable.*

☐ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

Casa de las Campanas
Continuing Care Contract Annual Report
Part 1

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	550
[2]	Number at end of fiscal year	532
[3]	Total Lines 1 and 2	1082
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	541
	All Residents	
[6]	Number at beginning of fiscal year	567
[7]	Number at end of fiscal year	553
[8]	Total Lines 6 and 7	1120
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	560
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	0.97

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$38,527,098
[a]	Depreciation	$6,045,919	
[b]	Debt Service (Interest Only)	$3,306,537	
[2]	Subtotal (add Line 1a and 1b)		$9,352,456
[3]	Subtract Line 2 from Line 1 and enter result.		$29,174,642
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		97%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$28,184,788
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$28,185

PROVIDEI Casa de las Campanas, Inc. FYE 7-31-2020
COMMUN Casa de las Campanas, Inc. FYE 7-31-2020

Casa de las Campanas, Inc.
Per Capita Cost Calculation Support
As of 7/31/2020

Per Capita Costs;

Form 1-2 line 5 – Total Operating Expense for Continuing Care Residents =	**$28,184,788**
Form 1-1 line 5 – Mean # of Continuing Care Residents =	**541.0**
Per Capita Costs	**$52,098**

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-2020
COMMUNITY: Casa de las Campanas, Inc

Casa de las Campanas
Continuing Care Contract Annual Report
Part 2

Casa de las Campanas

Retirement living for the best years of your life!

November 24, 2020

Department of Social Services

Certification by Chief Executive Officer

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

1) FY 2020 Audited Financial Statements with our CPA's opinion,

2) FY 2020 Audited Reserve Report Forms 5-1 to 5-5, with our accompanying CPA opinion, and related supplemental schedules thereto, including the disclosure report,

3) 2020 Continuing Care Provider's Fee and calculation fee,

4) Evidence of Fidelity Bond,

5) Continuing Care Retirement Community Disclosure Statement,

6) CCRC Monthly Fees,

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

Sincerely,

Kathleen Frederick
President of the Board of Directors
Casa de las Campanas, Inc.

Casa de las Campanas
Continuing Care Contract Annual Report
Part 3

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 8/27/2020

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

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

PRODUCER
Arthur J. Gallagher Risk Management Services, Inc.
2850 Golf Road
Rolling Meadows IL 60008
License#: BR-724491

CONTACT NAME:
PHONE (A/C, No, Ext): 630-773-3800 | FAX (A/C, No): 630-285-4006
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Hiscox Insurance Company Inc.	10200
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED LCSHOLD-03
LCS Holdings Inc.
400 Locust Street, Suite 820
Des Moines, IA 50309-2334

COVERAGES **CERTIFICATE NUMBER:** 1151365741 **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY; CLAIMS-MADE; OCCUR; GEN'L AGGREGATE LIMIT APPLIES PER: POLICY; PRO-JECT; LOC; OTHER:						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY; ANY AUTO; OWNED AUTOS ONLY; SCHEDULED AUTOS; HIRED AUTOS ONLY; NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB; OCCUR; EXCESS LIAB; CLAIMS-MADE; DED; RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y / N; ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH); If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					PER STATUTE; OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Crime			UC24457814.20	6/30/2020	6/30/2021	Limit: Retention: ERISA	$5,000,000 $75,000 Included

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

CERTIFICATE HOLDER

Casa De Las Campanas
18655 W. Bernardo Drive
San Diego CA 92127

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

Casa de las Campanas
Continuing Care Contract Annual Report
Part 4

CASA DE LAS CAMPANAS

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION

YEARS ENDED JULY 31, 2020 AND 2019

WITH INDEPENDENT AUDITORS' REPORT

CASA DE LAS CAMPANAS
TABLE OF CONTENTS
JULY 31, 2020 AND 2019

Page

CLA (CliftonLarsonAllen LLP)
2875 Michelle Drive
Suite 300
Irvine, CA 92606
714-978-1300 | fax 714-978-7893
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

To the Audit Committee of the Board of Directors of
Casa de las Campanas
Rancho Bernardo, California

We have audited the accompanying consolidated financial statements of Casa de las Campanas (a not-for-profit health care entity) (the "Organization"), which comprise the consolidated statement of financial position as of July 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2020 consolidating statements of financial position and 2020 consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2020, on our consideration of Casa de las Campanas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Casa de las Campanas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Casa de las Campanas' internal control over financial reporting and compliance.

Other Matter

The consolidated financial statements of Casa De Las Campanas as of July 31, 2019, were audited by White Nelson Diehl Evans LLP, whose partners and professional staff joined CliftonLarsonAllen LLP as of November 1, 2020, and has subsequently ceased operations. White Nelson Diehl Evans LLP's report dated November 26, 2019, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
November 24, 2020

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JULY 31, 2020 AND 2019

ASSETS

	2020	2019
Current Assets:		
Cash and cash equivalents	$ 761,836	$ 1,463,807
Cash equivalent assets whose use is limited or restricted for current liabilities (Note 5)	8,963,400	9,182,712
Invested assets whose use is limited or restricted for current liabilities (Note 5)	4,022,980	4,005,613
Accounts receivable, net of allowance for doubtful accounts of $278,961 and $144,888, respectively	974,307	1,490,126
Prepaid expenses and other current assets	1,723,874	1,464,644
Contributions receivable	7,620	190,545
Current portion of costs of acquiring contracts	65,167	73,645
Total Current Assets	16,519,184	17,871,092
Assets Whose Use Is Limited or Restricted, Less Amounts Classified as Current (Note 5)	11,860,880	10,457,469
Long-Term Investments (Note 6)	89,510,949	89,968,592
Property, Buildings, and Equipment, Net (Note 7)	116,084,883	110,565,977
Costs of Acquiring Contracts, Net of Current Portion	380,625	375,444
Total Assets	$ 234,356,521	$ 229,238,574

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JULY 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

	2020	2019
Current Liabilities:		
Accounts payable and accrued expenses	$ 3,772,534	$ 5,139,052
Interest payable	1,064,713	1,086,138
Deposits from residents	448,288	564,126
Current portion of obligations under capital leases (Note 11)	20,689	26,872
Current portion of obligations under gift annuity contracts (Note 1)	350,645	321,843
Current portion of long-term debt (Note 10)	4,444,445	1,371,516
Current portion of estimated refundable entrance fees (Note 2)	3,672,335	3,683,769
Total Current Liabilities	13,773,649	12,193,316
Retentions Payable	1,512,490	1,145,659
Obligations under Capital Leases, Net of Current Portion (Note 11)	-	20,689
Obligations under Gift Annuity Contracts, Net of Current Portion (Note 1)	1,574,484	1,290,010
Deferred Contributions, Pooled Income Funds	14,785	45,170
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees (Note 10)	55,982,611	57,920,728
Estimated Refundable Entrance Fees, Net of Current Portion	25,595,068	25,078,123
Deferred Revenue from Unamortized Entrance Fees	61,435,133	64,836,745
Total Liabilities	159,888,220	162,530,440
Net Assets:		
Without donor restrictions	69,093,225	61,735,409
With donor restrictions (Note 9)	5,375,076	4,972,725
Total Net Assets	74,468,301	66,708,134
Total Liabilities and Net Assets	$ 234,356,521	$ 229,238,574

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2020

	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	$ 39,826,860	$ -	$ 39,826,860
Contributions	253,455	816,780	1,070,235
Total Support and Revenues	40,080,315	816,780	40,897,095
Other Support:			
Grant - CARES Act	1,061,295	-	1,061,295
Interest and dividends, net	2,935,992	166,313	3,102,305
Net realized gains on sale of investments	1,194,523	2,493	1,197,016
Net unrealized gains on investments	434,426	11,587	446,013
Change in value of gift annuity contracts	(116,404)	(150,637)	(267,041)
Change in value of charitable remainder trusts and pooled income funds	-	33,839	33,839
Loss on disposal of fixed assets	(78,547)	-	(78,547)
Other revenues	71,436	-	71,436
Total Other Support	5,502,721	63,595	5,566,316
Net Assets Released from Restrictions	478,024	(478,024)	-
Total Support and Revenues	46,061,060	402,351	46,463,411
Expenses:			
Program Services	33,360,116	-	33,360,116
Supporting Services:			
Management and general	5,343,129	-	5,343,129
Total Expenses	38,703,245	-	38,703,245
Change in Net Assets	7,357,815	402,351	7,760,166
Net Assets – Beginning of Year	61,735,409	4,972,725	66,708,134
Net Assets – End of Year	$ 69,093,224	$ 5,375,076	$ 74,468,301

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2019

	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	$ 38,594,305	$ -	$ 38,594,305
Contributions	344,577	1,240,770	1,585,347
Total Support and Revenues	38,938,882	1,240,770	40,179,652
Other Support:			
Interest and dividends, net	4,385,193	173,428	4,558,621
Net realized gains on sale of investments	614,977	21,457	636,434
Net unrealized losses on investments	(1,383,609)	(115,074)	(1,498,683)
Change in value of gift annuity contracts	26,513	(80,453)	(53,940)
Change in value of charitable remainder trusts and pooled income funds	93	13,926	14,019
Loss on disposal of fixed assets	(178,503)	-	(178,503)
Other revenues	119,278	-	119,278
Total Other Support	3,583,942	13,284	3,597,226
Net Assets Released from Restrictions	234,929	(234,929)	-
Total Support and Revenues	42,757,753	1,019,125	43,776,878
Expenses:			
Program Services	33,461,036	-	33,461,036
Supporting Services:			
Management and general	4,323,935	-	4,323,935
Total Expenses	37,784,971	-	37,784,971
Change in Net Assets	4,972,782	1,019,125	5,991,907
Net Assets – Beginning of Year	56,762,627	3,953,600	60,716,227
Net Assets – End of Year	$ 61,735,409	$ 4,972,725	$ 66,708,134

