Report of Independent Auditors and Financial Statements

Senior Services for Northern California (a supporting organization of Sequoia Living, Inc.)

December 31, 2019 and 2018

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Report of Independent Auditors

To the Board of Directors
Senior Services for Northern California

Report on the Financial Statements

We have audited the accompanying financial statements of Senior Services for Northern California ("SSNC"), which comprise the statement of financial position of December 31, 2019, and the related statements of activities and changes in net assets and of cash flows for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Senior Services for Northern California as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements of Senior Services for Northern California as of and for the year ended December 31, 2018, were audited by other auditors whose report thereon dated May 30, 2019 expressed an unmodified opinion on those statements.

Moss Adams LLP

San Francisco, California
April 29, 2020

Financial Statements

Senior Services for Northern California
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 598	$ 624
Marketable securities	28,314	24,589
Accounts receivable	-	4
Pledges receivable, net of allowance, current	831	-
Total current assets	29,743	25,217
Investments held in trust	15,817	13,429
Trust contributions receivable	1,214	978
Pledges receivable, net of allowance, less current portion	73	235
Total assets	$ 46,847	$ 39,859
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 83	$ 57
Related party payables	249	65
Total current liabilities	332	122
Liability for payments to trust beneficiaries	7,039	6,177
Other long-term liabilities	1,408	1,279
Total liabilities	8,779	7,578
NET ASSETS		
Net assets without donor restrictions	5,389	4,826
Net assets with donor restrictions	32,679	27,455
Total net assets	38,068	32,281
Total liabilities and net assets	$ 46,847	$ 39,859

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and gains		
Contributions	$ 330	$ 319
Investment income including net realized gains on investments	460	345
Unrealized gains (losses) on investments, net	658	(526)
Administrative service fees	141	121
	1,589	259
Net assets released from restrictions		
Satisfaction of program restrictions	1,535	1,379
Matured trust agreements	103	194
Total revenues and gains	3,227	1,832
Expenses		
Support provided to Sequoia Living, Inc. programs	(2,664)	(2,445)
Change in net assets without donor restrictions	563	(613)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	2,479	1,906
Investment income including net realized gains on investments	1,168	1,458
Change in value of split-interest agreements	1,076	(515)
Unrealized gain (loss) from investments held in trust	2,139	(2,215)
Net assets released from restrictions	(1,638)	(1,573)
Change in net assets with donor restrictions	5,224	(939)
Change in net assets	5,787	(1,552)
Net assets at beginning of year	32,281	33,833
Net assets at end of year	$ 38,068	$ 32,281

See accompanying notes.

Senior Services for Northern California
Statements of Cash Flows
December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions	$ 2,177	$ 3,243
Cash paid for grants to Sequoia Living, Inc.	(2,496)	(2,482)
Investment income including net realized gains and losses on investments	1,647	1,802
Cash provided by operating activities	1,328	2,563
Cash flows from investing activities		
Proceeds from sale of investments	4,952	3,649
Purchase of investments	(6,123)	(7,536)
Cash used in investing activities	(1,171)	(3,887)
Cash flows from financing activities		
Proceeds from endowment contributions	11	299
Proceeds from contributions held in trust	137	545
Payments to trust beneficiaries	(859)	(881)
Investment income from marketable securities held in trust	528	918
Cash (used in) provided by financing activities	(183)	881
Net decrease in cash	(26)	(443)
CASH AND CASH EQUIVALENTS, beginning of year	624	1,067
CASH AND CASH EQUIVALENTS, end of year	$ 598	$ 624

See accompanying notes.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Senior Services for Northern California ("SSNC") was incorporated in 1987 as a supporting organization of Sequoia Living, Inc. ("Sequoia Living"), formerly known as Northern California Presbyterian Homes and Services, Inc. The purpose of SSNC is to receive, account for, hold and distribute gifts to Sequoia Living. SSNC qualifies for exemption from income and franchise taxes under Section 501(c) (3) and 23701(d) of the respective federal and state revenue codes.

Recent Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10)* ("ASU 2016-01"). ASU 2016-01 requires entities to measure equity investments that are not accounted for under the equity method or do not result in consolidation to be recorded at fair value and recognize any changes in fair value in the performance indicator. The adoption of ASU 2016-01 is effective for SSNC beginning January 1, 2019. SSNC has adopted ASU 2016-01 as of January 1, 2019. ASU 2016-01 requires the use of the cumulative effect transition method, except for equity securities without readily determinable fair values, for which the standard requires the application of the prospective transition method. The adoption of this standard did not have an impact on its financial statements and disclosures.

