Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Sequoia Living, Inc.

December 31, 2024 and 2023

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MOSSADAMS

Report of Independent Auditors

The Board of Directors
Sequoia Living, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Sequoia Living, Inc. and its subsidiaries (Sequoia Living), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sequoia Living, Inc. and its subsidiaries as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Western Park Apartments, L.P., a controlled partnership, which statements reflect total assets of $25,500,796 and $25,716,529, respectively, as of December 31, 2024 and 2023, and total revenues of $5,664,021 and $5,303,052, respectively, for the years then ended. We also did not audit the financial statements of Town Park Towers, L.P., another controlled partnership, which statements reflect total assets of $31,020,573 and $31,152,964, respectively, as of December 31, 2024 and 2023, and total revenues of $4,907,725 and $4,508,824, respectively, for the years then ended. We also did not audit the financial statements of Eastern Park Apartments, L.P., another controlled partnership, which statements reflect total assets of $78,749,088 and $80,839,359, respectively, as of December 31, 2024 and 2023, and total revenues of $7,513,482 and $7,932,802, respectively, for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for Western Park Apartments, L.P., Town Park Towers, L.P. and Eastern Park Apartments, L.P., is based solely on the report of the other auditors.

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sequoia Living, Inc. and its subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Sequoia Living, Inc. and its subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sequoia Living, Inc. and its subsidiaries' 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating financial statement information beginning on page 44 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Moss Adams LLP

San Francisco, California
April 29, 2025

Consolidated Financial Statements

Sequoia Living, Inc.
Consolidated Balance Sheets
December 31, 2024 and 2023
(In Thousands)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 44,941	$ 44,557
Marketable securities	129,381	104,381
Accounts, notes, and interest receivable	15,139	6,583
Pledges receivable – net of allowance, current portion	95	640
Limited use assets, current portion	4,511	4,142
Investments designated for refundable deposits	-	761
Prepaid expenses and other assets	4,374	3,703
Total current assets	198,441	164,767
INVESTMENTS CONTRACTUALLY LIMITED FOR REPLACEMENT RESERVES ON PROPERTIES FINANCED BY HUD	16,972	23,155
INVESTMENTS HELD IN TRUST	10,947	10,851
INVESTMENTS, OTHER	10,675	9,569
TRUST CONTRIBUTIONS RECEIVABLE	1,119	1,143
PLEDGES RECEIVABLE, noncurrent portion	111	128
BENEFICIAL INTEREST IN NET INCOME TRUST	-	626
PENSION ASSET	21,870	12,495
LIMITED USE ASSETS, noncurrent portion	10,319	10,395
PROPERTY AND EQUIPMENT, net	448,604	446,686
Total assets	$ 719,058	$ 679,815

See accompanying notes.

Sequoia Living, Inc.
Consolidated Balance Sheets
December 31, 2024 and 2023
(In Thousands)

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 7,747	$ 7,169
Payroll and related taxes payable	5,403	5,297
Long-term debt, current portion	5,658	4,743
Accrued interest payable	2,490	2,560
Refundable deposits	4,508	3,704
Unamortized entrance fees, current portion	-	1,222
Entrance fees paid in advance	690	722
Refunds due residents	758	-
Total current liabilities	27,254	25,417
Long-term debt, net of current portion	183,402	188,434
Liability on refundable contracts	134,632	134,842
Liability for payments to trust beneficiaries	4,721	4,908
Unamortized entrance fees, net of current portion	192,440	177,757
Other long-term liabilities	4,162	4,246
Total liabilities	546,611	535,604
NET ASSETS		
Net assets without donor restrictions		
Controlling interest	57,798	37,116
Noncontrolling interest	74,882	66,729
Total net assets without donor restrictions	132,680	103,845
Net assets with donor restrictions	39,767	40,366
Total net assets	172,447	144,211
Total liabilities and net assets	$ 719,058	$ 679,815

See accompanying notes.

Sequoia Living, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
OPERATING REVENUES, INCOME, GAINS, AND SUPPORT, NET		
Operating revenues, income, and gains, net		
Resident fees	$ 99,079	$ 91,839
Amortization of entrance fees	25,982	26,990
Fees for services and other income	17,942	16,507
Investment income, including realized and unrealized gains and losses on investments	12,318	13,900
Gain on sale of property and equipment	24	2,275
Administrative service fees	107	104
Total operating revenues, income, and gains	155,452	151,615
Support		
Contributions	352	263
Net assets released from restrictions	4,415	1,325
Total support	4,767	1,588
Total operating revenues, income, gains, and support, net	160,219	153,203
EXPENSES		
Compensation and benefits	55,663	52,978
Purchased services	33,208	31,531
Medical services	2,178	2,222
Supplies	2,484	2,292
Repairs and maintenance	5,611	5,242
Utilities	8,893	7,747
Professional fees	2,818	2,813
Depreciation	22,372	19,327
Interest	8,349	12,887
Other operating	6,381	5,164
Total expenses	147,957	142,203
EXCESS OF OPERATING REVENUES, INCOME, GAINS, AND SUPPORT, NET, OVER EXPENSES	$ 12,262	$ 11,000

See accompanying notes.

Sequoia Living, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Excess of operating revenues, income, gains, and support, net, over expenses	$ 12,262	$ 11,000
Changes in additional minimum pension liability	7,347	3,923
Contributed capital	9,830	32,053
Other (loss) income	(604)	627
Changes in net assets without donor restrictions	28,835	47,603
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	562	1,185
Investment income including net realized gains on investments	1,931	987
Changes in value of split-interest agreements	485	688
Unrealized gain from investments	838	2,362
Net assets released from restrictions	(4,415)	(1,325)
Changes in net assets with donor restrictions	(599)	3,897
CHANGES IN NET ASSETS	28,236	51,500
NET ASSETS, beginning of year	144,211	92,711
NET ASSETS, end of year	$ 172,447	$ 144,211

See accompanying notes.

Sequoia Living, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from entrance fees	$ 33,402	$ 35,476
Cash received from resident fees	101,502	91,270
Cash received from services and other income	18,633	16,372
Cash received from contributions	1,347	6,410
Investment income received	11,124	8,980
Interest paid, net of amount capitalized	(8,544)	(11,144)
Refunds of entrance fees paid	(2,612)	(3,345)
Cash paid to employees and suppliers	(114,140)	(108,442)
Net cash provided by operating activities	40,712	35,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investments	4,005	15,385
Proceeds from sale of property and equipment	5,692	3,021
Purchase of investments	(32,064)	(30,460)
Purchase of property and equipment	(29,905)	(29,983)
Net cash used in investing activities	(52,272)	(42,037)

See accompanying notes.