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2020

	Program Services					Supporting Services	
	Residential Care	Nursing Care	Clinic	Home Health	Total	Management and General	Total Expenses
Salaries and benefits	$ 7,583,722	$ 6,376,013	$ 810,963	$ 532,627	$ 15,303,325	$ 2,484,596	$ 17,787,921
Contracted services	812,641	1,365,569	1,215	31,483	2,210,908	1,397,274	3,608,182
Supplies	742,350	839,379	13,159	653	1,595,541	52,216	1,647,757
Raw food	1,705,068	479,739	-	-	2,184,807	-	2,184,807
Utilities	1,926,309	134,057	1,882	578	2,062,826	133,808	2,196,634
Insurance	-	-	-	-	-	826,285	826,285
Interest expense	3,138,394	139,599	3,067	942	3,282,002	24,535	3,306,537
Depreciation	5,929,660	109,335	1,297	398	6,040,690	5,229	6,045,919
Bad debt expense	-	110,200	-	-	110,200	-	110,200
Other expenses	236,379	327,430	919	5,093	569,821	419,182	989,003
	$ 22,074,523	$ 9,881,321	$ 832,502	$ 571,774	$ 33,360,120	$ 5,343,125	$ 38,703,245
Percentage of Total Expenses	57.0%	25.5%	2.2%	1.5%	86.2%	13.8%	100%

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2019

	Program Services					Supporting Services	
	Residential Care	Nursing Care	Clinic	Home Health	Total	Management and General	Total Expenses
Salaries and benefits	$ 7,282,331	$ 5,890,424	$ 914,721	$ 450,783	$ 14,538,259	$ 1,926,531	$ 16,464,790
Contracted services	1,655,927	1,421,321	1,439	64,101	3,142,788	1,063,084	4,205,872
Supplies	556,866	867,515	7,607	2,001	1,433,989	49,880	1,483,869
Raw food	1,873,480	556,751	-	-	2,430,231	-	2,430,231
Utilities	1,916,208	94,370	1,833	563	2,012,974	104,529	2,117,503
Insurance	-	-	-	-	-	732,625	732,625
Interest expense	3,189,068	141,853	3,116	957	3,334,994	23,233	3,358,227
Depreciation	5,508,248	125,307	1,539	473	5,635,567	6,204	5,641,771
Bad debt expense	-	74,722	-	-	74,722	-	74,722
Other expenses	543,617	309,070	308	4,517	857,512	417,849	1,275,361
	$ 22,525,745	$ 9,481,333	$ 930,563	$ 523,395	$ 33,461,036	$ 4,323,935	$ 37,784,971
Percentage of Total Expenses	59.6%	25.1%	2.5%	1.4%	88.6%	11.4%	100%

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash received from residents and third-party payors	$ 24,416,363	$ 23,583,155
Reimbursement for services to nonresidents	4,701,841	4,953,972
Proceeds from entrance fees	10,651,227	13,878,891
Grant – CARES Act	1,061,295	-
Contributions	1,034,733	515,519
Cash paid to suppliers and employees	(29,738,011)	(25,642,024)
Cash paid for interest on long-term debt and capital lease obligations, net of amounts capitalized of $1,372 and $1,945, respectively	(3,043,046)	(3,126,562)
Net Cash, Cash Equivalents and Restriced Cash Provided by Operating Activities	9,084,402	14,162,951
Cash Flows from Investing Activities:		
Capital expenditures	(11,643,373)	(17,560,224)
Net purchases and sales of investments	4,015,401	5,967,518
Net Cash, Cash Equivalents and Restricted Cash Used in Investing Activities	(7,627,972)	(11,592,706)
Cash Flows from Financing Activities:		
Refunds of entrance fees	(3,085,230)	(2,057,657)
Net change in resident deposits	(115,838)	31,853
Payment of deferred financing fees	(89,872)	-
Principal payments on obligations under capital leases	(26,873)	(26,079)
Proceeds from borrowings – CARES Act	3,072,100	-
Principal payments on borrowings – CARES Act	(157,000)	-
Principal payments on long-term debt	(1,975,000)	(1,860,000)
Net Cash, Cash Equivalents and Restricted Cash Used in Financing Activities	(2,377,713)	(3,911,883)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(921,283)	(1,341,638)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	10,646,519	11,988,157
Cash, Cash Equivalents, and Restricted Cash - End of Year	$ 9,725,236	$ 10,646,519
Supplemental Disclosure of Noncash Information:		
Accrued capital expenditures	$ 1,753,465	$ 1,805,272
Supplemental Schedule - Cash Reconciliation		
Cash and cash equivalents	$ 761,836	$ 1,463,807
Cash equivalent assets whose use is limited or restricted for current liabilities	8,963,400	9,182,712
Total Cash, Cash Equivalents, and Restricted Cash	$ 9,725,236	$ 10,646,519

The accompanying notes are an integral part of these consolidated financial statements.

CASA DE LAS CAMPANAS
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JULY 31, 2020 AND 2019

	2020	2019
Reconciliation of Increase in Net Assets to Net Cash, Cash Equivalents, and Restricted Cash Provided by Operating Activities:		
Increase in net assets	$ 7,760,167	$ 5,991,907
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	6,045,919	5,641,771
Amortization of deferred financing fees	273,470	250,308
Amortization of bond discount	11,115	11,114
Amortization of costs of acquiring contracts	103,914	76,500
Change in allowance for doubtful accounts	134,073	42,138
Amortization contract revenues from entrance fees	(10,788,804)	(9,934,743)
Proceeds from entrance fees	10,651,227	13,878,891
Loss on disposal of fixed assets	78,547	178,503
Interest and dividend reinvestment	(3,155,615)	(4,611,931)
Reinvestment of net realized gains on sale of investments	(1,197,016)	(636,434)
Net unrealized losses on investments	(446,013)	1,498,683
Deferred contributions, pooled income fund	(30,385)	(12,872)
Change in value of charitable remainder trusts and pooled income funds	33,839	14,019
Change in the value of gift annuity contracts	(267,041)	(53,940)
Changes in operating assets and liabilities:		
Accounts receivable	(265,680)	(48,284)
Prepaid expenses and other current assets	822,137	267,134
Contributions receivable	182,925	(235,282)
Other receivables	(53,925)	310,817
Costs of acquiring contracts	(100,617)	(66,089)
Accounts payable and accrued expenses	(999,686)	1,703,702
Interest payable	(21,425)	(27,974)
Obligations under gift annuity contracts	313,276	(74,987)
Net Cash, Cash Equivalents, and Restricted Cash Provided by Operating Activities	$ 9,084,402	$ 14,162,951

The accompanying notes are an integral part of these 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 not-for-profit corporation for the purposes of constructing, owning, and operating a continuing care retirement community ("CCRC"). The facility includes 365 independent living units, 41 assisted living units with a capacity of 52 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 95-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 not-for-profit 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 that exclude medical care, but include the following: meals, shelter, laundry, transportation, 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 ("US GAAP"). References to "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board ("FASB") as the source of authoritative US 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 bond indenture agreements, (b) investments held in escrow accounts for Department of Social Services refund reserve and subscription and wait list deposit obligations, and (c) net assets restricted by donors. These assets include cash and cash equivalents and investments in debt and equity securities, which are stated at fair value in the accompanying consolidated financial statements. Amounts available to repay current liabilities are presented as current assets.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Investments

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

Accounts Receivable, Net

Accounts receivable represent the Organization's unconditional right to consideration for monthly fees, health-care receivables, including managed care receivables from third-party payors, and receivables due from residents for uncollected entrance fees, and are stated at estimated net realizable value. An allowance for 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 years ended July 31, 2020 and 2019.

Property, Buildings, and Equipment

Property, buildings, and equipment are stated at cost. Major improvements and betterments 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	3-5 years
Furniture and equipment	3-15 years
Vehicles	3-5 years

Bond Discounts and Deferred Financing Fees

Bond discounts and 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 bond issue. Unamortized bond discounts and deferred financing fees are netted against the respective long-term debt in the accompanying consolidated statements of financial position. Deferred financing fees in connection with future debt issuance are presented as deferred financing fees 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. 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 a 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, 2020 and 2019, as follows:

- Standard Resident Agreement (203 agreements) – If cancellation occurs 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. After seven and a half years of residency, no refund is made. If the resident expires after the 90-day cancellation period, no refund is made and the unamortized entrance fee is recognized into income. This agreement is no longer offered.

- Refundable 2% Plan (158 agreements) – Residents (or their estates) are entitled to a decreasing portion of the entrance fee that is refundable after the first 90 days, less 2% per month if the resident cancels or terminates the agreement. If Casa terminates the entrance fee agreement, the refund will be decreased for reasonable cost of services including a processing fee.

- Refundable 75% Plan (64 agreements) – Residents (or their estates) are entitled to a refund of 75% of the entrance fee paid.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Revenue Recognition from Contracts with Customers (Continued)

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. Generally, performance obligations satisfied over time relate to residents in the community.

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 when the transfer of control of the services provided to the resident occurs and generally, these performance obligations are satisfied over time.

<u>Contract Assets and Contract Liabilities</u>

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.

<u>Costs of Acquiring Contracts</u>

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, 2020 and 2019, 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, 2020, unreimbursed costs foregone for charity care amounted to $456,821 and charitable gifts received to offset costs amounted to $97,475. For the year ended July 31, 2019, unreimbursed costs foregone for charity care amounted to $304,571 and charitable gifts received to offset costs amounted to $90,016. 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, 2020 and 2019.

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 US 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, 2020 and 2019, 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 four 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 0.6% and 3.4% as of July 31, 2020 and 2019, respectively, over the life expectancy of the Trusts' beneficiaries. The change in fair value of the Trusts is reflected in the consolidated statements of activities. All beneficial interests in charitable remainder trusts are included in the accompanying consolidated statements of financial position under assets whose use is limited or restricted and are classified as long term.

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

The contributed assets are recorded at fair market value on the date of receipt, and the liability obligation is recorded at the expected value of the annuity liability. The expected value of the annuity liability is the present value of future annuity payments, discounted at the prescribed federal mid-term rate at the date of the gift over the life expectancy of the donor or the designated beneficiary, as defined in the Insurance Code of the State of California. Rates are based on the highest federal mid-term rate available over a three-month period, including the month of the gift. The change in fair value of the annuity liability is reflected in the consolidated statements of activities.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Split-Interest Agreements (Continued)

Charitable Gift Annuities (Continued) – The Organization is required to maintain a state-mandated reserve to cover its gift annuity liability. As of July 31, 2020 and 2019, the amount of the reserve was $1,925,129 and $1,611,854, 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, 2020 and 2019.

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 US 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.

