



Report of Independent Auditors and
Financial Statements

899 Charleston
dba Moldaw Residences

June 30, 2025 and 2024



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Report of Independent Auditors

The Board of Trustees
899 Charleston dba Moldaw Residences

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 899 Charleston dba Moldaw Residences, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of revenues and expenses, changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of 899 Charleston dba Moldaw Residences as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 899 Charleston dba Moldaw Residences and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 899 Charleston dba Moldaw Residences' ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 899 Charleston dba Moldaw Residences' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 899 Charleston dba Moldaw Residences' ability to continue as a going concern for a reasonable period of time.

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

Baker Tilly US, LLP

San Francisco, California
October 9, 2025

Financial Statements

899 Charleston dba Moldaw Residences
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,780,743	\$ 7,985,045
Investments	29,991,196	28,318,170
Accounts receivable	66,220	93,544
Notes receivable	4,057,161	1,855,824
Prepaid expenses and other current assets	406,170	217,399
Other receivables	171,145	248,630
Debt service fund - current	<u>1,615,333</u>	<u>-</u>
Total current assets	50,087,968	38,718,612
DEBT SERVICE FUND - NON-CURRENT	2,053,263	4,513,397
INTEREST IN OWNERS ASSOCIATION	758,324	976,841
PROPERTY AND EQUIPMENT, net	<u>94,820,143</u>	<u>94,741,315</u>
Total assets	<u><u>\$ 147,719,698</u></u>	<u><u>\$ 138,950,165</u></u>

See accompanying notes.

899 Charleston dba Moldaw Residences
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Accounts payable	\$ 1,243,509	\$ 404,276
Entrance fee refund payable	7,706,329	3,536,900
Accrued liabilities	1,079,073	903,146
Deferred monthly fees	18,344	179,497
Refundable deposits	541,865	586,867
Loans payable, current portion	600,000	600,000
Bonds payable, current portion	<u>1,180,000</u>	<u>1,135,000</u>
Total current liabilities	12,369,120	7,345,686
LOANS PAYABLE, net of current portion	3,140,892	3,672,026
BONDS PAYABLE, net of current portion	58,696,328	60,941,168
REFUNDABLE ENTRANCE FEES	123,493,337	116,313,685
DEFERRED REVENUE FROM ENTRANCE FEES	<u>16,482,132</u>	<u>13,281,660</u>
Total liabilities	<u>214,181,809</u>	<u>201,554,225</u>
NET ASSETS (DEFICIT)		
Without donor restrictions	(76,336,043)	(72,123,843)
Without donor restrictions - Board designated	413,302	405,627
With donor restrictions	<u>9,460,630</u>	<u>9,114,156</u>
Total net deficit	<u>(66,462,111)</u>	<u>(62,604,060)</u>
Total liabilities and net deficit	<u><u>\$ 147,719,698</u></u>	<u><u>\$ 138,950,165</u></u>

See accompanying notes.

899 Charleston dba Moldaw Residences
Statements of Revenues and Expenses
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Resident fees	\$ 15,927,350	\$ 14,602,718
Amortization of entrance fees	2,167,468	1,387,212
Fees for services and other income	214,744	148,684
Investment income	1,373,019	1,371,454
Contributions without donor restrictions	17,821	1,372
Net assets released from restrictions - satisfaction of purpose	<u>499,023</u>	<u>476,710</u>
Total operating revenues	<u>20,199,425</u>	<u>17,988,150</u>
EXPENSES		
Salaries and wages	7,652,814	6,865,808
Employee benefits and payroll taxes	1,645,039	1,365,258
Contract services and professional fees	4,323,948	4,275,185
Supplies, utilities, and maintenance	2,140,302	1,836,439
Interest	3,036,501	3,953,600
Depreciation	3,947,396	3,896,319
Other	<u>1,262,558</u>	<u>45,251</u>
Total expenses	<u>24,008,558</u>	<u>22,237,860</u>
DEFICIT OF REVENUES OVER EXPENSES	<u><u>\$ (3,809,133)</u></u>	<u><u>\$ (4,249,710)</u></u>

See accompanying notes.

899 Charleston dba Moldaw Residences
Statements of Changes in Net Deficit
Years Ended June 30, 2025 and 2024

	2025	2024
NET DEFICIT WITHOUT DONOR RESTRICTIONS		
Deficit of revenues over expenses	\$ (3,809,133)	\$ (4,249,710)
Changes in interest in Owners Association	(395,392)	-
Other changes in net deficit	-	(113,494)
	<u>(4,204,525)</u>	<u>(4,363,204)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	4,311	173,357
Net assets released from restrictions - satisfaction of purpose	(499,023)	(476,710)
Investment earnings with donor restrictions	841,186	337,239
Changes in beneficial interest in Jewish Home & Senior Living Foundation	-	407,774
	<u>346,474</u>	<u>441,660</u>
CHANGES IN NET DEFICIT	(3,858,051)	(3,921,544)
NET DEFICIT, beginning of year	<u>(62,604,060)</u>	<u>(58,682,516)</u>
NET DEFICIT, end of year	<u><u>\$ (66,462,111)</u></u>	<u><u>\$ (62,604,060)</u></u>

See accompanying notes.