Sequoia Living, Inc.
Consolidated Statements of Cash Flows (continued)
Years Ended December 31, 2024 and 2023
(In Thousands)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of long-term debt and notes payable	(4,009)	(149,452)
Payment on line of credit	-	(2,000)
Proceeds from issuance of debt	-	60,006
Proceeds from endowment contributions	25	165
Proceeds from contributions held in trust	1,038	678
Payments to trust beneficiaries	(734)	(678)
Proceeds from refundable deposits	2,087	1,837
Proceeds from refundable entrance fees	6,126	30,339
Proceeds from limited partner equity	9,830	32,053
Refunds of refundable deposits	(776)	(2,735)
Refunds of refundable entrance fees	(8,913)	(3,631)
Payment of loan financing costs	-	(1,107)
Investment income received from marketable securities held in trust	619	552
Net cash provided by (used in) financing activities	5,293	(33,973)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(6,267)	(40,433)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	83,010	123,443
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 76,743	$ 83,010
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Promissory notes entered into in exchange for long term care contracts - nonrefundable contracts	$ 8,653	$ -
Promissory notes entered into in exchange for long term care contracts - refundable contracts	$ 2,924	$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Changes in fixed asset additions included in accounts payable	$ -	$ 100
Noncash investment contribution	$ 591	$ 138

See accompanying notes.

Note 1 – Corporate Purpose and Structure

Corporate purpose – Sequoia Living, Inc. (Sequoia Living), based on its historic mission, provides for the wellbeing of older persons who are in need of housing, health care, food, wellness, and other related programs and services through the following communities and programs:

- Four continuing care retirement communities which provide housing, health care, and other services to approximately 1,000 residents. Confidential financial support is also provided to residents who outlive their financial resources.

- Three residential housing communities which receive federal support and provide affordable housing to approximately 600 residents with low and moderate income.

- A portfolio of Community Services programs that promote the health and wellbeing of low-income seniors who live independently and in senior communities.

Corporate structure – Sequoia Living is a nonprofit corporation principally organized to provide facilities and other means of care for elderly persons. Board membership consists only of those elected as Directors and only during their period of service as such Directors. The Board of Directors governs the operations of Sequoia Living.

The consolidated financial statements of Sequoia Living also include the activities and balances of the following affiliates and subsidiaries discussed below.

Sequoia Living presently operates continuing care facilities for the care of elderly persons at four locations: The Sequoias-San Francisco (Sequoias-SF), the Sequoias-Portola Valley (Sequoias-PV), the Sequoias-Tamalpais (TAM), which was previously known as Tamalpais-Ross Valley Homes, and Viamonte Senior Living 1 (VSL), which is described below. It also operates residential housing facilities for elderly persons at three locations: Western Park Apartments (WPA), Eastern Park Apartments (EPA), and Town Park Towers (TPT). All facilities are located in Northern California.

Sequoia Living solely owned and operated EPA as a low-to-moderate income rental housing facility in accordance with the provisions of Section 202 of the National Housing Act, until December 19, 2019, at which point, Eastern Park Apartments, L.P. (EPA L.P.) was formed as a limited partnership to acquire, rehabilitate, own, and operate EPA. EPA L.P. is controlled by the partnership general partner, Sequoia Living EPA LLC. Sequoia Living is the sole member of Sequoia Living EPA LLC. During 2024 and 2023, the facility received approximately 83% and 87%, respectively, of its rental revenue from the U.S. Department of Housing and Urban Development (HUD).

In 2019, EPA began undergoing a significant rehabilitation which was completed in October 2022. The financing was funded by a construction disbursement loan (see Note 9). EPA L.P. participates in the low-income housing tax credit (LIHTC) program under Section 42 of the Internal Revenue Code as modified by the State of California. It also continues to operate in accordance with the provisions of Section 202 of the National Housing Act. Various loans, regulatory, and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2076. The limited partner will receive 99.99% of tax credits for 10 years and 99.99% of the taxable operating income (losses) of EPA L.P. for 15 years (which also marks the end of the compliance period). On March 1, 2023, the construction loan was fully paid off and permanent loan financing was obtained in the amount of $60.0 million. After the compliance period, Sequoia Living will have an option (expiring one year thereafter) to purchase the rehabilitated building, which if exercised, will cause EPA L.P. to cease to exist. The purchase price will be the greater of the outstanding debt and taxes of EPA L.P. or the then fair market value of EPA L.P.

Sequoia Living solely owned and operated WPA and TPT as low-to-moderate income rental housing facilities operated in accordance with the provisions of Section 236 of the National Housing Act. Western Park Apartments, L.P. (WPA L.P.) and Town Park Apartments, L.P. (TPT L.P.) were formed in 2013 and 2015, respectively, as limited partnerships to acquire, rehabilitate, own, and operate WPA and TPT. WPA L.P. and TPT L.P. are controlled by the respective partnerships' general partners, Sequoia Living WPA LLC and Sequoia Living TPT LLC. Sequoia Living is the sole member of Sequoia Living WPA LLC and Sequoia Living TPT LLC.

WPA underwent a significant rehabilitation in 2014. The permanent financing was funded by a Citibank loan (see Note 9). WPA L.P. participates in the LIHTC program under Section 42 of the Internal Revenue Code as modified by the State of California. It also continues to operate in accordance with the provisions of Section 236 of the National Housing Act. Various loans, regulatory, and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2068. The limited partners will receive 99.99% of tax credits for 10 years and 99.99% of the taxable operating income (losses) of WPA L.P. for 15 years (which also marks the end of the compliance period). In exchange, the limited partners were required to provide capital contributions of $15.1 million that were used to repay a portion of the $28.8 million construction loan. After the compliance period, Sequoia Living will have an option (expiring 18 months thereafter) to purchase the rehabilitated building, which if exercised, will cause WPA L.P. to cease to exist. The purchase price will be the greater of the outstanding debt and taxes of WPA L.P. or the then fair market value of WPA L.P.

TPT underwent a significant rehabilitation in 2016–2017. The permanent financing was funded by a Citibank loan (see Note 9). TPT L.P. participates in the LIHTC program under Section 42 of the Internal Revenue Code as modified by the State of California. It is also expected to continue to operate in accordance with the provisions of Sections 236 of the National Housing Act. Various loans, regulatory and other agreements dictate the maximum income levels of new tenants and provide rent and other restrictions through 2070. The limited partner will receive 99.99% of tax credits for 10 years and 99.99% of the taxable operating income (losses) of TPT L.P. for 15 years (which also marks the end of the compliance period). In exchange, the limited partner is required to provide capital contributions of $23.0 million that will be used to repay a portion of the $40.0 million construction loan. In 2017, the limited partners made $23.0 million in capital contributions. After the compliance period, Sequoia Living will have an option (expiring 18 months thereafter) to purchase the rehabilitated building, which if exercised, will cause TPT L.P. to cease to exist. The purchase price will be the greater of the outstanding debt and taxes of TPT L.P. or the then fair market value of TPT L.P.

For financial reporting purposes, the balance sheets, statements of operations, statements of changes in net assets, and statements of cash flows of EPA L.P., WPA L.P., and TPT L.P. are consolidated with Sequoia Living. The limited partner interests in EPA L.P., WPA L.P., and TPT L.P. are reported as noncontrolling interests in the net assets section of the accompanying consolidated balance sheets.