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.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

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). 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, 2020 and 2019, to value the Organization's assets and liabilities at fair value.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements – Implemented

In January 2016, the FASB issued Accounting Standards Update ("ASU") 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities, Financial Instruments - Overall (Subtopic 825-10)*, which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Adoption of ASU 2016-01 is effective for the Organization beginning August 1, 2019; accordingly, the Organization implemented the provisions of ASU 2016-01, which did not have a material impact on the presentation of its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance that required balances generally described as restricted cash or restricted cash equivalents to be included with cash and cash equivalents when reconciling beginning and end of the period balances on the consolidated statement of cash flows. The adoption of ASU 2016-18 is effective for the Organization beginning August 1, 2019; accordingly, the Organization implemented the provisions of ASU 2018-08, and the change was applied retrospectively to all prior periods presented.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities - Revenue Recognition (Topic 958-605)*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This update provides guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 is effective for the Organization beginning August 1, 2019; accordingly, the Organization implemented the provisions of ASU 2018-08, which did not have a material impact on the presentation of its consolidated financial statements.

Recent Accounting Pronouncements – Pending

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. The adoption of ASU 2016-02 is effective for the Organization beginning August 1, 2021. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its consolidated financial statements.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements – Pending (Continued)

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820)*, as part of the FASB's ongoing disclosure framework project to improve the effectiveness of disclosures in the notes to financial statements, permanently eliminating certain required disclosures and modifying others. The following disclosure requirements were removed from Topic 820: the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; the valuation processes for Level 3 fair value measurements; and for nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. The following disclosure requirements were modified in Topic 820: in lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities; for investments in certain entities that calculate net asset value, an entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly; and the amendments that clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The following disclosure requirements were added in Topic 820: The changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information, in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. The adoption of ASU 2018-13 is effective for the Organization beginning August 1, 2020. The Organization is currently evaluating the impact of the provisions of ASU 2018-13 on the presentation of its consolidated financial statements.

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958)*. The amendments in ASU 2019-03 modify the definition of the term collections, require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection), and eliminate the diversity in practice that exists is defining a collection for accreditation purposes. The amendments in ASU 2019-03 require a prospective application and are effective for the Organization beginning August 1, 2020; early application is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2019-03 on the presentation of its consolidated financial statements.

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, 2020 and 2019:

	2020	2019
Revenue from Contracts with Customers:		
Entrance fees, amortized and on terminated contracts	$ 10,800,304	$ 9,944,743
Resident fee revenue:		
Monthly fees and ancillary charges	22,722,751	22,791,115
Health-care services:		
Self-pay health-care center	1,097,203	1,083,533
Self-pay assisted living – dementia care	133,590	98,570
Third-party payors (Medicare, HMOs, hospice, and others, net of contractual allowances and discounts)	5,127,007	4,718,924
Total Revenues from Contracts with Customers	$ 39,880,855	$ 38,636,885

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

	August 1, 2019	July 31, 2020
Accounts Receivable, Net of Allowance	$ 842,700	$ 974,307
Entrance Fee Due from Residents	$ 647,426	$ -
Costs of Acquiring Contracts	$ 449,089	$ 445,792
Estimated Refundable Entrance Fees	$ 28,761,892	$ 29,267,403
Deferred Revenue from Unamortized Entrance Fees	$ 64,836,745	$ 61,435,133
Deposits from Residents	$ 564,126	$ 448,288

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, and receivables. The Organization places its cash and cash equivalents and investments in several high-credit quality financial institutions. For the years ended July 31, 2020 and 2019, cash accounts at each institution were insured by the Federal Deposit Insurance Corporation for up to $250,000.

Note 3: Concentrations of Credit Risk (Continued)

Financial Instruments (Continued)

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.

Business Operations

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus ("COVID-19"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase of the virus and its global exposure. In addition, several US states, including California where the Organization is located, have declared a state of emergency.

Potential impacts to business due to COVID-19 include disruptions or restrictions on employees' ability to work. In addition, some of the Organization's suppliers are located in areas impacted by COVID-19, which could limit the ability to obtain sufficient materials and supplies for operations. COVID-19 could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could impact the Organization's operating results. Any of the foregoing events could be harmful to the Organization's business, and the Organization cannot anticipate all the ways in which a health epidemic such as COVID-19 could adversely impact it. Although management is continuing to monitor and assess the effects of the COVID-19 pandemic on the Organization, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

Note 4: Liquidity

Casa regularly monitors its liquidity requirements to meet its operating needs, bond covenants, and other contractual commitments, while also striving to maximize the investment of its available funds. Casa operates with 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. In addition, a construction loan is available to partially fund the new construction of a 72-bed skilled nursing facility. 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.

Note 4: Liquidity (Continued)

Casa's bond 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 US 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, 2020 and 2019, are as follows:

	2020	2019
Cash and cash equivalents	$ 741,957	$ 1,422,077
Investments	85,072,889	85,603,615
Accounts receivable, net	974,307	842,700
Accrued interest income	52,773	56,105
Total Financial Assets Available to Meet General Expenditures within One Year	$ 86,841,944	$ 87,924,497

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, 2020 and 2019, are as follows:

	2020	2019
Cash and cash equivalents	$ 19,879	$ 41,730
Investments	4,438,060	4,364,977
Contributions receivable	7,620	18,566
Accrued interest income	5,644	3,320
Total Financial Assets Available to Meet General Expenditures within One Year	$ 4,471,203	$ 4,428,593

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, 2020 and 2019, 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 were available for the following purposes for the years ended July 31, 2020 and 2019:

	2020	2019
Held by trustee under bond indenture	$ 8,963,400	$ 9,182,713
Refund reserve*	8,883,740	8,459,127
Restricted by donors	4,195,742	3,785,850
Charitable gift annuities	1,925,129	1,611,854
Charitable remainder trusts	635,035	373,914
Pooled income fund	244,214	232,336
Total Assets whose use is limited or restricted	24,847,260	23,645,794
Less: Amounts required for current liabilities	(12,986,380)	(6,578,001)
Less: Additional amounts considered cash equivalents	-	(6,610,324)
Assets Whose Use is Limited or Restricted Less Current Liabilities and cash equivalents	$ 11,860,880	$ 10,457,469

*In order to meet the refund reserve requirement for the years ended July 31, 2020 and 2019, 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 DSS refund reserve also includes $12,184,688 in Casa's real estate equity. The value of the real estate was based on a recent appraisal.

Note 5: Assets Whose Use is Limited or Restricted (Continued)

Assets Whose Use is Limited or Restricted are part of the Organization's investments, as further disclosed in Note 6.

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, 2020 and 2019, is as follows:

	2020	2019
Money market funds	$ 9,171,401	$ 9,324,569
Domestic - bond mutual funds	25,530,447	25,666,909
International - bond mutual funds	3,214,250	2,900,209
Domestic - equity (including mutual funds)	27,856,220	27,767,945
International - equity (including mutual funds)	19,887,133	19,589,259
Balanced mutual funds	8,934,708	8,472,882
Limited partnerships	136,768	210,376
Absolute return	1,520,018	1,380,131
US government obligation	951,931	827,756
Real asset fund	61,142	76,436
Hedge fund	5,642,756	5,448,897
Real estate partnerships	10,816,400	11,575,103
Charitable remainder trusts	635,035	373,914
Total Investments	114,358,209	113,614,386
Less: Amounts classified as assets whose use is limited or restricted - current and noncurrent	(24,847,260)	(23,645,794)
Long-Term Investments	$ 89,510,949	$ 89,968,592

Investment income and losses on cash equivalents, investments, and assets whose use is limited or restricted for the year ended July 31, 2020, are summarized as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and dividends	$ 2,935,992	$ 166,314	$ 3,102,306
Realized gains on sale of investments	1,194,523	2,493	1,197,016
Net unrealized gains on investments	434,426	11,587	446,013
Change in value of gift annuity contracts, pooled income funds, and charitable remainder trusts	(116,404)	(116,798)	(233,202)
Total	$ 4,448,537	$ 63,596	$ 4,512,133

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, 2019, are summarized as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Interest and dividends	$ 4,385,193	$ 173,428	$ 4,558,621
Realized gains on sale of investments	614,977	21,457	636,434
Net unrealized losses on investments	(1,383,609)	(115,074)	(1,498,683)
Change in value of gift annuity contracts, pooled income funds, and charitable remainder trusts	26,606	(66,527)	(39,921)
Total	$ 3,643,167	$ 13,284	$ 3,656,451

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, 2020:

	Quoted Prices 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	$ 9,171,398	$ -	$ -	$ 9,171,398
Mutual funds:				
Domestic - bond mutual funds	25,530,447	-	-	25,530,447
International - bond mutual funds	3,214,250	-	-	3,214,250
Domestic - equity (including mutual funds)	27,856,220	-	-	27,856,220
International - equity (including mutual funds)	19,887,133	-	-	19,887,133
Balanced mutual funds	8,934,708	-	-	8,934,708
Limited partnerships	-	-	136,768	136,768
US government obligations	-	951,934	-	951,934
Real asset fund	61,142	-	-	61,142
Charitable remainder trusts	-	-	635,035	635,035
Total assets measured at fair value	$ 94,655,298	$ 951,934	$ 771,803	96,379,035
Assets measured at net asset value:				
Absolute return funds				1,520,018
Alternative investment funds				16,459,156
Total Investments				$ 114,358,209
Liabilities:				
Obligations under gift annuity contracts	$ -	$ -	$ 1,925,129	$ 1,925,129
Deferred contributions, pooled income funds	-	-	14,785	14,785
Total Liabilities	$ -	$ -	$ 1,939,914	$ 1,939,914

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, 2019:

	Quoted Prices 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	$ 9,324,569	$ -	$ -	$ 9,324,569
Mutual funds:				
Domestic - bond mutual funds	25,666,909	-	-	25,666,909
International - bond mutual funds	2,900,209	-	-	2,900,209
Domestic - equity (including mutual funds)	27,767,945	-	-	27,767,945
International - equity (including mutual funds)	19,589,259	-	-	19,589,259
Balanced mutual funds	8,472,882	-	-	8,472,882
Limited partnerships	-	-	210,376	210,376
US government obligations	-	827,756	-	827,756
Real asset fund	76,436	-	-	76,436
Charitable remainder trusts	-	-	373,914	373,914
Total assets measured at fair value	$ 93,798,209	$ 827,756	$ 584,290	95,210,255
Assets measured at net asset value:				
Absolute return funds				1,380,131
Alternative investment funds				17,024,000
Total Investments				$ 113,614,386
Liabilities:				
Obligations under gift annuity contracts	$ -	$ -	$ 1,611,854	$ 1,611,854
Deferred contributions, pooled income funds	-	-	45,170	45,170
Total Liabilities	$ -	$ -	$ 1,657,024	$ 1,657,024