In August 2016, the FASB issued ASU No. 2016-15, *Cash Flow Classification Guidance* ("ASU 2016-15"), which add or clarify on the classification of certain cash receipts and cash payments. The guidance is effective for not-for-profit entities for annual periods beginning after December 15, 2018. SSNC has adopted ASU 2016-15 for the year ended December 31, 2019. The adoption of this standard did not have an impact on its financial statements and disclosures.

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash* ("ASU 2016-18"), which will require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance is effective for not-for-profit entities for annual periods beginning after December 15, 2018. SSNC adopted ASU 2016-18 for the year ended December 31, 2019. The adoption of this standard did not have an impact on its financial statements and disclosures.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"), to provide clarifying guidance on accounting for the grants and contract of nonprofit organizations as they relate to the new revenue standard, and aims to minimize diversity in the classification of grants and contracts that exists under current guidance. The adoption of ASU 2018-08 is effective for SSNC beginning January 1, 2019. SSNC has adopted ASU 2018-08 for the year ended December 31, 2019. The adoption of ASU 2018-08 did not have a material impact on its financial statements and disclosures.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), to improve the effectiveness of disclosures in the note to the financial statements by facilitating clear communication of the information required by generally accepted accounting principles. The adoption of ASU 2018-13 is effective for SSNC beginning January 1, 2020. Management is currently evaluating the potential impact of this new pronouncement on the financial statements.

Basis of presentation – SSNC's financial statements are prepared on the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Under these principles, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of SSNC and changes therein are classified and reported as follows:

> **Net Assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions are classified as net assets without donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties.
>
> **Net Assets with donor restrictions** – Net assets that are subject to donor-imposed restrictions are classified as net assets with donor restrictions. Net assets with donor restrictions include permanent endowment funds and net assets with donor restrictions that can be fulfilled either by actions of SSNC pursuant to those restrictions and/or that expire by the passage of time. Net assets with donor restrictions consist of charitable remainder trusts, other life income funds, and permanent endowment funds.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Fair value of financial instruments – The FASB statement on fair value measurements establishes a framework for measuring fair value in conformity with generally accepted accounting principles and expands disclosures about fair value measurements. This authoritative guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, this authoritative guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

> **Level 1** – Observable inputs such as quoted prices in active markets;
>
> **Level 2** – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
>
> **Level 3** – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- *Market approach* – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- *Cost approach* – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- *Income approach* – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The carrying values reported on the statements of financial position for current financial assets and liabilities approximate fair value. Investments held in trust, and trust contribution receivables are carried at fair value. See Note 5 for fair value of SSNC's financial assets and liabilities.

Cash and cash equivalents – Cash and cash equivalents, which consist of deposits and money market funds, include money market funds purchased with a maturity, at purchase date, of three months or less, with the exception of cash and cash equivalents held as investments or whose use is limited or designated.

Marketable securities and investments held in trust – Equity and debt securities are carried at fair value with realized and unrealized gains and losses included in the statements of activities and changes in net assets. Realized gains or losses on the sale of investments represent the difference between cost, on a first-in first-out basis, and the related market price at the sale date. A decline in the fair value of an investment in equity and debt securities that is other than temporary is accounted for as a realized loss, whereby the cost basis of the security is written down to fair value. Cash and cash equivalents, which consist of deposits and money market funds are carried at cost, which approximates fair value because of the short-term nature of these investments.

Investments held in trust and liability for payments to trust beneficiaries – Investments held in trust represent charitable remainder trusts and other deferred funds in which the donor, or stated beneficiary, has a life interest in the trust income and for which SSNC is trustee and remainderman. Trust assets are carried at fair value remeasured on a recurring basis. The related liabilities for payments to trust beneficiaries are estimated at fair value at the time the related trust assets are received based on the present value of estimated future payments over the expected life of income beneficiaries using an appropriate credit risk-adjusted rate determined at the inception of each agreement. The liabilities are adjusted during the terms of the agreements for changes in the fair value of the assets, accretion of discounts, and other changes in the estimates of future benefits. As of December 31, 2019, the valuation technique utilizes published actuarial life expectancies ranging from 2.5 to 14.4 years, and discount rates ranging from 1.63% to 6.75%. As of December 31, 2018, the valuation technique utilizes published actuarial life expectancies ranging from 2.7 to 17.5 years, and discount rates ranging from 1.63% to 6.8%.