Sequoia Living is the sole corporate member of Senior Services for Northern California (SSNC). SSNC is a supporting organization of Sequoia Living. Trustees of SSNC are charged with receiving, disbursing, and accounting for all current gifts, deferred gift investments, and bequests of money and property given for the benefit of Sequoia Living and its programs, facilities, managed properties, and community outreach.

Sequoia Living and SSNC are exempt from income and franchise taxes under Sections 501(c)(3) and 23701(d) of the respective federal and state revenue codes.

Sequoia Living formed a for-profit company, NCP Senior Ventures, LLC, a California limited liability company (NSV), in 2008. Sequoia Living, as its sole member, signed an operating agreement with NSV on the same date. The purpose of NSV is to engage in the business of the acquisition, investment, development, ownership, management, operation, and sale of real estate. For financial reporting purposes, NSV’s balance sheets, statements of operations, statements of changes in net assets, and statements of cash flows are consolidated with Sequoia Living.

NSV began managing Kokoro Assisted Living, a 54-unit residential housing facility located in San Francisco, California, in 2009. The management fee received for this service is included in fees for services and other income in the accompanying consolidated statements of operations.

Sequoia Living formed VSL to develop, construct, own, and operate a continuing care retirement community in Walnut Creek, California, on a nonprofit, nondenominational basis. Under a consulting agreement, Sequoia Living provides development and management services to VSL. The land for the project was purchased by VSL in 2017. VSL's total contributed capital from Sequoia Living for the continuing care retirement community is $25.2 million. The permanent financing closed on May 24, 2018, with revenue bonds insured by the State of California through its Cal Mortgage Loan Program (see Note 9). The bonds are designated as (a) "California Statewide Communities Development Authority Insured Revenue Bonds, Series 2018A (VSL Project)" for $45.2 million; (b) "California Statewide Communities Development Authority Insured Revenue Bonds, Series 2018B-1 (VSL Project – Entrance Fee Redemption)" for $80.0 million; (c) "California Statewide Communities Development Authority Insured Revenue Bonds, Series 2018B-2 (VSL Project – Entrance Fee Redemption)" for $39.0 million; and (d) "California Statewide Communities Development Authority Insured Revenue Bonds, Series 2018B-3 (VSL Project – Entrance Fee Redemption)" for $23.0 million. VSL has paid off the Series 2018B-1 bonds during the year ended December 31, 2022 and paid off the Series 2018B-2 and Series 2018B-3 bonds during the year ended December 31, 2023 with limited-use assets and entrance fee proceeds. The Series 2018A bonds will mature on July 1, 2047. VSL anticipates redeeming the Series 2018A (which is subject to optional redemption on or after January 1, 2021) in full from initial entrance fees prior to the stated maturities. The actual timing of the extraordinary redemption of the bonds may differ from the assumed timing because of timing differences in the receipt of initial entrance fees. VSL opened in November 2020 and consists of 174 independent living units, with an additional 7 assisted living units and 10 memory care units that opened in June 2021. The facility was constructed to allow the delivery of assisted living services to independent living units. Occupancy of 97% and 93% has been achieved during the years ended December 31, 2024 and 2023, respectively.

Sequoia Living is affiliated with San Francisco Senior Center (SFSC), a not-for-profit corporation that operates two senior centers in San Francisco and delivers services to help seniors stay engaged in the community.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and include Sequoia Living, EPA L.P., WPA L.P., TPT L.P., NSV, VSL, and SSNC. All significant inter-entity amounts have been eliminated in consolidation. SSNC, VSL, EPA L.P., WPA L.P., and TPT L.P. prepare separate stand-alone financial statements in conformity with U.S. GAAP.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets 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 without donor restrictions also include net assets contributed by Sequoia Living to its subsidiaries, which are eliminated upon consolidation. There are no board-designated net assets without donor restrictions.

Net assets with donor restrictions – Net assets that are subject to donor-imposed restrictions represent contributions that are limited in use by Sequoia Living in accordance with donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Contributions for which restrictions are satisfied in the same period as received are recorded as contributions revenue without donor restrictions.

Performance indicator – “Excess of operating revenues, income, gains and support, net, over expenses” as reflected in the accompanying consolidated statements of operations is the performance indicator. The performance indicator excludes receipt of contributions with donor restrictions, changes in additional minimum pension liability, changes in values of investments for debt securities, contributed capital, change in the value of split-interest agreements, and transfer of net assets.

Fair value measurements – The Financial Accounting Standards Board (FASB) statement on fair value measurements establishes a framework for measuring fair value in conformity with U.S. GAAP 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.

(In Thousands)

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 accompanying consolidated balance sheets for current financial assets and liabilities approximate fair value. Investments, investments held in trust, liability for trust beneficiaries, beneficial interest in net income trust, and trust contributions receivable are carried at fair value. See Note 10 for discussion of the fair value of Sequoia Living'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.

The following table provides a reconciliation of the cash, cash equivalents, and restricted cash balances within the accompanying consolidated balance sheets that sums to the total of the same amounts shown in the accompanying consolidated statements of cash flows:

	2024	2023
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	$ 44,941	$ 44,557
Investments designated for refundable deposits	-	761
Investments contractually limited for replacement reserves on properties financed by HUD	16,972	23,155
Cash and cash equivalents in limited use assets	14,830	14,537
Total cash, cash equivalents, and restricted cash on the consolidated statements of cash flows	$ 76,743	$ 83,010

Limited use assets – Limited use assets as of December 31, 2024 and 2023, consist of cash, money market funds, and other investments whose use is held for capital projects and debt service reserve funds held with a trustee in accordance with indenture requirements. Amounts required to pay current liabilities or otherwise support current operations are classified as current. The indenture terms require that the trustee control the expenditure of bond proceeds for capital projects. For limited use assets, net carrying value approximates fair value at period end.

(In Thousands)

Investments designated for refundable deposits – Investments designated for refundable deposits are subject to repayment based the executed continuing care contract or deposit agreement. These funds are held in cash and cash equivalents.

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 accompanying consolidated statements of operations and consolidated statements of 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 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.

Property and equipment, net – Property and equipment, net are recorded at cost. Depreciation is based on straight-line method at rates based on the estimated useful lives of the various classes of property using the following schedule:

Buildings	60 years
Building equipment	20 years
Building and land improvement	10 years
Equipment, furniture, and furnishings	4–10 years

Interest costs incurred on borrowed funds, less investment income earned on certain unspent borrowed proceeds during the period of construction of long-lived assets, are capitalized and amortized over the related assets’ estimated useful lives. Repairs and maintenance expenditures are expensed as incurred.

Sequoia Living periodically evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets’ carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, asset impairment is recognized. No asset impairment was recognized for the years ended December 31, 2024 and 2023.

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, 2024, the valuation technique utilizes published actuarial life expectancies ranging from 2.2 to 13.8 years and discount rates ranging from 1.63% to 6.75%. As of December 31, 2023, the valuation technique utilizes published actuarial life expectancies ranging from 2.3 to 14.4 years and discount rates ranging from 1.63% to 6.75%.