899 Charleston dba Moldaw Residences**Statements of Cash Flows****Years Ended June 30, 2025 and 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from resident fees	\$ 15,576,495	\$ 14,240,793
Cash received from services and other income	214,744	148,684
Nonrefundable entrance fees received	5,368,156	4,165,684
Interest income received	1,373,019	1,065,222
Cash received from contributions and grants	17,821	1,372
Cash paid for interest on long-term debt	(2,994,587)	(3,338,581)
Cash paid to suppliers, employees, and others	(14,852,816)	(14,129,232)
Net cash provided by operating activities	4,702,832	2,153,942
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,026,224)	(1,495,919)
Purchase of investments	(1,571,555)	(8,535,144)
Proceeds from sale of investments	387,741	1,240,881
Changes in refundable deposits	(45,002)	(153,898)
Investments earnings transfer from Jewish Home & Senior Living Foundation	-	239,745
Net cash used in investing activities	(5,255,040)	(8,704,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bond principal	(63,310,000)	(1,080,000)
Payments of bond issuance costs	(3,384,999)	-
Proceeds from bond issuance	63,272,397	-
Payments of loan principal	(600,000)	(600,000)
Entrance fees received	26,744,158	20,192,485
Entrance fees refunded	(17,218,451)	(15,543,566)
Net cash provided by financing activities	5,503,105	2,968,919
NET CHANGES IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,950,897	(3,581,474)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	12,498,442	16,079,916
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	\$ 17,449,339	\$ 12,498,442

See accompanying notes.

899 Charleston dba Moldaw Residences

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
RECONCILIATION OF CHANGES IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Changes in net deficit	\$ (3,858,051)	\$ (3,921,544)
Adjustments to reconcile changes in net deficit to net cash provided by operating activities:		
Amortization of entrance fees	(2,167,468)	(1,387,212)
Loss on bond refinancing	1,233,851	-
Amortization of bond issuance costs	103,362	53,096
Amortization of bond premium	(114,451)	(53,155)
Amortization of loan discount	68,866	68,866
Unrealized gain on investments	(489,212)	(314,818)
Depreciation	3,947,396	3,896,319
Nonrefundable entrance fees received	5,368,156	4,165,684
Changes in interest in Owners Association	218,517	-
Changes in beneficial interest in Jewish Home & Senior Living Foundation	-	(407,774)
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	27,324	(44,006)
Increase in notes receivable	(378,179)	(317,919)
(Increase) decrease in prepaid expenses and other current assets	(188,771)	95,433
Decrease (increase) in other receivables	77,485	(183,877)
Increase (decrease) in accounts payable	839,233	(253,857)
Increase in entrance fee refund payable	-	533,623
Increase in accrued liabilities	175,927	52,717
(Decrease) increase in deferred monthly fees	(161,153)	172,366
Net cash provided by operating activities	<u>\$ 4,702,832</u>	<u>\$ 2,153,942</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY		
Transfer of investments from beneficial interest in Jewish Home & Senior Living Foundation	\$ -	\$ 8,498,425
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITY		
Notes receivable issued for entrance fees received	\$ 3,195,332	\$ 1,095,017

See accompanying notes.

899 Charleston dba Moldaw Residences

Notes to Financial Statements

Note 1 – Nature of Activities

899 Charleston dba Moldaw Residences (the Organization) was established on March 29, 2006, as a nonprofit public benefit corporation in the State of California. The specific and primary purposes of the Organization are: (1) to provide residential facilities that are specifically designated to meet a combination of physical, emotional, recreation, social, and similar needs of aged persons; (2) to maintain arrangements with organizations, facilities, and/or health personnel to address the well-being of the residents; and (3) to adopt policies and procedures designed to address the need of the residents for protection against financial risks associated with the later years of life.

In 2007, 899 Charleston, LLC (the LLC) was formed in order to facilitate the bond financing transaction for the 899 Charleston project (the Project). The Project included the construction of 193 continuing care retirement community units in Palo Alto, California, which became part of the network of living options, services, and care associated with the Hebrew Home for Aged Disabled (the San Francisco Campus) dba the San Francisco Campus for Jewish Living. The LLC's rights and obligations under the bond and the Project were assigned to the Organization after it was recognized by the Internal Revenue Service as a tax-exempt organization. In an agreement with the City of Palo Alto, the Project provides a Below-Market Rate (BMR) Program that includes, among other services, providing 24 housing units at entry fee levels that comply with the income and affordability standards prescribed by the BMR Program for 89 years. The Project also established a \$5 million endowment for financial need with the stipulation that the income be restricted for the support of residents of 899 Charleston or accepted applicants who cannot afford a portion of either the entry fee or the monthly fee.

In October 2009, the construction of the facility was completed, and the Organization commenced operations.

Note 2 – Significant Accounting Policies

Basis of accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of presentation – The Organization is required to report information regarding its financial position and operations according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Represent unrestricted resources available to support the Organization's operations. This includes resources that were originally restricted by the donor that became available for use by the Organization, in accordance with the intentions of donors. Net assets without donor restrictions – Board designated represent funds that the Board of Trustees has designated for specific purposes, such as future resident financial assistance.