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, 2020 and 2019, the reconciliation of beginning and ending balances is as follows:

	Limited Partnerships	Charitable Remainder Trusts	Obligations under Gift Annuity Contracts and Pooled Income Funds
Fair value – August 1, 2018	$ 241,063	$ 382,173	$ (1,744,882)
Net realized gains	1,366	-	-
Unrealized gains	2,033	-	-
Changes in value	-	(8,259)	87,859
Sales	(34,086)	-	-
Fair Value – July 31, 2019	210,376	373,914	(1,657,023)
Net realized gains	5,076	-	-
Unrealized gains	(46,692)	-	-
Changes in value	-	261,121	(282,891)
Sales	(31,992)	-	-
Fair Value – July 31, 2020	$ 136,768	$ 635,035	$ (1,939,914)

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

- *Limited partnerships* are valued based on the pro rata 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-US corporations. Valuation of interests in these funds is based on an amount equal to the pro rata 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* 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 pro rata 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, 2020 and 2019:

	2020	2019
Land and improvements	$ 16,659,178	$ 16,287,759
Buildings and improvements	125,339,861	118,864,217
Property under capital leases	105,159	105,159
Furniture and equipment	12,838,733	12,099,892
Vehicles	1,310,825	1,297,962
Art collection	300,678	350,678
	156,554,434	149,005,667
Less: Accumulated depreciation and amortization	(71,238,747)	(65,671,272)
	85,315,687	83,334,395
Construction in progress	30,769,196	27,231,582
Property, Buildings, and Equipment, Net	$ 116,084,883	$ 110,565,977

Depreciation expense for the years ended July 31, 2020 and 2019, amounted to $6,045,919 and $5,641,771, respectively.

Casa has several projects under construction and predevelopment. Total predevelopment and construction costs as of July 31, 2020 and 2019, amounted to $33,311,314 and $26,699,922, respectively. Casa's estimated costs to complete construction of these projects are approximately $29,004,132 and $49,557,000 as of July 31, 2020 and 2019, respectively. Outstanding commitments on these projects totaled approximately $1,753,465 and $1,805,272 as of July 31, 2020 and 2019, 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.

Note 8: Endowment (Continued)

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, 2020 and 2019:

	Net Assets Without Donor Restrictions	Net Asset With Donor Restrictions	Total
July 31, 2020			
Donor-restricted endowment funds	$ -	$ 4,208,173	$ 4,208,173
Board-designated endowment funds	3,995,404	-	3,995,404
Total Endowment Funds	$ 3,995,404	$ 4,208,173	$ 8,203,577
July 31, 2019			
Donor-restricted endowment funds	$ -	$ 4,119,353	$ 4,119,353
Board-designated endowment funds	3,931,413	-	3,931,413
Total Endowment Funds	$ 3,931,413	$ 4,119,353	$ 8,050,766

Note 8: Endowment (Continued)

Composition and Changes in Endowment Net Assets

Changes in endowment net assets for the years ended July 31, 2020 and 2019, were as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment Net Assets – August 1, 2018	$ 3,801,512	$ 3,080,809	$ 6,882,321
Investment return:			
Investment income, net	242,102	167,910	410,011
Net appreciation, (realized/unrealized)	(112,255)	(96,228)	(208,483)
Change in value	-	(85,623)	(85,623)
Total investment return	129,847	(13,941)	115,906
Contributions	43,765	1,145,363	1,189,128
Transfers	80,331	4	80,335
Appropriation of endowment assets for expenditure	(124,042)	(92,882)	(216,924)
Endowment Net Assets – July 31, 2019	3,931,413	4,119,353	8,050,766
Investment return:			
Investment income, net	176,427	159,879	336,306
Net appreciation, (realized/unrealized)	17,533	11,042	28,575
Change in value	(20,708)	(148,474)	(169,203)
Total investment return	173,252	22,477	195,678
Contributions	21,644	164,502	186,146
Transfers	8,198	-	8,198
Appropriation of endowment assets for expenditure	(139,103)	(98,129)	(237,252)
Endowment Net Assets – July 31, 2020	$ 3,995,404	$ 4,208,173	$ 8,203,577

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 US GAAP, deficiencies of this nature that are reported as net assets with donor restrictions were $827,303 and $699,545 as of July 31, 2020 and 2019, 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)

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Note 9: Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows as of July 31, 2020 and 2019:

	2020	2019
Net Assets With Donor Restrictions – Purpose Restrictions:		
Assets restricted for activities	$ 46,701	$ 44,733
Assets restricted for art	822	822
Assets restricted for art collections	300,678	350,678
Assets restricted for capital improvements	28,675	-
Assets restricted for chaplains	20,445	15,486
Assets restricted for charitable remainder trusts	340,347	373,914
Assets restricted for education assistance	5,981	5,981
Assets restricted for employee appreciation	5,771	-
Assets restricted for employee disaster and assistance	6,596	6,299
Assets restricted for employee scholarships	633,059	463,796
Assets restricted for health care	386,689	241,234
Assets restricted for music activities	264,892	259,277
Assets restricted for pooled income	229,429	187,166
Assets restricted for the residential fund	62	62
Assets restricted for residential hardship	668,408	660,717
Assets restricted for the Norte library	16,977	16,788
Assets restricted for the Sur library	7,588	7,005
Assets restricted for the Rose and Garden Club	19,326	18,458
Assets restricted for the Rosenmeier Health Fund	34,614	61,180
Assets restricted for transportation	538,401	545,057
Assets restricted for general use	1,819,615	1,714,072
Total Net Assets With Donor Restrictions	$ 5,375,076	$ 4,972,725

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, 2020 and 2019, as follows:

	2020	2019
Resident hardships	$ 25,259	$ 24,422
Employee scholarships	20,250	85,523
General purpose	352,515	78,295
Capital expenditures	80,000	46,688
	$ 478,024	$ 234,928

Note 10: Long-Term Debt

In August 2017, the California Enterprise Development Authority ("CEDA") issued $39,000,000 Insured Revenue Bonds (Casa de las Campanas, Inc.), Series 2017 (the "2017 Bonds"), and pursuant to the indenture, all proceeds are to be assigned to Casa de las Campanas, Inc. The 2017 Bonds are issued to finance the ongoing construction, installation, furnishing, and equipping of improvements to the retirement care facility, which is expected to be ongoing for the next few years. The 2017 Bonds have a variable interest rate (the initial rate was 2.25%), call for monthly payments of interest only for the first 18 months (or earlier if desired and construction is completed), and have monthly payments of principal and interest based on a 25-year amortization schedule due thereafter. The 2017 Bonds mature through September 1, 2022, and can be redeemed prior to their maturity. Other provisions of the 2017 Bonds mirror existing 2010 Bonds and 2014 Bonds as further described below.

In December 2014, the CEDA issued $19,000,000 Insured Revenue Bonds (Casa de las Campanas, Inc.), Series 2014 (the "2014 Bonds"), and pursuant to the indenture, all proceeds were assigned to Casa de las Campanas, Inc. The 2014 Bonds financed the construction, installation, furnishing, and equipping of improvements to the retirement care facility. The 2014 Bonds have a fixed annum interest rate of 2.67% and are set to mature at various dates through December 1, 2021, but can be redeemed prior to maturity. Mandatory sinking account payments are due annually starting January 1, 2017 through December 2021, and range from $45,000 to $50,000. Interest payments on the 2014 Bonds began on January 1, 2015.

In January 2010, the Association of Bay Area Governments Finance Authority for Nonprofit Corporations issued $54,310,000 Insured Revenue Bonds (Casa de las Campanas, Inc.), Series 2010 (the "2010 Bonds"), and pursuant to the indenture, all proceeds were assigned to Casa de las Campanas, Inc. The 2010 Bonds are set to mature at various dates through September 1, 2037, but can be redeemed prior to maturity. Remaining annual principal payments range from $1,375,000 to $3,760,000. Interest on the 2010 Bonds is payable semiannually on March 1 and September 1 and is equal to all interest accrued during the period from the last such interest payment date to such current interest payment date.

Note 10: Long-Term Debt (Continued)

Casa used the proceeds of the 2010 Bonds, together with other available funds, to (i) refund the outstanding Series 2007 Bonds; (ii) fund a termination fee for a certain swap agreement in connection with the Series 2007 Bonds; (iii) finance the costs of the acquisition, construction, and equipping of certain facilities of Casa; (iv) fund a bond reserve account in an amount equal to the Bond Reserve Account Requirement for the 2010 Bonds; and (v) pay certain costs of issuance of the 2010 Bonds, including the insurance premium.

The 2017 Bonds, 2014 Bonds, and 2010 Bonds (collectively, the "Bonds") are 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. A contract of insurance was entered into with the Office of Statewide Health Planning and Development of the State of California (the "Office"), pursuant to which the Office will insure the payment of the principal of, and interest on, the Bonds.

In connection with the issuance of the Bonds 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, 2020 and 2019, Casa was in compliance with these covenants.

A debt service reserve fund is required to be maintained in an amount equal to the maximum annual bond service on all bonds outstanding as of the issuance date of the Bonds. The fund balance as of July 31, 2020 and 2019, amounted to $5,089,861 and $5,166,798, respectively, which is included in assets whose use is limited or restricted, as these amounts are held by a trustee under bond indenture.

Casa capitalized interest in connection with the construction of certain property, buildings, and equipment of $1,233 and $1,945 for the years ended July 31, 2020 and 2019, respectively.

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. The loan, which has not been forgiven as of the report date, is reported as short term on the accompanying financial statements since Casa is using the funds as intended, and accordingly, management anticipates the full loan balance will be forgiven.