Beneficial interest in net income trust – SSNC recognizes an asset when it becomes aware of the agreements and has sufficient information to measure the beneficial interest. The beneficial interest asset is measured at fair value, which is estimated as the present value of the expected future cash flows from trusts. Change in the fair value of the beneficial interest asset is recognized as an increase or decrease in change in value of split-interest agreements. As the net income trust beneficiary, SSNC recognizes revenue for the beneficial interest as stipulated in the agreements.

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, 2024, the valuation technique utilizes published actuarial life expectancies ranging from 0 to 4.0 years and discount rates ranging from 1.6% to 9.4%. As of December 31, 2023, the valuation technique utilizes published actuarial life expectancies ranging from 0 to 4.2 years and discount rates ranging from 1.6% to 9.4%. 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 activities and changes in net assets. As of December 31, 2024, the valuation technique utilizes published actuarial life expectancies ranging from 3.1 to 6.7 years and a discount rate of 1.3%. As of December 31, 2023, the valuation technique utilizes published actuarial life expectancies ranging from 3.3 to 7.2 years and a discount rate of 1.1%.

Continuing care contracts – Sequoia Living has entered continuing care contracts with the residents of its continuing care facilities. Under the provision of these contracts, residents are required to pay an entrance fee and periodic monthly fees (resident fees) for services and the use of facilities. The resident fees are subject to adjustment for changes in operating costs or other economic reasons. Sequoia Living is obligated to provide long-term care.

Sequoia Living provides three types of continuing care contracts to its residents: fully amortizable, fee-for-service continuing care, and fee-for-service continuing care—repayment option. Under the fully amortizable contract, entrance fees are one-time payments made by residents of the continuing care facilities that, in addition to monthly care fees, provide for living accommodations and are recorded as deferred revenue when received and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. The period of amortization is adjusted annually using the 1979 Life Expectancies tables from Health and Safety Code for single residents and an actuarially prepared joint life expectancy table for married residents.

(In Thousands)

Under the fully amortizable and fee-for-service continuing care contracts, Sequoia Living is contractually obligated to refund to a vacating resident the entrance fee received less an amount equal to 1.5% of the entrance fee for each month of residency. No refund is made after five and a half years of occupancy. In the event of death or involuntary termination, Sequoia Living is obligated to refund a portion of the entrance fee determined as follows (based on the time transpired since the initial date of resident occupancy):

Fewer than 90 days	90%
More than 90, less than one year	75%
More than one year, less than two years	50%
More than two years, less than three years	25%
More than three years	0%

Under the fee-for-service continuing care - repayment options of 90% or 75%, residents pay a higher entrance fee, 90% or 75% of which will be refunded when the unit is resold. The “refundable deposit” portion of the entrance fee subject to repayment is recorded as a liability and the remaining 10% or 25% is recorded as deferred revenue and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. The period of amortization is adjusted annually using the 1979 Life Expectancies tables from Health and Safety Code for single residents and an actuarially prepared joint life expectancy table for married residents.

Future service obligation – If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. Sequoia Living has determined that no accrual for the obligation to provide future services and use of facilities to current residents is required as of December 31, 2024 and 2023. The discount rate used to calculate the obligation to provide future services is 5.0% and 4.5% in 2024 and 2023, respectively.

Revenue recognition – Sequoia Living accounts for a majority of its revenue recognition under Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* (ASC 606).

Sequoia Living has elected the lessor practical expedient Accounting Standards Update (ASU) 2018-11, *Leases (Topic 842): Targeted Improvements* (ASU 2018-11), within ASC 842, *Leases* (ASC 842), and recognizes, measures, presents, and discloses the revenue for services under their senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. Sequoia Living has determined that the services included under their independent living, assisted living, memory care, and skilled nursing residency agreements have the same timing and pattern of transfer. Sequoia Living has estimated that the nonlease component of such residency agreements are the predominant component of the contract and therefore recognizes resident fees revenue under ASC 606. Sequoia Living recognizes resident fees for its three residential housing facilities as operating leases under ASC 842.

Those activities that are accounted for outside the scope of ASC 606 include funds received by Sequoia Living which are voluntary and unconditional un-reciprocal transfers as well as investment income including realized gains and losses on investments.

(In Thousands)

Resident fees – Under the provision of continuing care contracts, residents are required to pay periodic monthly fees (resident fees) for services and the use of facilities. Resident fee revenue is reported at the amount that reflects the consideration Sequoia Living expects to receive in exchange for the services provided. Performance obligations are determined based on the nature of the services provided. Resident fee revenue is recognized monthly as services are provided and performance obligations are satisfied.

The following table shows resident fees revenue by line of service:

	2024	2023
Resident fees by line of service		
Independent living	$ 55,889	$ 52,152
Assisted living	5,144	4,429
Memory care	2,043	1,940
Skilling nursing	4,550	3,874
Affordable housing rents	31,453	29,444
	$ 99,079	$ 91,839

Amortization of entrance fees revenue – Under the provision of continuing care contracts, residents are required to pay an entrance fee, which are one-time payments made by residents of the continuing care facilities that, in addition to resident fees, provide for living accommodations. The performance obligation for nonrefundable entrance fees is that Sequoia Living is standing ready to provide a service such that the resident can continue to live in the CCRC and access the appropriate level of care based on his or her needs. This decision is at the discretion of the resident and is dependent on the resident's health and life span, along with his or her decision to continue to reside at the respective facility. Management has determined that these are a series of distinct services that are considered one performance obligation which is satisfied over time. Therefore, the nonrefundable portion of the entrance fee is recorded as an unamortized entrance fee when received and amortized using the straight-line method over the estimated remaining life expectancy of the resident. As of December 31, 2024 and 2023, Sequoia Living had $192.4 million and $179.0 million, respectively, in unamortized entrance fees to be recognized as the performance obligations are satisfied. See Note 15 for changes in the unamortized entrance fees for the years ended December 31, 2024 and 2023. The performance obligation is satisfied upon termination of the residency agreement.

Fees for services and other income – Under the provision of fee-for-service continuing care contracts, residents are required to pay an entrance fee, as well as additional fees for some services that are not covered by fee-for-service continuing care contracts. Additionally, Sequoia Living enters into separate contracts to provide outpatient services. Each service provided under these contracts is capable of being distinct, and thus, the services are considered individual and separate performance obligations which are satisfied as services are provided and revenue is recognized over time as services are provided.

Sequoia Living determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments, or explicit price concessions, provided to a third party. Sequoia Living determines its estimates of contractual adjustments based on contractual agreements, historical experience, and expected future credit losses.

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare – Certain health care services are paid at prospectively determined rates per discharge based on clinical, diagnostic or other factors. Certain services are paid based on a cost-reimbursement methodology subject to certain limits. Physical services are paid based upon established fee schedules.

Secondary Insurance – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge Sequoia Living's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon Sequoia Living.