899 Charleston dba Moldaw Residences

Notes to Financial Statements

Net assets with donor restrictions – Represent contributions that are limited in use by the Organization in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied and removed by the actions of the Organization according to the terms of the contribution. A portion of these contributions is classified as endowments and income from these contributions is primarily available to support the activities of the Organization as directed by the donors (see Note 10). Donor-imposed restrictions are released when a restriction expires; that is, when the stated time has elapsed, when the stated purpose for which the resource was restricted has been fulfilled, or both.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include deferred revenue from entrance fees, future service benefit obligation and recoverability of long-lived assets. Actual results could differ from those estimates.

Cash, cash equivalents, and restricted cash – Cash and cash equivalents consist primarily of cash on deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows as of June 30:

	2025	2024
Cash and cash equivalents	\$ 13,780,743	\$ 7,985,045
Restricted cash included in debt service fund - current	1,615,333	-
Restricted cash included in debt service fund - noncurrent	2,053,263	4,513,397
Total cash, cash equivalents, and restricted cash	<u>\$ 17,449,339</u>	<u>\$ 12,498,442</u>

Amounts included in restricted cash represent those contractually required to be set aside for future debt service payments.

Notes receivable – Some prospective residents require additional time to liquidate assets to fully pay the entrance fee that is due when they sign their continuing care contract with the Organization. In these situations, the individuals sign a contract addendum and a notarized promissory note that gives them up to 90 days to pay the balance of their entrance fee. The Organization records a note receivable for these deferred entrance fees. Before contracts are signed, the Organization does extensive financial screening. Based on past collection experiences, the Organization estimates that all the outstanding balances are collectible as of June 30, 2025 and 2024, and no provision of allowance for losses is deemed necessary.

899 Charleston dba Moldaw Residences

Notes to Financial Statements

The Organization also records notes receivable when a resident's monthly fee is reduced due to a financial assistance subsidy or use of a health care line of credit. In both these situations, any reduction to the monthly fee is deducted from the refundable portion of the resident's entrance fee when the refund becomes due. In general, no provision of allowance for losses is deemed necessary because the Organization does not need to collect the balance on the note receivable; it simply reduces the payment it issues to the resident or their estate. If the aggregate amount of financial assistance a resident received equals the amount of the refundable portion of their entrance fee, an allowance for losses is recorded for any additional subsidies.

Investments – Investments in debt and equity securities are stated at fair value. Fair value is determined based on quoted market prices. Unrealized gains or losses on investments resulting from market fluctuations are recorded in the statements of revenues and expenses in the period such fluctuations occur. Realized gains or losses on sales of investments are calculated on the average cost basis. Investment sales and purchases are recorded on a trade-date basis and dividends and interest income are recorded when earned on an accrual basis. Investments include money market funds.

Fair value of financial instruments – Management has elected to value financial instruments at fair value on an instrument-by-instrument basis. See Note 8 for fair value hierarchy.

Contributions and promises to give – Contributions, which may include unconditional promises to give (pledges), are recognized at fair value as revenues in the period received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Promises to give are recorded at net realizable value if expected to be collected in one year and at the present value of their estimated future cash flows if expected to be collected in more than one year.

Conditional promises to give are recognized when the conditions on which they depend have been substantially met and the promises become unconditional. There were no conditional promises to give as of June 30, 2025 or 2024.

The Organization uses the allowance method to determine uncollectible pledge receivables. The allowance is based on management's analysis of specific promises made.

Property and equipment – Property and equipment are recorded at cost. Routine maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the following useful lives:

Buildings and building equipment	10 to 40 years
Land improvements	20 years
Personal property	3 to 10 years

899 Charleston dba Moldaw Residences

Notes to Financial Statements

Donations of property and equipment are recorded at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Accounting for impairment of long-lived assets – The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Management determined that no impairment occurred to the long-lived assets as of June 30, 2025 and 2024.

Revenue recognition – Resident fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for the services provided. In accordance with resident agreements, the Organization provides senior living services to residents for a stated monthly fee. The Organization recognizes revenue for senior living services under the resident agreements for independent living in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases* (ASC 842). The noncancelable term of these resident agreements is less than 12 months; as such, these are accounted for as short-term lease agreements. The Organization recognizes revenue for senior living services under the resident agreements for assisted living and memory support in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606), which is recognized as the services are performed. Resident fee revenue disaggregated by service line for the years ended June 30 is as follows:

	2025	2024
Independent living	\$ 12,538,067	\$ 11,445,341
Assisted living	1,636,681	1,550,534
Memory support	1,752,602	1,606,843
Total resident fees	<u>\$ 15,927,350</u>	<u>\$ 14,602,718</u>

Fees for services and other income is reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing the related services. Revenue is recognized as the services are performed and includes monthly service fees for independent living, assisted living and memory care as well as clinic revenue and other miscellaneous income.