Pledges receivable – Pledges receivable are recorded initially at fair value and consist of unconditional promises to give that are expected to be collected in future years. Such receivables are recognized at fair value based on the present value of their estimated cash flows using the discount rate technique. Subsequent to the initial recording pledges are recorded at net realizable value. The discounts on these amounts are computed using rates applicable in the years in which those promises are received. As of December 31, 2019, the valuation technique utilizes published actuarial life expectancies ranging from 0 to 5.5 years, and discount rates ranging from 1.6% to 9.4%. As of December 31, 2018, the valuation technique utilizes published actuarial life expectancies ranging from 0 to 5.9 years, and discount rates ranging from 1.6% to 6.8%. Pledges receivable are reviewed for collectability and reserves for uncollectible amounts are established when needed. Conditional promises to give are not included as support until the conditions are substantially met.

Trust contributions receivable – Trust contributions receivable consist of gifts made to SSNC through split-interest agreements in which SSNC is a remainderman or has a perpetual income interest as beneficiary and for which there is an external trustee. These assets are carried at fair value based upon the present value of amounts anticipated to be received, using discount rates commensurate with the expected term to receipt of the assets. The change in the fair value of trust contributions receivable is reflected in the change in value of split-interest agreements for net assets with donor restrictions in the statements of changes in net assets. As of December 31, 2019, the valuation technique utilizes published actuarial life expectancies ranging from 3.7 to 10.8 years, and discount rates ranging from 4.4% to 4.8%. As of December 31, 2018, the valuation technique utilizes published actuarial life expectancies ranging from 4.0 to 13.2 years, and discount rates ranging from 4.4% to 4.6%.

Contributions – Contributions, which may include unconditional promises to give (pledges), are recognized at fair value as revenues in the period received or unconditionally pledged. Contributions with donor-imposed restrictions that are met in the same year as received are reported as donor restricted and reclassified to net assets without donor restrictions to reflect the expiration of such restrictions. Donated securities, real property and contributions in kind are recorded at fair value at the date of contribution. Contributions are derived primarily from donors in Northern California. Contributions of trust interests in which SSNC serves as the trustee are recognized at fair value in the period of receipt. Fair value is determined based upon the difference between the fair value of the assets received and the fair value of the estimated liability to beneficiaries. Contributions of trust interests in which the assets are invested and administered by outside trustees are recorded at fair value when notice of the interest is received.

The Woods Gift Transfer – In December 1992, SSNC received a gift of real property with a fair market value of $1,000 known as The Woods, a senior manufactured home park in the Mendocino area. This property was received by SSNC in 1992. Forty percent of the property was given to SSNC in part as a bargain sale and in part as an outright gift. The bargain sale was created by the establishment of a wealth replacement trust, funded by SSNC, at the direction of the donors. The asset purchased to fund the wealth replacement trust is no longer sufficient to cover the requirement of the bargain sale agreement. SSNC estimates that an additional $500 will be required to fund the wealth replacement trust.

Administrative service fees – SSNC manages its split interest agreements internally and assess a fee of 1% of trust assets per year.

Change in value of split-interest agreements – Changes in the value of split-interest agreements are the result of the following transactions and events related to SSNC's deferred gifts:

- Accretion of the discounts on previously received deferred gifts.

- Revaluations of expected future benefits to be received, net of income earned and market changes on deferred gift assets.

- Revaluations of expected future payments to beneficiaries, net of payments made, based on changes in life expectancy and other actuarial assumptions.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 periods. Significant estimates include pledges and contributions receivable and the liability for payments to trust beneficiaries. Actual results may differ from those estimates.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable were due as follows as of December 31:

	2019	2018
Current portion	$ 875	$ -
Less: allowance	(44)	-
Total current portion	$ 831	$ -
One year to five years	$ 180	$ 255
More than five years	25	25
	205	280
Less: allowance	(10)	(14)
Less: unamortized discount	(122)	(31)
Total non-current portion	$ 73	$ 235

NOTE 3 – MARKETABLE SECURITIES

The composition of marketable securities is set forth in the following table. The majority of these are held with two investment firms:

	2019	2018
Money market funds	$ 809	$ 424
Equity mutual funds	10,754	12,501
Fixed income mutual funds	16,751	11,664
	$ 28,314	$ 24,589

Operating investment income is comprised of the following for the years ended December 31:

	2019	2018
Interest income	$ 57	$ 122
Net realized gains on sales of investments	403	223
	$ 460	$ 345

NOTE 4 – INVESTMENTS HELD IN TRUST

Investments held in trust at fair value are summarized below. The majority of these are held with one investment firm.