Note 10: Long-Term Debt (Continued)

Long-term debt was composed of the following at July 31, 2020 and 2019:

	2020	2019
Series 2017 Insured Revenue Bonds, bearing interest at a variable rate, 3.44% at July 31, 2019. Payments are interest only for the first 18 months, and the bonds mature through September 2022.	$ 51,000	$ 51,000
Series 2014 Insured Revenue Bonds, bearing interest at a fixed rate of 2.67%, paid monthly, and maturing through December 2021.	16,995,000	17,595,000
Series 2010 Insured Revenue Bonds, bearing interest at fixed rates ranging from 5.13% to 6%, paid semiannually on March 1 and September 1 of each year, and maturing through September 1, 2037.	43,305,000	44,680,000
SBA PPP loan under the CARES Act. The unsecured loan bears interest at 1% of outstanding balance, and interest and principal payments begin seven months from the month of disbursement, unless forgiven, and matures April 2022.	2,915,100	-
Less: Unamortized bond discounts	(178,767)	(189,881)
Less: Unamortized deferred financing fees	(2,660,277)	(2,843,875)
Total long-term debt	60,427,056	59,292,244
Less: Current portion of long-term debt	(4,444,445)	(1,371,516)
Long-Term Portion of Long-Term Debt	$ 55,982,611	$ 57,920,728

Note 10: Long-Term Debt (Continued)

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:

	Principal	Amortization of Bond Discounts	Amortization of Deferred Financing Fees	Total
2021	$ 4,965,100	$ (11,114)	$ (509,541)	$ 4,444,445
2022	17,915,000	(11,114)	(1,057,136)	16,846,750
2023	1,651,000	(11,114)	(120,436)	1,519,450
2024	1,685,000	(11,114)	(115,197)	1,558,689
2025	1,775,000	(11,114)	(109,678)	1,654,208
Thereafter	35,275,000	(123,197)	(748,289)	34,403,514
	$ 63,266,100	$ (178,767)	$ (2,660,277)	$ 60,427,056

Note 11: 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, 2020 and 2019, the obligation is discounted at 3.00% and 5.00%, respectively. At July 31, 2020 and 2019, 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.

Obligations under Capital Leases

Casa leases certain equipment under a capital lease agreement. As of July 31, 2020 and 2019, the cost of assets under the capital lease agreement amounts to $105,159 for each year, with accumulated amortization of $85,442 and $59,152, respectively, which is included in property, buildings, and equipment in the accompanying consolidated statements of financial position and amortized over the applicable lease terms of three to five years. Amortization expense of capital leases in 2020 and 2019 amounted to $26,290 for each year and is included in depreciation and amortization expense (see Note 7). Future minimum lease payments for fiscal year ending July 31, 2021, are $20,948, including interest due of $259 at 3%.

Note 11: Commitments and Contingencies (Continued)

Management Agreements

Casa has a management agreement with Life Care Services LLC, which expires on July 31, 2021. Management fee expense related to this agreement, which is included in management and general expenses, was $1,443,427 and $1,341,269, inclusive of salary and benefits, for the years ended July 31, 2020 and 2019, respectively. Amounts due and payable (net of refunds) under this agreement amounted to $208,849 and $248,329 at July 31, 2020 and 2019, respectively. 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 and is expected to be completed within the next few years.

Fee expense related to this development agreement, which is included in management and general expenses, was $46,513 and $110,488 for the years ended July 31, 2020 and 2019, respectively. Amounts due and payable under this development agreement amounted to $0 and $10,580 at July 31, 2020 and 2019, 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, 2020. Casa may also sell excess energy back to the open market. As of July 31, 2020 and 2019, the remaining commitment under the Agreement amounted to $313,480 and $322,411, respectively. Expenditures under the Agreement amounted to $351,586 and $389,970 for the years ended July 31, 2020 and 2019, 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 11: 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 12: 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 Internal Revenue Code 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 2020 and 2019 amounted to $252,075 and $236,185, respectively.

Note 13: Insurance Coverage

Since June 30, 2020, Casa de las Campanas has placed their workers' compensation coverage 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 $27,500,000 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 range from $0 to $25,000.

Note 13: Insurance Coverage (Continued)

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 $67,000 and $78,000 at July 31, 2020 and 2019, respectively, and is included in prepaid expenses and other current assets in the accompanying consolidated statements of financial position.

Note 14: Continuing Care Reserve Requirements

Casa is subject to statutory reserve requirements. As of July 31, 2020 and 2019, 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 15: Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform to the current-year presentation.

Note 16: Subsequent Events

All events occurring after July 31, 2020, have been evaluated for possible adjustment to the consolidated financial statements or disclosure as of November 24, 2020, which is the date the consolidated financial statements were available to be issued. There were no adjustments to the financial statements or additional disclosures as a result of this evaluation.

In September 2020, CEDA refinanced the Organization's 2017 Bonds, 2014 Bonds, and 2010 Bonds as previously described in Note 10, 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 2020 Bonds awarded the Organization with additional borrowings of up to $24,000,000, and as of November 2020, total borrowings amounted to $77,000,000. The 2020 Bonds mature 15 years from the closing date and call for a 360-month amortization with principal and any accrued interest paid monthly. New indentures have a fixed rate of 2.225% (under a related interest rate SWAP agreement). Other provisions of the 2020 Bonds mirror the refinanced 2017 Bonds, 2014 Bonds, and 2010 Bonds as further described above.

SUPPLEMENTARY INFORMATION

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JULY 31, 2020

ASSETS

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Current Assets:				
Cash and cash equivalents	$ 741,957	$ 19,879	$ -	$ 761,836
Cash equivalent assets whose use is limited or restricted, required for current liabilities	8,963,400	-	-	8,963,400
Invested assets whose use is limited or restricted, required for current liabilities	4,022,980	-	-	4,022,980
Accounts receivable, net	974,307	-	-	974,307
Prepaid expenses and other current assets	1,664,104	59,770	-	1,723,874
Contributions receivable	-	7,620	-	7,620
Current portion of costs of acquiring contracts	65,167	-	-	65,167
Total Current Assets	16,431,915	87,269	-	16,519,184
Intercompany Receivables	81	675,315	(675,396)	-
Assets Whose Use is Limited or Restricted, Less Amounts Classified as Current	6,785,889	5,074,991	-	11,860,880
Long-Term Investments	85,072,889	4,438,060	-	89,510,949
Property, Buildings, and Equipment, Net	115,784,205	300,678	-	116,084,883
Costs of Acquiring Contracts, Net of Current Portion	380,625	-	-	380,625
Interest in Casa Foundation	10,549,623	-	(10,549,623)	-
Total Assets	$ 235,005,227	$ 10,576,313	$ (11,225,019)	$ 234,356,521

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JULY 31, 2020

LIABILITIES AND NET ASSETS

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Current Liabilities:				
Accounts payable and accrued expenses	$ 3,760,710	$ 11,824	$ -	$ 3,772,534
Interest payable	1,064,713	-	-	1,064,713
Deposits from residents	448,288	-	-	448,288
Current portion of obligations under capital leases	20,689	-	-	20,689
Current portion of obligations under gift annuity contracts	350,645	-	-	350,645
Current portion of long-term debt	4,444,445	-	-	4,444,445
Current portion of estimated refundable entrance fees	3,672,335	-	-	3,672,335
Total Current Liabilities	13,761,825	11,824	-	13,773,649
Retentions Payable	1,512,490	-	-	1,512,490
Intercompany Payables	675,315	81	(675,396)	-
Obligations under Gift Annuity Contracts, Net of Current Portion	1,574,484	-	-	1,574,484
Deferred Contributions, Pooled Income Funds	-	14,785	-	14,785
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees	55,982,611	-	-	55,982,611
Estimated Refundable Entrance Fees, Net of Current Portion	25,595,068	-	-	25,595,068
Deferred Revenue from Unamortized Entrance Fees	61,435,133	-	-	61,435,133
Total Liabilities	160,536,926	26,690	(675,396)	159,888,220
Net Assets:				
Without donor restrictions	69,093,225	5,174,547	(5,174,547)	69,093,225
With donor restrictions	5,375,076	5,375,076	(5,375,076)	5,375,076
Total Net Assets	74,468,301	10,549,623	(10,549,623)	74,468,301
Total Liabilities and Net Assets	$ 235,005,227	$ 10,576,313	$ (11,225,019)	$ 234,356,521

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED JULY 31, 2020

	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	$ 39,880,855	$ -	$ (53,995)	$ 39,826,860
Contributions	444,942	253,455	(444,942)	253,455
Net assets released from restrictions, used for operations	-	398,024	-	398,024
Net assets released from restrictions, used for capital	-	80,000	-	80,000
Total Support and Revenues	40,325,797	731,479	(498,937)	40,558,339
Other Support:				
Grant	1,061,295	-	-	1,061,295
Interest and dividends, net	2,744,014	191,978	-	2,935,992
Net realized gains on sale of investments	1,183,993	10,530	-	1,194,523
Net unrealized gains on investments	418,822	15,604	-	434,426
Change in value of gift annuity contracts	-	(116,404)	-	(116,404)
Change in value of charitable remainder trusts and pooled income funds	-	-	-	-
Loss on disposal of fixed assets	(28,547)	(50,000)	-	(78,547)
Other revenues	71,436	-	-	71,436
Total Other Support	5,451,013	51,708	-	5,502,721
Total Support and Revenues	45,776,810	783,187	(498,937)	46,061,060
Expenses:				
Program Services	33,269,018	538,504	(447,406)	33,360,116
Supporting Services:				
Management and general	5,258,080	136,580	(51,531)	5,343,129
Total Expenses	38,527,098	675,084	(498,937)	38,703,245
Total Changes in Net Assets Without Donor Restrictions	7,249,712	108,103	-	7,357,815
Changes in Net Assets With Donor Restrictions:				
Contributions	-	816,780	-	816,780
Interest and dividends, net	-	166,314	-	166,314
Net realized gains on sale of investments	-	2,493	-	2,493
Net unrealized gains on investments	-	11,587	-	11,587
Net assets released from restrictions, used for operations	-	(398,024)	-	(398,024)
Net assets released from restrictions, used for capital expenditures	-	(80,000)	-	- (80,000)
Change in value of gift annuity contracts	-	(150,637)	-	(150,637)
Change in value of charitable remainder trusts and pooled income funds	-	33,839	-	- 33,839
Total Changes in Net Assets With Donor Restrictions	-	402,352	-	402,352
Change in Interest in Casa Foundation	510,455	-	(510,455)	-
Change in Net Assets	7,760,167	510,455	(510,455)	7,760,167
Net Assets – Beginning of Year	66,708,134	10,039,168	(10,039,168)	66,708,134
Net Assets – End of Year	$ 74,468,301	$ 10,549,623	$ (10,549,623)	$ 74,468,301