899 Charleston dba Moldaw Residences

Notes to Financial Statements

Beneficial interest in Jewish Home & Senior Living Foundation – The Organization follows ASC 958, *Not-for-Profit Entities* (ASC 958), in recording transactions in which a donor makes a contribution by transferring assets to a not-for-profit organization or charitable trust (the recipient organization, i.e., the Jewish Home & Senior Living Foundation (the Foundation). The Foundation accepts the assets from the donor and agrees to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both to another entity (the beneficiary, i.e., the Organization) that is specified by the donor. The recipient organization, the Foundation, recognizes the fair value of those assets as a liability to the specified beneficiary, the Organization, concurrent with recognition of the assets received from the donor. The Organization recognizes an asset, beneficial interest in Foundation, with a corresponding change in beneficial interest in the net assets of the Foundation.

During the year ended June 30, 2024, all assets held by the Foundation on behalf of the Organization were transferred to the Organization. As such, as of June 30, 2024, the beneficial interest in the Foundation was \$0.

Continuing care contracts – The Organization has entered into continuing care contracts with the residents of its continuing care facilities. Under the provisions of these contracts, residents are required to pay an entrance fee and periodic monthly fees (resident fees) in exchange for services and the right to occupy and use the facilities. Entrance fees are one-time payments made by residents of the continuing care facilities that, in addition to monthly fees, provide for living accommodations. The resident fees are subject to adjustment for changes in operating costs or other economic reasons. The continuing care contracts create a performance obligation to provide residency care and services, which will be satisfied over the resident's remaining stay at the Organization. The nonrefundable portion of the fees is recorded as deferred revenue from entrance fees and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident, in accordance with ASC 606. The period of amortization is adjusted annually using the life expectancy table published in the California Continuing Care Contract Statutes. The change in deferred revenue from entrance fees during the years ended June 30 consists of the following activity:

	2025	2024
Balance, beginning of year	\$ 13,281,660	\$ 10,578,429
New entrance fees received	5,368,156	4,165,684
Amortization of entrance fees	(2,167,468)	(1,387,212)
Other	(216)	(75,241)
Balance, end of year	<u>\$ 16,482,132</u>	<u>\$ 13,281,660</u>

Refundable entrance fees are primarily noninterest bearing and, depending on the type of contract, can range from 0% to 90% of the total entrance fees. Refundable entrance fees are returned to the resident or the resident's estate depending on the form of the agreement either upon re-occupancy or termination of the care agreement. As of June 30, 2025 and 2024, the Organization is obligated to refund \$131,199,666 and \$119,850,585 in entrance fees, respectively.

899 Charleston dba Moldaw Residences

Notes to Financial Statements

Future service benefit obligation – The Organization 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 balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (future service benefit obligation) with the corresponding charge to expense. The obligation is discounted at 5% for both 2025 and 2024, based on the expected long-term rate of return on government obligations. As of both June 30, 2025 and 2024, the Organization's future service benefit obligation was \$0.

Fair value measurements – ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to measurements involving significant unobservable inputs (Level 3).

The three levels of the fair value hierarchy are as follows:

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

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

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

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

The fair values of the financial instruments as of June 30, 2025 and 2024, represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by management based on the best information available in the circumstances.

Marketing and advertising expenses – The Organization expenses all marketing and advertising expenses as they are incurred, in accordance with ASC 606. Marketing and advertising expense for the years ended June 30, 2025 and 2024, amounted to \$435,254 and \$601,413, respectively.

Income taxes – The Organization is exempt from federal and California state income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and by the Franchise Tax Board under Section 23701(d) of the California Revenue and Taxation Code.

899 Charleston dba Moldaw Residences

Notes to Financial Statements

U.S. GAAP requires the Organization to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable tax authority. The Organization has reviewed its tax positions for all open tax years and believes that it has appropriate support for the tax positions taken. Therefore, no liability has been recorded.

Functional allocation of expenses – The costs of providing the Organization’s various programs and supporting services have been summarized on a functional basis (see Note 14). Expenses for salaries and wages, employee benefits and payroll taxes (except for worker’s compensation), contract services and professional fees, supplies, utilities, and maintenance, and other are charged directly to departments within each functional area. Additionally, certain indirect costs have been allocated among the programs and supporting services benefited. Worker’s compensation insurance expense is allocated based on salaries and wages for each functional area. Interest related to the bonds used to fund construction of the facility and interest expense on the vehicles used to transport residents are designated as program expense. All other interest expense is designated as management and general expense. Depreciation expense is allocated based on the number of personnel in each function.

Performance indicator – The performance indicator reported in the statements of revenues and expenses is captioned as “deficit of revenues over expenses.” Changes in net deficit without donor restrictions that are excluded from the performance indicator include funds released from restriction to purchase capital assets.

Reclassifications – Certain reclassifications were made to the 2024 amounts to conform to the 2025 presentation.

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

The Organization has evaluated subsequent events through October 9, 2025, which is the date the financial statements are issued.