Settlements with third-party payors for retroactive adjustments due to audits, review, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and Sequoia Living's historic settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Generally, patients who are covered by third-party payors are responsible for related deductibles and co-insurance, which vary in amount. Sequoia Living estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments determined on a resident-by-resident basis. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to health services revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2024 and 2023, was not significant.

Contributions – Contributions, which may include unconditional promises to give (pledges), are recognized at fair value as revenues in the period received or unconditionally pledged. 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.

Charity care – Sequoia Living provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Because Sequoia Living does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Donated services – Significant amounts of time from a number of people have been donated to Sequoia Living. The accompanying consolidated financial statements do not reflect the value of those donated services, as no reliable basis exists for reasonably determining the amounts involved.

Investment income – Investment income includes interest and dividend income earned on investments, net realized gains and losses on sales of investments, other-than-temporary realized losses on available-for-sale securities, unrealized gains and losses on trading securities, and related investment counseling fees. Investment counseling fees were $0.2 million for both years ended December 31, 2024 and 2023.

Marketing and advertising expenses – The cost of advertising, promotion, and marketing programs are charged to expense in the year incurred. For the years ended December 31, 2024 and 2023, Sequoia Living incurred marketing and advertising costs of $0.9 million and $1.0 million, respectively.

Administrative service fees – SSNC manages its split-interest agreements internally and assesses 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.

Workers' compensation plan – Sequoia Living is self-insured for workers' compensation. Claims are accrued under the plan as the incidents that give rise to them occur. Unpaid claims accruals, including estimates of incurred-but-not-reported claims, are based on the estimated ultimate cost of settlement, including claim settlement expenses, in accordance with Sequoia Living's past experience. The workers' compensation reserve liability is $2.8 million and $2.9 million as of December 31, 2024 and 2023, respectively, and is included in payroll and related taxes payable in the accompanying consolidated balance sheets. The discount rate used to calculate the reserve liability is 2.0% for both 2024 and 2023.

Concentration of credit risk – Financial instruments potentially subjecting Sequoia Living to concentrations of credit risk consist primarily of bank demand deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insurance thresholds and cash held in money market accounts in excess of the amounts insured by the U.S. Treasury insurance for money market funds. Demand deposits are placed with local financial institutions. If any of the financial institutions with whom Sequoia Living does business were to be placed into receivership with the FDIC, Sequoia Living may be unable to access the cash they have on deposit with such institutions. If Sequoia Living was unable to access its cash and cash equivalents as needed, Sequoia Living's financial position and ability to operate its business could be adversely affected. Sequoia Living has not experienced any loss related to these demand deposits in the past. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. It is at least reasonably possible, given the level of risk associated with investment securities, that changes in the near term could materially affect the amount reported in the financial statements. The risk associated with the investments is mitigated through diversification.

Concentration of credit risk results from Sequoia Living granting credit without collateral to its residents and patients, most of whom are local residents and insured under third-party payor agreements.

Estimates – The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include unamortized entrance fees, estimated future service obligations, pension asset, fair values of investments, useful lives of fixed assets, pledges and contributions receivable and the liability for payments to trust beneficiaries. Actual results may differ from those estimates.

(In Thousands)

Note 3 – Investment Securities

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

	2024	2023
Money market funds	$ 8,069	$ 4,445
Common stock	11,830	9,299
Corporate fixed income securities	336	299
Equity mutual funds	65,856	54,973
Fixed income mutual funds	43,290	35,365
Total marketable securities	129,381	104,381
Investment in real estate fund	10,675	9,569
Total investment securities	$ 140,056	$ 113,950

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

	2024	2023
Interest income	$ 6,807	$ 6,365
Net realized gains on sales of investments	2,205	2,281
Unrealized gains on equity securities	3,602	5,556
Investment expenses	(296)	(302)
	$ 12,318	$ 13,900

(In Thousands)

Note 4 – Property and Equipment, Net

Property and equipment, net as of December 31 consist of the following:

	2024	2023
Land	$ 23,097	$ 28,767
Land and building improvements	111,779	97,581
Building and building equipment	483,168	467,780
Equipment and furniture	56,806	55,135
Property, plant, and equipment	674,850	649,263
Less accumulated depreciation	(259,405)	(237,398)
	415,445	411,865
Construction in progress	33,159	34,821
Property, plant, and equipment, net	$ 448,604	$ 446,686

Total depreciation expense for the years ended December 31, 2024 and 2023, is $22.4 million and $19.3 million, respectively.

Note 5 – Investments Held in Trust

Investments held in trust as of December 31 are summarized below. The majority of these investments are held with one investment firm:

	2024	2023
Money market funds	$ 110	$ 103
Fixed income mutual funds	3,881	4,257
Equity mutual funds	6,169	6,491
Promissory note	787	-
	$ 10,947	$ 10,851

(In Thousands)

Note 6 – Pledges Receivable, Net

Pledges receivable, net was due as follows as of December 31:

	2024	2023
Current portion	$ 100	$ 674
Less allowance	(5)	(34)
Total current portion	$ 95	$ 640
Greater than one year to five years	$ 127	$ 150
Greater than five years to twenty years	-	-
	127	150
Less allowance	(6)	(7)
Less unamortized discount	(10)	(15)
Total noncurrent portion	$ 111	$ 128

Note 7 – Investments Contractually Limited for Replacement, Development Deposit, and Net Operating Income Reserve

Investments contractually limited for replacement – In connection with long-term debt agreements for Sequoia Living's residential housing facilities, HUD requires monthly deposits to a replacement account. Replacement accounts are held by Sequoia Living for TPT L.P., EPA L.P., and WPA L.P.

The investments for replacement are spent on improvements or repairs of structural elements and mechanical equipment of the facilities. Disbursements from the replacement accounts may be made upon receiving consent in writing from HUD.

Equity reserves – EPA L.P. was required to establish a deposit account for an initial amount of $2.0 million for cash reserves. In addition, a deposit account was established for capital contribution of $12.0 million upon occurrence of the loan conversion. On March 1, 2023, the construction loan was converted to a permanent loan financing for $60.0 million and the $12.0 million capital contribution was made to EPA L.P.

Outside reserves – Sequoia Living was required to set aside funds in the amount of $6 million for so long as the partnership continues in existence or based on the account terms of the reserve pledge agreement.

Earnings attributable to these investment categories accrue to the facility. As of December 31, 2024 and 2023, the investments consist of cash and certificates of deposit in the amounts of $17.0 million and $23.2 million, respectively.

(In Thousands)

Note 8 – Limited Use Assets

Limited use assets as of December 31 are held for two entities, Sequoia Living and VSL. The composition of limited use assets as of December 31, 2024 and 2023, for Sequoia Living and VSL consisted solely of cash and cash equivalents. All limited use assets are classified as Level 1 securities.