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
JULY 31, 2019

ASSETS

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Current Assets:				
Cash and cash equivalents	$ 1,422,077	$ 41,730	$ -	$ 1,463,807
Cash equivalent assets whose use is limited or restricted, required for current liabilities	9,182,712	-	-	9,182,712
Invested assets whose use is limited or restricted, required for current liabilities	4,005,613	-	-	4,005,613
Accounts receivable, net	1,490,126	-	-	1,490,126
Prepaid expenses and other current assets	1,458,799	5,845	-	1,464,644
Contributions receivable	-	190,545	-	190,545
Current portion of costs of acquiring contracts	73,645	-	-	73,645
Total Current Assets	17,632,972	238,120	-	17,871,092
Intercompany Receivables	8,757	751,344	(760,101)	-
Assets Whose Use is Limited or Restricted, Less Amounts Classified as Current	6,065,369	4,392,100	-	10,457,469
Long-Term Investments	85,603,615	4,364,977	-	89,968,592
Property, Buildings, and Equipment, Net	110,215,299	350,678	-	110,565,977
Costs of Acquiring Contracts, Net of Current Portion	375,444	-	-	375,444
Interest in Casa Foundation	10,039,168	-	(10,039,168)	-
Total Assets	$ 229,940,624	$ 10,097,219	$ (10,799,269)	$ 229,238,574

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JULY 31, 2019

LIABILITIES AND NET ASSETS

	Casa de las Campanas	Casa Foundation	Eliminations	Consolidated
Current Liabilities:				
Accounts payable and accrued expenses	$ 5,134,928	$ 4,124	$ -	$ 5,139,052
Interest payable	1,086,138	-	-	1,086,138
Deposits from residents	564,126	-	-	564,126
Current portion of obligations under capital leases	26,872	-	-	26,872
Current portion of obligations under gift annuity contracts	321,843	-	-	321,843
Current portion of long-term debt	1,371,516	-	-	1,371,516
Current portion of estimated refundable entrance fees	3,683,769	-	-	3,683,769
Total Current Liabilities	12,189,192	4,124	-	12,193,316
Retentions Payable	1,145,659	-	-	1,145,659
Intercompany Payables	751,344	8,757	(760,101)	-
Obligations under Capital Leases, Net of Current Portion	20,689	-	-	20,689
Obligations under Gift Annuity Contracts, Net of Current Portion	1,290,010	-	-	1,290,010
Deferred Contributions, Pooled Income Funds	-	45,170	-	45,170
Long-Term Debt, Net of Current Portion, Unamortized Discount, and Deferred Financing Fees	57,920,728	-	-	57,920,728
Estimated Refundable Entrance Fees, Net of Current Portion	25,078,123	-	-	25,078,123
Deferred Revenue from Unamortized Entrance Fees	64,836,745	-	-	64,836,745
Total Liabilities	163,232,490	58,051	(760,101)	162,530,440
Net Assets:				
Without donor restrictions	61,735,409	5,066,444	(5,066,444)	61,735,409
With donor restrictions	4,972,725	4,972,724	(4,972,724)	4,972,725
Total Net Assets	66,708,134	10,039,168	(10,039,168)	66,708,134
Total Liabilities and Net Assets	$ 229,940,624	$ 10,097,219	$ (10,799,269)	$ 229,238,574

CASA DE LAS CAMPANAS
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED JULY 31, 2019

	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	$ 38,636,885	$ -	$ (42,580)	$ 38,594,305
Contributions	163,241	181,336	-	344,577
Net assets released from restrictions, used for operations	-	188,241	-	188,241
Net assets released from restrictions, used for capital	-	46,688	-	46,688
Total Support and Revenues	38,800,126	416,265	(42,580)	39,173,811
Other Support				
Interest and dividends, net	4,125,467	259,726	-	4,385,193
Net realized gains on sale of investments	588,868	26,109	-	614,977
Net unrealized losses on investments	(1,254,922)	(128,687)	-	(1,383,609)
Change in value of gift annuity contracts	-	26,513	-	26,513
Change in value of charitable remainder trusts and pooled income funds	-	93	-	93
Loss on disposal of fixed assets	(175,691)	(2,812)	-	(178,503)
Other revenues	119,278	-	-	119,278
Total Other Support	3,403,000	180,942	-	3,583,942
Total Support and Revenues	42,203,126	597,207	(42,580)	42,757,753
Expenses:				
Program services	33,195,455	265,581	-	33,461,036
Supporting services:				
Management and general	4,205,266	161,249	(42,580)	4,323,935
Total Expenses	37,400,721	426,830	(42,580)	37,784,971
Total Changes in Net Assets Without Donor Restrictions	4,802,405	170,377	-	4,972,782
Changes in Net Assets With Donor Restrictions:				
Contributions	-	1,240,770	-	1,240,770
Interest and dividends, net	-	173,428	-	173,428
Net realized gains on sale of investments	-	21,457	-	21,457
Net unrealized losses on investments	-	(115,074)	-	(115,074)
Net assets released from restrictions, used for operations	-	(188,241)	-	(188,241)
Net assets released from restrictions, used for capital expenditures	-	(46,688)	-	(46,688)
Change in value of gift annuity contracts	-	(80,453)	-	(80,453)
Change in value of charitable remainder trusts and pooled income funds	-	13,926	-	13,926
Total Changes in Net Assets With Donor Restrictions	-	1,019,125	-	1,019,125
Change in interest in Casa Foundation	1,189,502	-	(1,189,502)	-
Change in Net Assets	5,991,907	1,189,502	(1,189,502)	5,991,907
Net Assets – Beginning of Year	60,716,227	8,849,666	(8,849,666)	60,716,227
Net Assets – End of Year	$ 66,708,134	$ 10,039,168	$ (10,039,168)	$ 66,708,134

Casa de las Campanas
Continuing Care Contract Annual Report
Part 5

CASA DE LAS CAMPANAS

CONTINUING CARE RESERVE REPORT

AS OF AND FOR THE YEAR ENDED JULY 31, 2020

WITH INDEPENDENT AUDITORS' REPORT

CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

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INDEPENDENT AUDITORS' REPORT

To the Members of the
Audit Committee of
Casa de las Campanas
Rancho Bernardo, California

Report on the Continuing Care Reserve Report

We have audited the accompanying continuing care reserve report (the Report) of Casa de las Campanas (a not-for-profit health care entity), (the "Organization") which comprises the continuing care liquid reserve schedules Form 5-1 through Form 5-5, as of July 31, 2020, and the related notes to continuing care reserve report for the year then ended.

Management's Responsibility for the Continuing Care Reserve Report

Management is responsible for the preparation and fair presentation of this Report in accordance with the financial reporting provisions prescribed or permitted by the California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Report based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the Report 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 the Organization's internal control. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Report, assessing the accounting principles used and significant estimates made by the Organization's management, as well as evaluating the overall presentation of the Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Report presents fairly, in all material respects, the liquid reserve requirements of Casa de las Campanas as of July 31, 2020, in accordance with report preparation provisions of California Health and Safety Code Section 1792.

Other Matter

The accompanying Report was prepared for the purpose of complying with California Health and Safety Code section 1792 and is not intended to be a complete presentation of the Organization's assets, liabilities, revenues and expenses.

Purpose of the Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
November 24, 2020

CASA DE LAS CAMPANAS
NOTES TO CONTINUING CARE RESERVE REPORT
YEAR ENDED JULY 31, 2020

Note 1: Mission Statement

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

Note 2: Description of Business

Casa de las Campanas was incorporated on September 19, 1990 as a California not-for-profit corporation for the purposes of constructing, owning and operating a continuing care retirement community. The facilities include 365 independent living units, 41 assisted living units with a capacity of 52 beds, 18 dementia/assisted living units with a capacity of 27 beds, and an adjacent 95-bed skilled nursing facility. The Organization provides housing, health care and other related services to the elderly honoring their dignity and promoting independence.

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

Note 3: Continuing Care Reserve Report Schedules

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

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	01/28/10	$1,375,000	$2,571,497	$0	$3,946,497
2	12/01/14	$600,000	$470,177	$0	$1,070,177
3	08/20/17	$0	$0	$0	$0
4					$0
5					$0
6					$0
7					$0
8					$0
		TOTAL:	$3,041,674	$0	$5,016,674

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

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

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-2020

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	04/24/20	$0	$182,975	8	$1,463,800
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$0	$182,975	8	$1,463,800

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

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

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-2020

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$5,016,674
2	Total from Form 5-2 bottom of Column (e)	$1,463,800
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	**$0**
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$6,480,474

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-2020

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$38,527,098
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$3,041,674	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$6,045,919	
	d.	Amortization	$284,585	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$4,701,841	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$14,074,019
4		Net Operating Expenses		$24,453,079
5		Divide Line 4 by 365 and enter the result.		$66,995
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$5,024,605

PROVIDER: Casa de las Campanas, Inc. FYE 7-31-2020
COMMUNITY: Casa de las Campanas, Inc. FYE 7-31-2020

CASA DE LAS CAMPANAS
SUPPORT SCHEDULE FOR FORM 5-4
FYE 7-31-2020

		2020
A. CALCULATION OF NET OPERATING EXPENSES, line 2e		
Reimbursement (Revenues) for Services to Non-Residents:		
Guest Rooms	$	97,625
Guest Meals		33,440
Employee Meals		9,156
Coffee Shop Income		34,493
Health Center - Non CCRC Resident		4,283,748
Assisted Living Dementia Center - Non CCRC Resident		243,379
Total Reimbursement (Revenues) for Services to Non-Residents	$	4,701,841

Reconciliation of Revenues to Audited Financial Statements:		
Total Reimbursement (Revenues) for Services to Non Residents	$	4,701,841
Residential Revenues, excluding the above Non-Resident reimbursements		35,125,019
Total Resident Fees Earned, including amortization of deferred revenues from entrance fees	$	39,826,860

B. CALCULATION OF NET OPERATING EXPENSES, line 2d		
Reconciliation of Amortization to Audited Financial Statements:		
Amortization of deferred financing costs	$	273,470
Amortization of bond discount		11,115
Total Amortization	$	284,585

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Casa de las Campanas, Inc. FYE 7-31-2020
Fiscal Year Ended: 31-Jul-20

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 31-Jul-20 and are in compliance with those requirements.