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Notes to Financial Statements

Note 3 – Concentration of Credit Risk

The Organization has defined its financial instruments that are subject to credit risk as cash and cash equivalents. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. If any of the financial institutions with whom the Organization does business were to be placed into receivership with the Federal Deposit Insurance Corporation (FDIC), the Organization may be unable to access the cash it has on deposit with such institutions. If the Organization was unable to access its cash and cash equivalents as needed, the Organization's financial position and ability to operate its business could be adversely affected. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization uses an insured cash sweep account, in which the funds in its depository account are broken into amounts under the FDIC-insured limit, that are then held in multiple different accounts such that the entire amount has FDIC insurance coverage.

Note 4 – Investments

Investments, carried at fair value, are summarized as follows as of June 30:

	2025	2024
	<hr/>	<hr/>
Money market funds	\$ 19,081,211	\$ 17,976,655
Equity mutual funds	4,737,214	4,320,316
Fixed income mutual funds	6,172,771	6,021,199
	<hr/>	<hr/>
	\$ 29,991,196	\$ 28,318,170
	<hr/>	<hr/>

Investments in securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the value of the Organization's investments and net asset balance could fluctuate materially.

Net unrealized gains on investments for the years ended June 30, 2025 and 2024, included in investment income in the statements of revenues and expenses, were \$47,684 and \$66,343, respectively. Net unrealized gains on investments for the years ended June 30, 2025 and 2024, included in investment earnings with donor restrictions in the statements of changes in net deficit, were \$441,528 and \$248,475, respectively.

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Notes to Financial Statements

Note 5 – Property and Equipment, Net

Property and equipment, net consist of the following as of June 30:

	2025	2024
Buildings and building equipment	\$ 132,745,803	\$ 131,580,599
Land improvements	840,952	838,365
Furniture and equipment	10,917,235	9,839,404
Automobiles	323,660	323,660
	<hr/>	<hr/>
Total assets subject to depreciation	144,827,650	142,582,028
Less: accumulated depreciation	(65,040,060)	(61,092,664)
	<hr/>	<hr/>
Depreciable assets	79,787,590	81,489,364
Land	13,118,538	13,118,538
Construction in progress	1,914,015	133,413
	<hr/>	<hr/>
Total property and equipment, net	<u>\$ 94,820,143</u>	<u>\$ 94,741,315</u>

Note 6 – Bonds Payable

Outstanding bonds payable as of June 30, 2024, represents tax-exempt, fixed rate revenue term bonds (899 Charleston Project), Series 2014A (2014 Bonds) issued on November 20, 2014, by the California Statewide Communities Development Authority (the Authority) in the amount of \$71,345,000, with a final maturity on November 1, 2049. The 2014 Bonds were a limited obligation of the California Statewide Communities Development Authority, which were issued pursuant to an Indenture of Trust between the Authority and the Bond Trustee. The proceeds from the 2014 Bonds were loaned to the Organization under a loan agreement between the Authority and the Organization. The Organization used the proceeds from the 2014 Bonds to (1) refund the then existing bonds payable (the 2007 Bonds, described below), (2) to repay all of the term loans outstanding under the Letter of Credit, to repay a portion of the outstanding loan payable to the Foundation, and all of the loan payable to the San Francisco Campus (see Note 7 for further description of all term loans), and (3) pay the bond issuance cost and set aside required reserve funds. The 2014 Bonds were secured by funds held by the Bond Trustee and a Deed of Trust secured by the land, buildings, revenue from resident payments including entrance fees, and other assets of the Organization.

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Notes to Financial Statements

The 2014 Bonds, which were issued with six term dates maturing on November 1, 2019, 2024, 2029, 2034, 2044, and 2049, had face value interest rates ranging from 5.000% to 5.375%, but were priced with yields ranging from 2.950% to 5.350%. The average interest cost on the 2014 Bonds was approximately 5.250%. The Organization made semi-annual payments to the Bond Trustee of interest (in May and November) and principal sinking fund payments (in November). The principal sinking fund payments were sufficient to meet the term bond maturities when due. Annual debt service payments varied slightly, with the maximum annual debt service being \$4,449,519. Under the Master Indenture, the Organization covenanted that it would, among other requirements, maintain a debt service coverage ratio of 1.25 for each fiscal year. Furthermore, the Organization covenanted that it would maintain days' cash on hand of 180 days on each June 30 and December 31 while the 2014 Bonds are outstanding.

In November 2024, tax-exempt, fixed-rate revenue term bonds (Moldaw Residences) Series 2024 (2024 Bonds) were issued by the Authority in the amount of \$59,450,000, which will mature on November 1, 2049. The 2024 Bonds are a limited obligation of the California Statewide Communities Development Authority, which were issued pursuant to an Indenture of Trust between the Authority and the Bond Trustee. The proceeds from the 2024 Bonds were loaned to the Organization under a loan agreement between the Authority and the Organization. The Organization used the proceeds from the 2024 Bonds to (1) refund the then existing bonds payable (the 2014 Bonds, described above) and (2) pay the bond issuance cost and set aside required reserve funds. The 2024 Bonds are secured by funds held by the Bond Trustee and a Deed of Trust secured by the land, buildings, revenue from resident payments including entrance fees, and other assets of the Organization.