	2019	2018
Money market funds	$ 388	$ 1,144
Equity mutual funds	10,246	7,741
Fixed income mutual funds	5,167	4,524
Corporate and government bonds	16	20
	$ 15,817	$ 13,429

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities that are measured on a recurring basis are as follows as of December 31, 2019 and 2018:

	2019			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Un-observable Inputs (Level 3)
Assets Measured at Fair Value on a Recurring Basis (1)				
Marketable Securities (2)				
Money Market Funds	$ 809	$ 809	$ -	$ -
Mutual Funds Equity	10,754	10,754	-	-
Mutual Funds Fixed	16,751	16,751	-	-
Investments Held in Trust				
Money Market Funds	388	388	-	-
Mutual Funds Equity	10,246	10,246	-	-
Mutual Funds Fixed	5,167	5,167	-	-
Corporate Obligations	16	16	-	-
Trust Contributions Receivable (3)	1,214	-	-	1,214
	$ 45,345	$ 44,131	$ -	$ 1,214
Liabilities Measured at Fair Value on a Recurring Basis (4)				
Liability for Payments to Trust Beneficiaries	$ 7,039	$ -	$ -	$ 7,039

	2018			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Un-observable Inputs (Level 3)
Assets Measured at Fair Value on a Recurring Basis (1)				
Marketable Securities (2)				
Money Market Funds	$ 424	$ 424	$ -	$ -
Mutual Funds Equity	12,501	12,501	-	-
Mutual Funds Fixed	11,664	11,664	-	-
Investments Held in Trust				
Money Market Funds	1,144	1,144	-	-
Mutual Funds Equity	7,741	7,741	-	-
Mutual Funds Fixed	4,524	4,524	-	-
Corporate Obligations	20	20	-	-
Trust Contributions Receivable (3)	978	-	-	978
	$ 38,996	$ 38,018	$ -	$ 978
Liabilities Measured at Fair Value on a Recurring Basis (4)				
Liability for Payments to Trust Beneficiaries	$ 6,177	$ -	$ -	$ 6,177

1. For cash and cash equivalents the net carrying value approximates fair value at period end.

2. The fair values of marketable securities which are included in the statements of financial position are determined based on quoted market prices in active markets. The marketable securities consist of money market funds, corporate obligations, mutual funds equity, and mutual funds fixed as detailed in Note 3.

3. The fair value of trust contributions receivable which is included in the statements of financial position is determined using a present value calculation of expected future cash flows with assumptions for the risk-adjusted interest rate, inherent risk, mortality risk, and the expected term of cash flows using the discount rate adjustment technique.

4. The fair value of the liability for payments to trust beneficiaries which is included in the statements of financial position is determined using a present value calculation of expected future cash flows with assumptions for the risk-adjusted interest rate, inherent risk, mortality risk, and the expected term of cash flows using the discount rate adjustment technique.

There were no transfers of assets or liabilities between levels during the years ended December 31, 2019 and 2018.

The change in value of the trust contributions receivable valued using significant unobservable inputs (Level 3) is shown below:

Fair value at January 1, 2019	$	978
New contributions		41
Maturities		(53)
Total net unrealized gains included in changes in net assets		208
Total net realized gains included in changes in net assets		40
Fair value at December 31, 2019	$	1,214
Total gains (losses) for the year included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2019	$	196
Fair value at January 1, 2018	$	620
New contributions		161
Maturities		(4)
Total net unrealized gains included in changes in net assets		1,309
Total net realized losses included in changes in net assets		(1,108)
Fair value at December 31, 2018	$	978
Total gains (losses) for the year included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2018	$	(100)

The change in value of the liability for payments to trust beneficiaries valued using significant unobservable inputs (Level 3) is shown below:

Fair value at January 1, 2019	$	6,177
New contributions		481
Maturities		-
Total net unrealized gains included in changes in net assets		381
Fair value at December 31, 2019	$	7,039
Fair value at January 1, 2018	$	6,288
New contributions		924
Maturities		(142)
Total net unrealized losses included in changes in net assets		(893)
Fair value at December 31, 2018	$	6,177

NOTE 6 – ENDOWMENTS

SSNC's endowment consists of donor-restricted funds established for a variety of purposes. The purpose restrictions consist of financial assistance, meal subsidies, improvements to the quality of life to residents of certain Sequoia Living facilities and maintenance of a resident garden. As required by accounting principles generally accepted in the United States, 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 SSNC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, Sequoia Living classifies as donor-restricted endowment (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and the appropriation of all investment income on the endowment funds for expenditure.