	2024	2023
California Health Facilities Financing Authority		
Revenue Bond Series 2015		
Project fund	$ 1,229	$ 798
Principal and interest fund	677	2
Debt service reserve fund	4,040	4,040
Revenue fund	1,416	2,143
	7,362	6,983
Revenue Bond Series 2018		
Project fund	139	420
Revenue fund	214	-
Principal and interest fund	1,119	968
Debt service reserve fund	5,924	5,924
	7,396	7,312
Investments held by trustee for development	-	177
Investments held by trustee for working capital	69	54
Investments held by trustee for repayment of revenue bonds	3	11
	14,830	14,537
Less current portion	(4,511)	(4,142)
Limited use assets, noncurrent portion	$ 10,319	$ 10,395

(In Thousands)

Note 9 – Long-Term Debt, Net and Line of Credit

Long-term debt, net for Sequoia Living comprises the following as of December 31:

	2024	2023
Sequoia Living		
California Health Facilities Financing Authority Revenue Bond Series 2015, Serial Bonds Payable through 2031 to 2044 in annual principal installments with interest ranging from 2–5%, collateralized by a first deed of trust on the gross revenues of Sequoia Living.	$ 51,320	$ 52,865
VSL		
California Health Facilities Financing Authority Revenue Bond Series 2018, Series Bonds Payable, collateralized by a first deed of trust on the gross revenues of VSL, Series 2018A interest at 3.5–5%, maturing in 2047	44,160	45,230
Eastern Park Apartments L.P.		
Bellwether Enterprise Mortgage Investments, Inc. loan, payable through 2039 in monthly installments of $262 including interest at 3.91%, with a balloon payment of $42,999 due at maturity.	58,627	59,429
Western Park Apartments L.P.		
Citibank permanent loan, in monthly installments of $86 payable through 2045 including interest at 5.81%, collateralized by a first deed of trust on WPA L.P. real estate.	13,787	14,011
Town Park Towers L.P.		
Payable through 2051 in monthly installments including interest at 4.41% collateralized by first deed of trust.	20,706	21,074
	188,600	192,609
Plus unamortized bond premium	6,541	7,041
Less unamortized deferred financing costs	(6,081)	(6,473)
	189,060	193,177
Less current portion	(5,658)	(4,743)
Long-term debt, net of current portion	$ 183,402	$ 188,434

(In Thousands)

Scheduled principal payments on long-term debt are as follows:

Years Ending December 31,		
2025	$	5,658
2026		4,409
2027		4,622
2028		4,802
2029		5,038
Thereafter		164,071
	$	188,600

The revenue bonds are insured by the State of California, through its Cal Mortgage Loan Program. Both agreements with Cal Mortgage includes a number of covenants, including the following:

- Punctual payment
- Maintenance of records and filing of financial statements
- Payment of taxes
- Maintenance of exempt status
- Certain financial covenants
- Continuing disclosure

Sequoia Living's debt incurred in connection with its residential housing facilities includes covenants which require that these facilities be operated to provide housing for seniors whose income levels do not exceed certain thresholds. Rent increases are subject to approval and are limited to maintain affordability.

The most restrictive covenants of these loans are associated with compliance with the LIHTC program under Section 42 of the Internal Revenue Code as modified by the State of California and the provisions of Section 202 of the National Housing Act. As of December 31, 2024, management believes Sequoia Living was in compliance with these debt covenants.

EPA L.P. was formed to rehabilitate and operate the EPA property in compliance with the LIHTC program under the provisions of Section 42 of the Internal Revenue Code. The City of San Francisco tax-exempt bonds of $60.0 million Series J and $24.8 million Series K are collateral to the qualifying financing under the LIHTC program to then finance the acquisition and renovation of EPA L.P. J.P. Morgan Chase Bank funded a loan on behalf of the City of San Francisco (tax-exempt bond issuer and governmental lender). EPA L.P. entered into an agreement with J.P. Morgan Chase Bank to borrow up to $84.8 million to acquire EPA and fund renovations.

Funds are released periodically as renovations proceed and paid invoices are submitted to J.P. Morgan Chase Bank for reimbursement. Renovations were completed in 2022. During the year ended December 31, 2023, the construction loan was fully paid off and permanent loan financing was obtained in the amount of $60.0 million. Deferred loan costs of $2.5 million were written off in 2023 related to the construction loan payoff.

Lines of credit – Sequoia Living has a standby line of credit in the amount of $4.0 million as of December 31, 2024 and 2023, with a bank, of which the whole facility was collateralized by a gross revenue pledge. Sequoia Living had a line of credit in the amount of $2.0 million during the year ended December 31, 2023, which was closed during the year ended December 31, 2024. As of both December 31, 2024 and 2023, Sequoia Living had no outstanding balance on these lines of credit. Subsequent to December 31, 2024, Sequoia Living entered into a new standby line of credit with a maximum borrowing amount of $4.0 million with a different bank and closed the existing standby line of credit.

Sequoia Living has stand-by letters of credit totaling approximately $3.0 million to collateralize its obligations under a high deductible workers' compensation program as of both December 31, 2024 and 2023, from the same bank that issued the lines of credit described above. No amounts were outstanding as of December 31, 2024 and 2023. The stand-by letters of credit restrict the availability of the lines of credit in that the total amount available at any one time from the letters of credit and lines of credit cannot exceed $4.0 million as of December 31, 2024.

Sequoia Living is required to provide written notification to the bank of any material adverse change in its financial condition or operation. Management believes there were no such changes in 2024 or 2023.

(In Thousands)

Note 10 – Fair Value Measurements

The fair values of financial assets and liabilities that are measured on a recurring basis are as follows as of December 31, 2024 and 2023:

	2024				
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	NAV as Practical Expedient
Assets measured at fair value on a recurring basis (1)					
Marketable securities (2)					
Money market funds	$ 8,069	$ 8,069	$ -	$ -	$ -
Common stock	11,830	11,830	-	-	-
Corporate fixed income securities	336	336	-	-	-
Equity mutual funds	65,856	65,856	-	-	-
Fixed income mutual funds	43,290	43,290	-	-	-
Trust contributions receivable (3)	1,119	-	-	1,119	-
Investment in real estate fund (4)	10,675	-	-	-	10,675
Promissory note in charitable remainder trust (7)	787	-	-	787	-
Investment held in trust (2)					
Money market funds	110	110	-	-	-
Equity mutual funds	6,169	6,169	-	-	-
Fixed income mutual funds	3,881	3,881	-	-	-
	$ 152,122	$ 139,541	$ -	$ 1,906	$ 10,675
Liabilities measured at fair value on a recurring basis (5)					
Liability for payments to trust beneficiaries	$ 4,721	$ -	$ -	$ 4,721	$ -

	2023				
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	NAV as Practical Expedient
Assets measured at fair value on a recurring basis (1)					
Marketable securities (2)					
Money market funds	$ 4,445	$ 4,445	$ -	$ -	$ -
Common stock	9,299	9,299	-	-	-
Corporate fixed income securities	299	299	-	-	-
Equity mutual funds	54,973	54,973	-	-	-
Fixed income mutual funds	35,365	35,365	-	-	-
Trust contributions receivable (3)	1,143	-	-	1,143	-
Investment in real estate fund (4)	9,569	-	-	-	9,569
Beneficial interest in net income trust (6)	626	-	-	626	-
Investment held in trust (2)					
Money market funds	103	103	-	-	-
Equity mutual funds	6,491	6,491	-	-	-
Fixed income mutual funds	4,257	4,257	-	-	-
	$ 126,570	$ 115,232	$ -	$ 1,769	$ 9,569
Liabilities measured at fair value on a recurring basis (5)					
Liability for payments to trust beneficiaries	$ 4,908	$ -	$ -	$ 4,908	$ -

[1] For cash and cash equivalents, limited use assets and investments designated for refundable deposits, the net carrying value approximates fair value at period end.