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

		Amount
[1]	Debt Service Reserve Amount	$6,480,474
[2]	Operating Expense Reserve Amount	$5,024,605
[3]	**Total Liquid Reserve Amount:**	$11,505,079

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

		Amount (market value at end of quarter)		
	Qualifying Asset Description	**Debt Service Reserve**		**Operating Reserve**
[4]	Cash and Cash Equivalents			$0
[5]	Investment Securities			$0
[6]	Equity Securities	$0		$5,024,605
[7]	Unused/Available Lines of Credit			
[8]	Unused/Available Letters of Credit			
[9]	Debt Service Reserve	$6,480,474		(not applicable)
[10]	Other: (describe qualifying asset)			
	Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	$6,480,474	[12]	$5,024,605
	Reserve Obligation Amount: [13]	$6,480,474	[14]	$5,024,605
	Surplus/(Deficiency): [15]	$0	[16]	$0

Signature:
David Johnson 2020
(Authorized Representative)

Date: 24-Nov-20

CFO
(Title)

Casa de las Campanas, Inc.
Reserve Disclosures, Form 5-5 Support
As of 7/31/2020

[1] Held by Trustee under Bond Indenture $8,963,400 includes:
-Debt Service Reserve of $5,089,861
This reserve is for the annual principal and interest payments for our Casa bonds as required per the bond documents.
-Revenue Fund of $1,208,691
This reserve is for future interest payments due in the next fiscal year 2021.
-Principal Fund of $1,330,635
This reserve is for future principal payment due in next Fiscal Year 2021.
-Construction Fund of $1,334,213
This reserve is for future capital expenditure reimbursements per our bond documents.

[2] Operating Expense Reserve of $5,024,605.
-Reserve requirement per DSS. Funds are held by our investment advisor, SEI and reported on our financials as unrestricted funds.

[3] Refund Reserve Requirement
-Reserve requirement per DSS.
-Funded by Real Estate $12,181,253
-Funded by Investments $8,883,740

[4] The following reserves are set up and consist of the following:
-Restricted by Donors of $4,195,742 for gifts received by our Foundation.
-Charitable Gift Annuities of $1,925,129 for gift annuity contracts.
-Charitable Remainder Trusts of $635,035 for CRT contracts by our Foundation.
-Pooled Income Funds of $244,214 for gifts received by our Foundation.

Casa de las Campanas
Continuing Care Contract Annual Report
Part 6

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 11/25/2020

FACILITY NAME: CASA DE LAS CAMPANAS, INC.

ADDRESS: 18655 WEST BERNARDO DRIVE ZIP CODE: 92127-3002 PHONE: 858-451-9152

PROVIDER NAME: CASA DE LAS CAMPANAS, INC. FACILITY OPERATOR: LIFE CARE SERVICES, LLC

RELATED FACILITIES: NONE RELIGIOUS AFFILIATION: NONE

YEAR OPENED: 1988 # OF ACRES: 22 ☐ SINGLE STORY ☑ MULTI-STORY ☐ OTHER: ______ MILES TO SHOPPING CTR: ONE (1) MILES TO HOSPITAL: FOUR (4)

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:	10	ASSISTED LIVING:	52
APARTMENTS – 1 BDRM:	138	SKILLED NURSING:	95
APARTMENTS – 2 BDRM:	217	SPECIAL CARE:	27
COTTAGES/HOUSES:	-0-	DESCRIPTION:	> DEMENTIA
RLU OCCUPANCY (%) AT YEAR END:	92%		> 96%

* *

TYPE OF OWNERSHIP: ☑ NOT-FOR-PROFIT ☐ FOR- PROFIT ACCREDITED?: ☐ YES ☑ NO BY: ______

FORM OF CONTRACT: *(Check all that apply)* ☑ CONTINUING CARE ☐ LIFE CARE ☑ ENTRANCE FEE ☐ FEE FOR SERVICE ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☐ RENTAL

REFUND PROVISIONS: *(Check all that apply)* ☐ 90% ☑ 75% ☐ 50% ☐ FULLY AMORTIZED ☑ OTHER: Amortized over 50 months

RANGE OF ENTRANCE FEES: $206,475 - $1,255,013 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ■ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: YES

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: ASSET EQUIVALENT

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): > Resident Committee Chairs attend Board > Committee meetings in a non-voting capacity. Plus one Resident is a voting & another is a non-voting Board Members.

* *

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	☑	☑
BILLIARD ROOM	☑	☐
BOWLING GREEN	☑	☐
CARD ROOMS	☑	☐
CHAPEL	☐	☐
COFFEE SHOP	☑	☑
CRAFT ROOMS	☑	☐
EXERCISE ROOM	☑	☐
GOLF COURSE ACCESS	☐	☐
LIBRARY	☑	☐
PUTTING GREEN	☑	☐
SHUFFLEBOARD	☑	☐
SPA	☑	☐
SWIMMING POOL-INDOOR	☑	☐
SWIMMING POOL-OUTDOOR	☑	☐
TENNIS COURT	☐	☐
WORKSHOP	☑	☐
OTHER Dinner Theatre/Computer Room	☑	☐

SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING (2 TIMES/MONTH)	☑	☐
MEALS (2 /DAY)	☑	☐
SPECIAL DIETS AVAILABLE	☑	☐
24-HOUR EMERGENCY RESPONSE	☑	☐
ACTIVITIES PROGRAM	☑	☐
ALL UTILITIES EXCEPT PHONE	☑	☐
APARTMENT MAINTENANCE	☑	☐
CABLE TV	☑	☐
LINENS FURNISHED	☑	☐
LINENS LAUNDERED	☑	☐
MEDICATION MANAGEMENT	☐	☑
NURSING/WELLNESS CLINIC	☑	☐
PERSONAL HOME CARE	☐	☑
TRANSPORTATION-PERSONAL	☑	☐
TRANSPORTATION-PREARRANGED	☑	☐
OTHER WiFi in all areas	☑	☐

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

PROVIDER NAME: CASA DE LAS CAMPANAS, INC.

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)

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

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

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

PROVIDER NAME: CASA DE LAS CAMPANAS, INC.

	2017	2018	2019	2020
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	$29,820,070	$32,345,955	$33,659,732	33,168,571
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	$27,250,075	$27,571,573	$28,773,859	29,339,674
NET INCOME FROM OPERATIONS	$2,569,995	$4,774,382	$4,885,873	3,828,897
LESS INTEREST EXPENSE	$3,232,949	$3,364,375	$3,358,227	3,306,537
PLUS CONTRIBUTIONS	$500,382	$942,096	$344,577	1,314,750
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$5,840,274	$1,805,696	<$1,416,228>	310,911
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$5,677,702	$4,157,799	$455,995	2,148,021
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$20,014,336	$15,116,384	$12,296,624	9,206,537

* *

DESCRIPTION OF SECURED DEBT *(as of most recent fiscal year end)*

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
ABAG FINANCE AUTHORITY	$43,305,000	5.13 to 6%	JANUARY 2010	SEPTEMBER 2037	27 YEARS, 9 MONTHS
CEDA	$16,995,000	2.67%	DECEMBER 2014	DECEMBER 2021	7 YEARS
CEDA	$51,000	3.44%	AUGUST 2017	SEPTEMBER 2022	5 YEARS

* *

FINANCIAL RATIOS (see next page for ratio formulas)

	2017 CCAC Medians 50th Percentile *(optional)*	2018	2019	2020
DEBT TO ASSET RATIO	33%	27%	25%	24%
OPERATING RATIO	102	95%	96%	101%
DEBT SERVICE COVERAGE RATIO	3.1	4.2	3.5	2.5
DAYS CASH ON HAND RATIO	980	1,153	1,049	1,021

* *

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2017	%	2018	%	2019	%	2020	%
STUDIO	$2,434	4	$2,525	3.75	$2,661	4.4	$2,715	3
ONE BEDROOM	$2,831	4	$2,937	3.75	$3,066	4.4	$3,158	3
TWO BEDROOM	$4,028	4	$4,179	3.75	$4,363	4.4	$4,494	3
COTTAGE/HOUSE								
ASSISTED LIVING	$3,590	4	$3,725	3.75	$3,888	4.4	$4,005	3
SKILLED NURSING	$3,590	4	$3,725	3.75	$3,888	4.4	$4,005	3
SPECIAL CARE	$3,590	4	$3,725	3.75	$3,888	4.4	$4,005	3

* *

COMMENTS FROM PROVIDER: > AMENDMENT TO RESIDENT AGREEMENT FOR 6 PRE-EXISTING CONDITIONS. INFO INCLUDED IN
> DISCLOSURE STATEMENT IS NOT BINDING ON CASA, NOR DOES IT GUARANTEE PROVISIONS OF AMENITIES LISTED OR REFERRED TO
> HEREIN. ALL AMENITIES & PAYMENTS THEREFORE ARE SUBJECT TO CHANGE PER THE CASA POLICY & OR BOARD OF DIRECTORS.

PROVIDER NAME: CASA DE LAS CAMPANAS, INC.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

Casa de las Campanas

Continuing Care Contract Annual Report

Part 7

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED LIVING
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	$2,625 - $5,384	$2,625 - $5,384	$2,625 - $5,384
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3%	3%	3%

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

[3] Indicate the date the fee increase was implemented: 08/01/2019
(If more than one (1) increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. **Date of Notice:** 06/28/2019 **Method of Notice:** Inhouse mail & US mail

☒ At least 30 days prior to the increase in fees, the designated representative of the provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 06/28/2019

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

☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** 06/14/2019

☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting. **Date of Posting:** 06/14/2019
Location of Posting: Bullentin Boards

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

PROVIDER: Casa de las Campanas, INC.
COMMUNITY: Casa de las Campanas, INC.