The net asset composition for donor restricted endowment funds by type of fund as of December 31 is as follows:

Donor-restricted endowment funds	2019	2018
Tomorrow fund	$ 11,771	$ 10,651
Other	744	643
	$ 12,515	$ 11,294

Changes in endowment net assets for the years ended December 31, 2019 and 2018, are as follows:

	2019	2018
Endowment net assets with donor restrictions, January 1	$ 11,294	$ 11,273
Investment return:		
Investment income	328	526
Net appreciation (realized and unrealized)	921	(798)
Total investment return	1,249	(272)
Contributions	11	299
Appropriation of endowment assets for expenditure	(39)	(6)
Endowment net assets with donor restrictions, December 31	$ 12,515	$ 11,294

The amounts contributed to SSNC endowment funds have been retained permanently by explicit donor stipulation and the fair values of the original gifts have been preserved in accordance with UPMIFA. SSNC does not hold term endowment funds or perpetual endowment funds subject to time restrictions.

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 UPMIFA requires SSNC to retain as a fund of perpetual duration. SSNC had no deficiencies of this nature in its endowment funds, as of December 31, 2019 and 2018.

Return objectives and risk parameters – SSNC has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the original gift value of the endowment assets. Endowment assets include those assets of donor-restricted funds that SSNC 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 produce results that exceed the Consumer Price Index by 3.25% annually, on average, while assuming a moderate level of investment risk. SSNC expects its endowment funds, over time, to provide an average rate of return of at least 6.25% annually. Actual returns in any given year may vary from this amount.

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

Spending policy and how the investment objectives relate to spending policy – SSNC has a policy of appropriating the endowment fund's investment income for expenditure as the income is earned. In establishing this policy, SSNC considered the long-term expected return on its endowment. This is consistent with SSNC's objective to maintain the original gift value of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment returns.

NOTE 7 – NET ASSETS

SSNC's net assets with donor restrictions include endowments and other donor-restricted funds established for a variety of purposes as described under endowments. The composition for net assets with donor restrictions is as follows:

	2019	2018
Tomorrow fund	$ 16,494	$ 14,487
Other funds	8,458	6,765
Planned gifts	7,727	6,203
Total net assets with donor restrictions	$ 32,679	$ 27,455

There are no Board designated net assets without donor restrictions.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

SSNC financial assets available within one year of the balance sheet date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	$ 598	$ 624
Marketable securities	28,314	24,589
Pledges receivable, net of allowance, current	831	-
	$ 29,743	$ 25,213

Of these financial assets, $23,516 and $20,391 are related to marketable securities with donor restrictions as of December 31, 2019 and 2018, respectively. SSNC's liquidity management has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The supporting organization's available financial assets can help manage unanticipated liquidity needs.

NOTE 9 – RELATED PARTY TRANSACTIONS

SSNC supports Sequoia Living's projects and programs based upon Sequoia Living's requests for such support. All operating, administrative and fund-raising expenses including an allocation of costs for employees performing SSNC activities are incurred by Sequoia Living, Inc. on behalf of SSNC. Sequoia Living estimates that the cost of employee services provided to SSNC was approximately $887 and $936 in 2019 and 2018, respectively. SSNC reimburses Sequoia Living for these costs. SSNC borrowed $10 million from a third party in 2015 in connection with the purchase of a parcel of land in Walnut Creek, California on behalf of Sequoia Living, as a site for the development of a new continuing care retirement community. Sequoia Living agreed to reimburse SSNC for any costs incurred by SSNC to acquire and hold the land.

In 2016, Sequoia Living formed a new not for profit corporation, Viamonte Senior Living 1 ("VSL"), for which Sequoia Living is the sole corporate member, to develop, construct and operate the new community.

In 2017, VSL paid SSNC $11.2 million to acquire the land under a purchase and sale agreement with SSNC, Sequoia Living and VSL. Although SSNC received the payment in 2017, title to the land was not transferred to VSL and settlement of the 'advance from related party' did not occur until March 2018.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are available to be issued. SSNC 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. SSNC 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 available to be issued.

SSNC has performed an evaluation of subsequent events through April 29, 2020, which is the date the financial statements were available to be issued, and has identified the following subsequent events:

Subsequent to December 31, 2019, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations, including SSNC’s. It is not possible for SSNC to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on our operations and financial results at this time.

SSNC held various investments at December 31, 2019. At this time, the market volatility and the continuing situation surrounding the pandemic is uncertain. Management believes that the decline in fair value of these investments is temporary and will continue to monitor the situation closely.

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