[2] The fair values of marketable securities and investments held in trust which are included in the accompanying consolidated balance sheets are determined based on quoted market prices in active markets. The marketable securities consist of cash equivalents, common stocks, corporate fixed income securities, equity mutual funds, and fixed income mutual funds as detailed in Note 3. The investments held in trust consist of cash equivalents, corporate fixed income securities, equity mutual funds, and fixed income mutual funds at fair value with realized and unrealized gains and losses included in the consolidated statements of operations and changes in net assets.

[3] The fair value of trust contributions receivable, which is included in the accompanying consolidated balance sheets, 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] This investment includes securities held in a limited partnership in which net asset value (NAV) as a practical expedient has been used. This investment has not been classified in the fair value hierarchy, and the amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated balance sheets. The NAV is based on the total value of the securities held in the limited partnership per the December 31 fund statement. The NAV of the limited partnership equals the total assets of the fund, less total liabilities of the fund. Total assets of the fund primarily include real estate assets and real estate owned in joint ventures. The value of real estate assets is established by independent appraisals as of December 31. Real estate assets owned in joint ventures are carried at the fund’s ownership share before the impact of promote structures. Total liabilities of the fund primarily include mortgage notes payable and senior notes payable, both of which are carried by the fund at fair value. Disclosure to and consent by the general partner is required for redemption, transfer or assignment of any of the investment.

[5] The fair value of the liability for payments to trust beneficiaries that is included in the accompanying consolidated balance sheets 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.

[6] The fair value of beneficial interest in net income trust included in the accompanying consolidated balance sheets is determined using a present value calculation of expected future cash flows from trusts.

[7] The carrying value of the promissory note in charitable remainder trust included in the consolidated statements of financial position approximates the fair value of the note, using a present value calculation of expected future cash flow from interest income with assumptions for the risk-adjusted interest rate.

There were no transfers of assets or liabilities between Levels 1 and 2 during the years ended December 31, 2024 and 2023.

(In Thousands)

Note 11 – Pension Plan

Sequoia Living sponsors a noncontributory defined benefit pension plan covering employees who work 1,000 hours or more. The benefits are generally based on an employee's average salary in the last five years of employment and years of service. Sequoia Living funds the pension plan in accordance with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Contributions to the plan are determined under the projected unit credit cost method and are made each year in an amount at least equal to the minimum requirements of ERISA. The defined benefit pension plan was frozen in March 2022.

A reconciliation of the plan's benefit obligations, fair value of assets, funded status, and amount recognized in the consolidated balance sheets is as follows as of December 31:

	2024	2023
Changes in benefit obligation		
Benefit obligation, beginning of year	$ 55,119	$ 52,179
Interest cost	2,588	2,648
Actuarial (gain) loss	(3,523)	3,019
Benefits paid	(2,944)	(2,727)
Benefit obligation at measurement date	51,240	55,119
Changes in plan assets		
Fair value of plan assets, beginning of year	67,614	59,724
Actual return on plan assets	8,440	10,617
Benefits paid	(2,944)	(2,727)
Fair value of plan assets at measurement date	73,110	67,614
Funded status at measurement date	$ 21,870	$ 12,495

	2024	2023
Amounts recognized in the consolidated balance sheets consist of		
Noncurrent assets	$ 21,870	$ 12,495
Amounts recognized in net assets without donor restrictions consist of		
Unrecognized net actuarial (gain) loss	$ (6,735)	$ 612
Amounts recognized in net assets without donor restrictions, measurement date	$ (6,735)	$ 612
Accumulated benefit obligation	$ 51,240	$ 55,119

(In Thousands)

For the year ended December 31, 2024, there was a $3.5 million gain related to changes in the benefit obligation, which mainly consisted of gains due to interest rate changes and due to demographic experience that was different from expected. For the year ended December 31, 2023, there was a $3.0 million loss related to changes in the benefit obligation, which mainly consisted of losses due to assumption changes due to discount rate changes and due to demographic experience that was different from expected.

Net periodic pension cost for 2024 and 2023 was determined by an independent actuary and is calculated using a prescribed attribution method, based on acceptable actuarial assumptions, which are adjusted periodically to reflect actual experience. Sequoia Living uses a December 31 measurement date for the above defined benefit plan.

The components of net periodic benefit cost included as part of compensation and benefits in the accompanying consolidated statements of operations and are as follows for the years ended December 31:

	2024	2023
Interest cost	$ 2,589	$ 2,647
Expected return on plan assets	(4,617)	(4,068)
Amortization of net loss	-	8
Net periodic benefit cost	(2,028)	(1,413)
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions		
Net actuarial gain	(7,347)	(3,915)
Amortization of net loss	-	(8)
Amounts recognized in net assets without donor restrictions, measurement date	(7,347)	(3,923)
Total recognized in net periodic benefit cost and net assets without donor restrictions, measurement date	$ (9,375)	$ (5,336)

Estimated future benefit payments are as follows:

Years Ending December 31,	
2025	$ 3,496
2026	3,607
2027	3,690
2028	3,775
2029	3,778
2030–2034	18,716
	$ 37,062

(In Thousands)

Sequoia Living expects to contribute the minimum required amount under Internal Revenue Service Regulations to its pension plan in 2025.

Plan assets are invested with an appointed custodian. The contract with the custodian allows for investments in equity, money market, mutual fund, and real estate investments. Under the direction of Sequoia Living plan, assets are invested with the objective of achieving a long-term rate of return of 7.00%. This is achieved through investment in a mix of equity and fixed income investments, with targeted allocations of 70% equity instruments and 30% fixed income instruments. Over time, equity investments are expected to return 8.00%, while fixed income investments are expected to return 4.67%. This produces an expected composite long-term return on investment of 7.00%.

Plan assets as of December 31 were invested as follows:

	2024	2023
Cash and cash equivalents	$ 19,891	$ 2,468
Common stocks	2,266	8,861
Equity mutual funds	12,315	37,012
Fixed income mutual funds	38,638	19,273
	$ 73,110	$ 67,614

Equity mutual funds held in the plan assets invest in common stocks of companies based either inside or outside the United States, including some small-capitalization companies. The primary objective is to provide growth of capital. Fixed income mutual funds held in the plan assets primarily invest in a diversified portfolio of high-quality bonds and other fixed income securities of varying maturities.