Form 7-1 Attachment
Monthly Care Fee Increase
Annual Reporting Fiscal Year 2020

Dollar Amounts in Thousands

Line	Fiscal Years	2019	2020	2021
1	F/Y 2019 Operating Expenses (less interest expense, other non-operating expenses, depreciation & amortization)	$ (28,401)		
2	F/Y 2020 Operating Expenses (less interest expense, other non-operating expenses, depreciation & amortization)		$ (29,175)	
3	Projected F/Y 2021 Results of Operations (budgeted operating expenses)			$ (30,148)
4	F/Y 2021 Anticipated MCF Revenue Based on Current & Projected Occupancy & Other without a MCFI			$ 29,627
5	Projected F/Y 2021 (Net) Results without a MCFI (Line 3 plus Line 4)			$ (521)
6	Projected F/Y 2021 Anticipated Revenue Based on Current & Projected Occupancy & Other with MCFI 3.5%			$ 30,538
7	Grand Total - Projected FY 2021 Net Operating Activity After 3.5% MCFI (Line 3 plus Line 6)			$ 390
		Monthly Care Fee Increase		**3.50%**

Adjustments Explained:

Sixty percent of Casa's costs represent wages and benefits & it is expected that future rate increases are in line with the wage & benefit adjustment & cost of living increases.
The 2020 employee merit increases are budgeted at 3% plus other adjustments primarily consisting of the $1 minimum wage increase effective January 1st.
General Insurance increased by approximately 19%, depending on the line of coverage.
Casa Residents pay the same monthly fee for all levels of care, as it is based on the Independent Living unit they transfer from.
Overall, due to covid -19, we are forecasting fewer move-ins during F/Y 2021 with costs increases related to precautionary pandemic measures.

Casa de las Campanas
Continuing Care Contract Annual Report
Part 8

Casa de las Campanas
Form 9-1 Supporting Schedule
Fiscal Year Ending 7/31/2020

$ 167,800,000	Net Equity (Casa de las Campanas appraised value 3-27-2020)
$ -	
$ (77,000,000)	Less Debt (Bonds & Leases)
$ 90,800,000	Net Equity (Real Estate & Buildings, net book value less any depreciation and encumbrances)
x .50	x .50
$ 45,400,000	Net Equity available
$ 21,068,408	Refund Reserve Requirement per DSS Form 9-1
x .70	x .70
$ 14,747,886	Amount of the Refund Reserve Requirement that could be offset by Net Equity of Real Estate & Buildings
Final Recap	
$ 8,883,740	Actual Refund Reserve Assets in Investments
$ 12,184,668	Adjusted Real Estate Equity
$ 21,068,408	Total Reserve Requirement

FORM 9-1
CALCULATION OF REFUND RESERVE AMOUNT

FYE 07/31/2020

[1] Resident Name	[2] Sex	[3] Entrance Fee	[4] Refund %	[5] Refund Amount (promised after 6 yrs)	[6] Age	[7] Life Exp.	[8] Present Value Multiplier	[9] Present Value of Refund
	F	$247,580	18%	$44,564	76	12.011	0.497	$22,133
	F	$267,883	18%	$48,219	90	4.838	0.754	$36,374
	F	$354,040	18%	$63,727	87	6.054	0.703	$44,784
	F	$325,540	18%	$58,597	81	9.060	0.590	$34,563
	F	$247,580	18%	$44,564	88	5.613	0.721	$32,133
	M	$207,300	18%	$37,314	82	6.719	0.676	$25,226
	M	$400,540	18%	$72,097	91	3.670	0.807	$58,216
	F	$257,580	18%	$46,364	91	4.501	0.769	$35,668
	M	$337,582	18%	$60,765	84	5.854	0.711	$43,203
	F	$301,040	18%	$54,187	88	5.613	0.721	$39,071
	F	$207,300	18%	$37,314	89	5.200	0.739	$27,560
	F	$347,470	18%	$62,545	78	10.779	0.534	$33,375
	F	$510,980	18%	$91,976	89	5.200	0.739	$67,934
	F	$325,540	18%	$58,597	79	10.184	0.552	$32,371
	F	$279,323	18%	$50,278	92	4.175	0.784	$39,421
	F	$279,323	18%	$50,278	93	3.862	0.798	$40,147
	F	$225,992	18%	$40,679	78	10.779	0.534	$21,707
	F	$378,540	18%	$68,137	88	5.613	0.721	$49,130
	F	$257,580	18%	$46,364	87	6.054	0.703	$32,582
	F	$354,040	18%	$63,727	86	6.494	0.685	$43,650
	F	$207,300	18%	$37,314	93	3.862	0.798	$29,795
	F	$368,202	18%	$66,276	87	6.054	0.703	$46,575
	F	$268,580	18%	$48,344	86	6.494	0.685	$33,114
	M	$421,841	18%	$75,931	94	2.903	0.844	$64,115
	F	$378,540	18%	$68,137	80	9.620	0.571	$38,899
	F	$410,112	18%	$73,820	91	4.501	0.769	$56,790
	F	$392,702	18%	$70,686	84	7.438	0.648	$45,826

	F	$491,960	18%	$88,553	81	9.060	0.590	$52,231
	F	$231,800	18%	$41,724	76	12.011	0.497	$20,722
	F	$207,300	18%	$37,314	83	7.952	0.629	$23,477
	F	$467,460	18%	$84,143	86	6.494	0.685	$57,634
	F	$267,883	18%	$48,219	97	2.914	0.844	$40,689
	F	$292,383	18%	$52,629	77	11.394	0.515	$27,095
	F	$282,080	18%	$50,774	90	4.838	0.754	$38,301
	F	$510,658	18%	$91,918	93	3.862	0.798	$73,396
	F	$378,540	18%	$68,137	88	5.613	0.721	$49,130
	F	$247,580	18%	$44,564	102	2.152	0.882	$39,312
	F	$418,335	100%	$418,335	91	4.501	0.769	$321,827
	F	$418,335	100%	$418,335	76	12.011	0.497	$207,766
	F	$283,055	100%	$283,055	97	2.914	0.844	$238,853
	F	$283,055	100%	$283,055	95	3.329	0.824	$233,146
	F	$283,905	100%	$283,905	90	4.838	0.754	$214,162
	M	$290,357	100%	$290,357	96	2.533	0.863	$250,515
	F	$736,661	100%	$736,661	76	12.011	0.497	$365,863
	F	$504,503	100%	$504,503	90	4.838	0.754	$380,569
	F	$508,205	100%	$508,205	80	9.620	0.571	$290,132
	F	$397,217	100%	$397,217	83	7.952	0.629	$249,917
	F	$241,303	100%	$241,303	90	4.838	0.754	$182,026
	F	$656,000	100%	$656,000	80	9.620	0.571	$374,508
	F	$335,524	100%	$335,524	94	3.579	0.812	$272,366
	M	$469,988	100%	$469,988	98	2.254	0.877	$412,143
	F	$461,810	100%	$461,810	83	7.952	0.629	$290,557
	F	$417,316	100%	$417,316	81	9.060	0.590	$246,146
	F	$627,173	100%	$627,173	70	15.553	0.404	$253,399
	F	$239,508	100%	$239,508	95	3.329	0.824	$197,277
	F	$302,757	100%	$302,757	88	5.613	0.721	$218,299
	F	$593,117	100%	$593,117	80	9.620	0.571	$338,608
	F	$399,092	100%	$399,092	92	4.175	0.784	$312,911
	F	$377,053	100%	$377,053	85	6.956	1.000	$377,053
	F	$390,629	100%	$390,629	87	6.054	0.703	$274,513
	M	$665,090	100%	$665,090	80	7.672	0.640	$425,338

	F	$514,561	100%	$514,561	82	8.501	0.609	$313,553
	F	$453,066	100%	$453,066	84	7.438	0.648	$293,722
	F	$470,990	100%	$470,990	85	6.956	0.667	$314,040
	F	$403,868	100%	$403,868	86	6.494	0.685	$276,632
	M	$417,467	100%	$417,467	99	2.137	0.883	$368,590
	F	$873,690	100%	$873,690	85	6.956	0.667	$582,546
	F	$656,685	100%	$656,685	90	4.838	0.754	$495,367
	F	$381,904	100%	$381,904	91	4.501	0.769	$293,800
	M	$461,810	100%	$461,810	87	4.806	0.756	$349,015
	F	$461,810	100%	$461,810	88	5.613	0.721	$332,983
	F	$299,655	100%	$299,655	94	3.579	0.812	$243,249
	F	$339,523	100%	$339,523	89	5.200	0.739	$250,772
	F	$479,548	100%	$479,548	90	4.838	0.754	$361,745
	F	$539,428	100%	$479,548	86	6.494	0.685	$328,470
	M	$458,532	100%	$458,532	82	6.719	0.676	$309,984
	F	$479,186	100%	$479,186	85	6.956	0.667	$319,504
	F	$628,874	100%	$628,874	82	8.501	0.609	$383,211
	F	$340,994	100%	$340,994	88	5.613	0.721	$245,870
	F	$369,075	100%	$369,075	87	6.054	0.703	$259,366
	F	$386,256	100%	$386,256	81	9.060	0.590	$227,826
	F	$239,508	100%	$239,508	98	2.741	0.852	$204,153
	F	$391,217	100%	$391,217	92	4.175	0.784	$306,737
	F	$264,668	100%	$264,668	92	4.175	0.784	$207,515
	F	$714,278	100%	$714,278	83	7.952	0.629	$449,402
	F	$336,397	100%	$336,397	101	2.289	0.875	$294,392
	F	$523,719	100%	$523,719	89	5.200	0.739	$386,819
	F	$519,081	100%	$519,081	87	6.054	0.703	$364,782
	F	$375,584	100%	$375,584	89	5.200	0.739	$277,407
	F	$283,055	100%	$283,055	92	4.175	0.784	$221,932
	F	$479,548	100%	$479,548	88	5.613	0.721	$345,772
	F	$397,217	100%	$397,217	86	6.494	0.685	$272,077
	F	$205,786	100%	$205,786	92	4.175	0.784	$161,348
	M	$396,242	100%	$396,242	92	3.388	0.821	$325,255
	M	$517,040	100%	$517,040	87	4.806	0.756	$390,755

	F	$397,217	100%	$397,217	85	6.956	0.667	$264,850
	F	$369,075	100%	$369,075	93	3.862	0.798	$294,702
	F	$461,810	100%	$461,810	85	6.956	0.667	$307,919
	F	$381,904	100%	$381,904	85	6.956	0.667	$254,640
	F	$580,050	100%	$580,050	90	4.838	0.754	$437,558
	F	$390,629	100%	$390,629	96	3.109	0.834	$325,903
								$0
								$0
							TOTAL AMOUNT REQUIRED FOR REFUND RESERVE :	$21,068,408

PROVIDER: Casa de las Campanas, INC.

COMMUNITY: Casa de las Campanas, INC.

FYE 07/31/2020