The 2024 Bonds have face value interest rates ranging from 4.250% to 5.000%, but were priced with yields ranging from 2.870% to 4.250%. The Organization makes semi-annual payments to the Bond Trustee of interest (in May and November) and principal sinking fund payments (in November). The principal sinking fund payments are sufficient to meet the term bond maturities when due. Annual debt service payments vary slightly, with the maximum annual debt service being \$4,094,100. Under the Regulatory Agreement, the Organization covenants that it will, among other requirements, maintain a debt service coverage ratio of 1.25 for each fiscal year. Furthermore, the Organization covenants that it will maintain days' cash on hand of 180 days and a current ratio of at least 1.50 on each June 30, while the 2024 Bonds are outstanding.

Management believes that the Organization was in compliance with these covenants as of the June 30, 2025, measurement date.

As of June 30, the following is reflected in the statements of financial position of the Organization pertaining to the 2014 and 2024 Bonds:

	2025	2024
Bonds payable, current portion	\$ 1,180,000	\$ 1,135,000
Bonds payable, net:		
Long-term portion of bonds payable	\$ 58,270,000	\$ 62,175,000
Unamortized bond premium	3,725,663	110,931
Unamortized bond issue cost	(3,299,335)	(1,344,763)
	<u>\$ 58,696,328</u>	<u>\$ 60,941,168</u>

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Notes to Financial Statements

Bond issuance costs are deferred and amortized using the effective interest method over the term of the bond liability.

The following provides the current and future principal obligations for the 2024 Bonds:

<u>Years Ending June 30,</u>	
2026	\$ 1,180,000
2027	1,280,000
2028	1,345,000
2029	1,415,000
2030	1,485,000
Thereafter	<u>52,745,000</u>
	<u><u>\$ 59,450,000</u></u>

Note 7 – Loans Payable, Net

Loans payable, net consist of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Loans from the Foundation	\$ 4,200,000	\$ 4,800,000
Less: discount on loans	<u>(459,108)</u>	<u>(527,974)</u>
Total	3,740,892	4,272,026
Less: current portion	<u>(600,000)</u>	<u>(600,000)</u>
Loans payable, net of current portion	<u><u>\$ 3,140,892</u></u>	<u><u>\$ 3,672,026</u></u>

During the years ended June 30, 2011 and 2010, the Foundation provided the Organization with loans totaling \$7,000,000 to fund the Organization's project deficiencies and operational needs as guarantor under the letter of credit agreement. With the issuance of the 2014 Bonds (see Note 6), \$1,000,000 of these loans were repaid to the Foundation. Under the terms of the 2014 Bonds Master Indenture and a Debt Modification Agreement between the Organization and the Foundation, the remaining \$6,000,000 outstanding principal amount of the loan originally due as of June 30, 2016, may be repaid by the Organization in 20 semi-annual installments if the Organization meets certain financial requirements and tests. The Organization met these tests during the 12 months ended December 31, 2019, and thus made the first \$300,000 payment on this loan in February 2020. An additional payment in the amount of \$300,000 was made in August 2020 based on the Organization meeting the financial requirements for the 12 months ended June 30, 2020. The Organization did not meet these requirements again until the 12 months ended June 30, 2023, upon which principal payments of \$600,000 were made during both years ended June 30, 2025 and 2024. The loan provides for 0% interest and has been discounted to present value in the financial statements using a rate of 3.25%. The Organization amortized \$68,866 of this discount for both years ended June 30, 2025 and 2024, respectively, which is reflected as interest expense in the statements of revenues and expenses.

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Notes to Financial Statements

Note 8 – Fair Value Measurements

The following fair value hierarchy tables present information about the Organization's financial instruments measured at fair value on a recurring basis as of June 30:

Description	Balance as of June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 19,081,211	\$ 19,081,211	\$ -	\$ -
Equity mutual funds	4,737,214	4,737,214	-	-
Fixed income mutual funds	<u>6,172,771</u>	<u>6,172,771</u>	<u>-</u>	<u>-</u>
Total investments	29,991,196	29,991,196	-	-
Debt service fund				
(money market funds)	<u>3,668,596</u>	<u>3,668,596</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 33,659,792</u></u>	<u><u>\$ 33,659,792</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Description	Balance as of June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market funds	\$ 17,976,655	\$ 17,976,655	\$ -	\$ -
Equity mutual funds	4,320,316	4,320,316	-	-
Fixed income mutual funds	<u>6,021,199</u>	<u>6,021,199</u>	<u>-</u>	<u>-</u>
Total investments	28,318,170	28,318,170	-	-
Debt service fund				
(money market funds)	<u>4,513,397</u>	<u>4,513,397</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 32,831,567</u></u>	<u><u>\$ 32,831,567</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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Notes to Financial Statements

The following table summarizes the changes in the Organization's Level 3 financial instruments:

	Beneficial Interest in Jewish Home & Senior Living Foundation
Balance, June 30, 2023	\$ 8,330,396
Change in value	407,774
Withdrawals	(239,745)
Transfer to the Organization	(8,498,425)
Balance, June 30, 2024	<u>\$ -</u>

The valuation methodologies used to determine the fair values of assets and liabilities under the "exit price" for fair value measurement reflect market-participant objectives and are based on the application of the fair value hierarchy that prioritizes observable market inputs over unobservable inputs. The Organization determines the fair values of certain financial assets and financial liabilities based on quoted market prices, where available. The Organization also determines fair value based on future cash flows discounted at the appropriate current market rate. Fair values reflect adjustments for counterparty credit quality, the Organization's credit standing, liquidity and, where appropriate, risk margins on unobservable parameters.

The Organization's management, under the supervision of its Board of Trustees, determines the fair value measurement policies and procedures. These policies and procedures are reassessed annually to determine if the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on current market conditions and other third-party information. In determining the reasonableness of the methodology, management evaluates a variety of factors including a review of existing agreements, economic conditions, and industry and market developments. Certain unobservable inputs are assessed through review of contract terms (duration and payout data) while others are substantiated utilizing available market data (discount rates and mortality table). The following are the techniques used to determine fair values for the financial instruments listed in the above tables:

- Debt service funds consist of cash equivalents, including money market funds, which approximates fair value.
- Beneficial interest in Foundation – The fair value is determined based on the Organization's ownership interest in investments measured at quoted market prices.

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Notes to Financial Statements

Fair values of the Organization's financial instruments as of June 30, 2025 and 2024, which are not measured at fair value on a recurring basis, are as follows:

- Accounts receivable, prepaid expenses and other current assets, notes receivable, other receivables, accounts payable, accrued liabilities, deferred monthly fees, refundable deposits, and refundable entrance fees – The carrying amount approximates fair value due to their short-term nature.
- Loans payable – The carrying value approximates fair value as they are carried at the amounts to be paid discounted to present value.
- Future service benefit obligation – The carrying value approximates fair value as it is carried at the amounts to be paid discounted to present value.

Note 9 – Endowment Funds

The Organization follows ASC 958 for reporting endowment funds. The standard provides guidance on the net asset classification of donor-restricted endowment funds that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The State of California adopted a version of the UPMIFA, known as the State Prudent Management of Institutional Funds Act (SPMIFA).

SPMIFA moves away from the concept of corpus with its "historical dollar value" in an endowment. Charities are encouraged to develop spending policies that are responsive to short-term fluctuations in the value of the fund, preserve the value of the fund for future use, and honor the charitable purpose of the fund. The Organization continues to balance the endurance of its funds and the needs of the community in its granting policies and practices.

The Organization's endowment assets are generally donor-restricted endowment funds established to generate support for residents of the Project or accepted applicants who cannot afford a portion of either the entry fee or the continuing monthly costs. As required by ASC 958, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Trustees of the Organization has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the 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 permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are approved for appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

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Notes to Financial Statements

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

- (1) The duration and preservation of the fund;
- (2) The purposes of the organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the organization; and
- (7) The investment policies of the organization.

Return objectives and risk parameters – The Organization has adopted investment and spending policies for endowment assets that will ultimately provide a predictable stream of funding to provide support for the various programs of the Organization while seeking to maintain the original gift value of the endowment asset. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to realize a competitive rate of return comparable to index benchmarks.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a diversified asset investment strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation of investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy – The Organization has a policy of appropriating for distribution of income, both current and accrued, from the endowment funds to any resident who needs financial assistance for any aspect of their stay at the facilities of the Organization. The Organization expects to provide annual distributions of 5% of the market value of the endowment assets as determined quarterly and averaged over the preceding 36 months. The investment managers are required to invest funds to ensure that required distributions of income can be met.

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 SPMIFA requires the Organization to retain as a fund of perpetual duration. No deficiency of this nature existed as of June 30, 2025 and 2024.

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Notes to Financial Statements

Endowment net asset composition by type of fund as of June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 8,940,862	\$ 8,940,862

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 8,598,699	\$ 8,598,699

Endowment net asset composition by type of fund as of June 30:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 8,598,699	\$ 8,598,699
Withdrawals - charitable care	-	(499,023)	(499,023)
Investment return	-	841,186	841,186
Endowment net assets, end of year	\$ -	\$ 8,940,862	\$ 8,940,862

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 8,330,396	\$ 8,330,396
Withdrawals - charitable care	-	(476,710)	(476,710)
Investment return	-	745,013	745,013
Endowment net assets, end of year	\$ -	\$ 8,598,699	\$ 8,598,699

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Notes to Financial Statements

Note 10 – Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30 were restricted to the following:

	2025	2024
Earnings on endowment net assets	\$ 4,226,512	\$ 3,884,349
Moldaw library fund/general funds	519,768	515,457
To be held in perpetuity	<u>4,714,350</u>	<u>4,714,350</u>
	<u>\$ 9,460,630</u>	<u>\$ 9,114,156</u>

Net assets were released from restrictions during 2025 and 2024 for the following purposes:

	2025	2024
Satisfaction of purpose	<u>\$ 499,023</u>	<u>\$ 476,710</u>

Note 11 – Financially Interrelated Organizations

Taube-Koret Campus for Jewish Life Owners Association – Certain components of the property, facilities, and operations of the Organization and the Oshman Family Jewish Community Center of Palo Alto (Jewish Community Center) are common to both organizations. The Taube-Koret Campus for Jewish Life Owners Association (TKCJL-OA) administers those functions, properties, and facilities that are common to both. As required by law, the TKCJL-OA is required to prepare a reserve analysis of future capital replacement needs for the common areas of the campus. This reserve analysis projects the amount of funds that are required to be set aside on a current basis to meet future capital needs. TKCJL-OA and the Organization are financially interrelated entities and as such, the Organization's statements of financial position reflect an interest in TKCJL-OA of \$758,324 and \$976,841 as of June 30, 2025 and 2024, respectively, which is the Organization's share of residual net assets of TKCJL-OA based upon the capital reserve assessments the Organization provided to TKCJL-OA and adjusted for changes in net assets.

TKCJL-OA has a separate board of directors over which 899 Charleston does not exercise majority control and, therefore, the operations of TKCJL are not included in the accompanying financial statements.

The Foundation – The Foundation provided the Organization with noninterest-bearing loans totaling \$7 million to fund the Organization's project deficiencies and operational needs as guarantor under a letter of credit agreement. The Foundation fulfilled its obligation under a support and guarantee agreement. Subsequent payments have been made resulting in a remaining balance of \$4,200,000 and \$4,800,000 outstanding for the years ended June 30, 2025 and 2024, respectively (see Note 7).

The Foundation held and invested the endowment funds on behalf of the Organization until the year ended June 30, 2024, during which the endowment funds were transferred to the Organization.

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Notes to Financial Statements

The Foundation has a separate board of trustees over which the Organization does not exercise majority control and, therefore, the operations of the Foundation are not included in the accompanying financial statements.

The San Francisco Campus – The San Francisco Campus has a separate board of trustees over which the Organization does not exercise majority control and, therefore, the operations of the San Francisco Campus are not included in the accompanying financial statements.

Note 12 – Management Agreement

In August 2021, the Organization entered into a contract with Life Care Services (LCS) for management of the community effective October 2021. Under the terms of the agreement, LCS supervises the operations of the community. During the years ended June 30, 2025 and 2024, the Organization paid \$724,291 and \$665,916, respectively, for management and marketing services.

Note 13 – Retirement Plan

The Organization sponsors a 403(b) defined contribution plan for its employees. The plan covers substantially all employees meeting certain eligibility requirements. Total expenses under the plan were \$121,088 and \$81,720 for the years ended June 30, 2025 and 2024, respectively.

Note 14 – Functional Classification of Expenses

Expenses by function for the years ended June 30 were as follows:

	For the Year Ended June 30, 2025			
	Program Activities	Management and General	Fundraising	Total
Salaries and wages	\$ 7,076,701	\$ 576,113	\$ -	\$ 7,652,814
Employee benefits and payroll taxes	1,426,667	218,372	-	1,645,039
Contract services and professional fees	2,293,354	2,030,594	-	4,323,948
Supplies, utilities, and maintenance	2,081,757	58,545	-	2,140,302
Interest	3,036,501	-	-	3,036,501
Depreciation	3,947,396	-	-	3,947,396
Other	1,244,314	18,244	-	1,262,558
Total	<u>\$ 21,106,690</u>	<u>\$ 2,901,868</u>	<u>\$ -</u>	<u>\$ 24,008,558</u>

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Notes to Financial Statements

	For the Year Ended June 30, 2024			
	Program Activities	Management and General	Fundraising	Total
Salaries and wages	\$ 6,244,331	\$ 621,477	\$ -	\$ 6,865,808
Employee benefits and payroll taxes	1,162,928	202,330	-	1,365,258
Contract services and professional fees	2,206,936	2,068,249	-	4,275,185
Supplies, utilities, and maintenance	1,784,630	51,809	-	1,836,439
Interest	3,953,600	-	-	3,953,600
Depreciation	3,896,319	-	-	3,896,319
Other	5,327	39,924	-	45,251
Total	<u>\$ 19,254,071</u>	<u>\$ 2,983,789</u>	<u>\$ -</u>	<u>\$ 22,237,860</u>

Note 15 – Commitments and Contingencies

Litigation – In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Regulatory matters – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government healthcare program participation requirements.

Note 16 – Liquidity and Availability

The following table reflects the Organization's financial assets as of June 30 reduced by amounts not available for general expenditure within one year:

	2025	2024
Cash and cash equivalents	\$ 13,780,743	\$ 7,985,045
Investments	29,991,196	28,318,170
Accounts receivable	66,220	93,544
Notes receivable	4,057,161	1,855,824
Current financial assets	47,895,320	38,252,583
Less those unavailable for general expenditure within one year, due to:		
Water Quality Control Board Escrow Account	-	39,004
Endowment Fund	8,940,862	8,598,699
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 38,954,458</u>	<u>\$ 29,614,880</u>

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Notes to Financial Statements

Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization reviews its funding level on an ongoing basis to ensure it is adequate to meet its current obligations.

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