For 2024 and 2023, plan assets are stated at fair value using Level 1 inputs within the fair value hierarchy. Cash equivalents and mutual funds are valued at quoted market prices on an exchange and active markets. Common stocks are valued at the last sale price on the last business day of the plan year, as quoted on a recognized exchange or an industry standard pricing service.

Effective July 1, 2012, Sequoia Living changed the formula used to calculate Defined Benefit Pension Plan benefits in order to allow for more stable expenses while maintaining a competitive retirement benefits program for its employees. Sequoia Living also started contributing 2.5% of compensation to eligible employees each pay period as part of its 403(b) plan.

Effective January 1, 2016, Sequoia Living adopted a spot rate approach for determining plan obligations and net pension cost. Under this approach, the individual spot rates on the yield curve are applied to each year’s cash flow in measuring the obligations, service cost, and interest cost.

(In Thousands)

Weighted average discount rate assumptions are as follows:

	2024	2023
Discount rate - benefit obligation	5.59%	5.01%
Discount rate - service cost	N/A	N/A
Discount rate - interest cost	4.70%	5.07%

Sequoia Living also sponsors a defined contribution tax-sheltered annuity plan for substantially all its full-time employees. The Tax-Sheltered Annuity Plan was amended effective January 1, 2012, consistent with guidance under Treasury Regulation Section 1.403(b)-10 to delete Section 7.01(b) of the plan, which provided that a complete discontinuance of contributions under the plan would constitute termination of the plan. Consistent with Internal Revenue Service guidance, the plan is considered a frozen plan, and all provisions remain in effect until Sequoia Living determines to take further action, except that new contributions will not be made to the plan. Effective as of the first payroll date on or after January 1, 2012, consistent with amendments to the plan, contributions to the plan were discontinued and contributions began being made to a new 403(b) plan. The new 403(b) plan permits contributions which can be matched at the discretion of Sequoia Living. Total employer contributions were $1.4 million and $1.2 million for the years ended December 31, 2024 and 2023, respectively.

Note 12 – 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 U.S. GAAP, 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 (c) all investment income on the endowment funds less the appropriation of investment income for expenditure.

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

	2024	2023
Tomorrow Fund	$ 13,403	$ 13,462
Other	509	441
	$ 13,912	$ 13,903

(In Thousands)

Changes in endowment net assets for the years ended December 31 are as follows:

	2024	2023
Endowment net assets with donor restrictions, January 1	$ 13,903	$ 13,013
Investment return		
Investment income	544	280
Net appreciation (realized and unrealized)	225	706
Total investment return	769	986
Contributions	25	165
Appropriation of endowment assets for expenditure	(785)	(261)
Endowment net assets with donor restrictions, December 31	$ 13,912	$ 13,903

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, 2024 and 2023.

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.

(In Thousands)

Note 13 – Net Assets

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

	2024	2023
Tomorrow fund	$ 19,827	$ 18,843
Other funds	14,285	15,743
Planned gifts	5,655	5,780
Total net assets with donor restrictions	$ 39,767	$ 40,366

There are no board-designated net assets without donor restrictions.

(In Thousands)

Note 14 – Functional Expense

The following reflects the expenditures made by Sequoia Living, net of amounts funded by grants and other donation support for the years ended December 31, 2024 and 2023:

	Functional Expense 2024				
	Program Services			Supporting Services	
	Housing	Health Care	Other Program Services	Management and General	Total
Compensation and benefits	$ 21,455	$ 21,673	$ 4,347	$ 8,188	$ 55,663
Purchased services	31,495	445	399	869	33,208
Medical services	866	1,312	-	-	2,178
Supplies	1,235	879	306	64	2,484
Repairs and maintenance	4,969	98	175	369	5,611
Utilities	8,750	-	143	-	8,893
Professional fees	2,023	7	-	788	2,818
Depreciation	19,973	1,602	-	797	22,372
Interest	8,349	-	-	-	8,349
Other operating	5,599	383	311	88	6,381
	$ 104,714	$ 26,399	$ 5,681	$ 11,163	$ 147,957

	Functional Expense 2023				
	Program Services			Supporting Services	
	Housing	Health Care	Other Program Services	Management and General	Total
Compensation and benefits	$ 19,856	$ 20,887	$ 3,817	$ 8,418	$ 52,978
Purchased services	30,136	407	748	240	31,531
Medical services	707	1,515	-	-	2,222
Supplies	1,198	845	166	83	2,292
Repairs and maintenance	4,666	61	202	313	5,242
Utilities	7,604	-	143	-	7,747
Professional fees	1,988	9	-	816	2,813
Depreciation	16,915	1,621	286	505	19,327
Interest	12,887	-	-	-	12,887
Other operating	4,707	243	-	214	5,164
	$ 100,664	$ 25,588	$ 5,362	$ 10,589	$ 142,203

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or support services. Programs include areas such as activities, transportation, and wellness. The expenses are allocated based on location and related overhead costs while other expenses such as compensation and benefits are based on actual department categories.

(In Thousands)

Note 15 – Unamortized Entrance Fees

	2024	2023
Balance, beginning of year	$ 178,979	$ 173,838
New fees received	42,055	35,476
Entrance fees refunded	(2,612)	(3,345)
Amortization	(25,982)	(26,990)
Balance, end of year	$ 192,440	$ 178,979

Entrance fees still within a potentially refundable declining period as of December 31, 2024 and 2023, were $84.3 million and $71.7 million, respectively. Based on the past five years, actual refunds have averaged $6.3 million per year for the potentially refundable declining period for the Sequoias-SF, Sequoias-PV, and TAM. VSL has achieved stabilized occupancy and management expects to pay refunds in the future years of $1.0 million per year.

Note 16 – Liquidity and Availability of Financial Assets

Sequoia Living financial assets available within one year of the consolidated balance sheet dates for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	$ 44,941	$ 44,557
Marketable securities	129,381	104,381
Accounts, notes, and interest receivable	15,139	6,583
Pledges receivable - net of allowance, current portion	95	640
	$ 189,556	$ 156,161

Sequoia Living's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(In Thousands)

Note 17 – Noncontrolling Interest

The change in noncontrolling interest in WPA L.P., TPT L.P., and EPA L.P. is shown below:

	WPA L.P.	TPT L.P.	EPA L.P.	Total
Noncontrolling interest, January 1, 2023	$ 9,421	$ 22,303	$ 5,106	$ 36,830
Capital contributions	-	-	32,053	32,053
Net income (loss)	275	1,587	(4,016)	(2,154)
Attributed net income	275	1,587	28,037	29,899
Noncontrolling interest, December 31, 2023	9,696	23,890	33,143	66,729
Capital contributions	-	-	9,830	9,830
Net income (loss)	597	(323)	(1,951)	(1,677)
Attributed net income	597	(323)	7,879	8,153
Noncontrolling interest, December 31, 2024	$ 10,293	$ 23,567	$ 41,022	$ 74,882

Note 18 – Commitments and Contingencies

Sequoia Living is involved in certain routine matters of litigation related to its operations. Management does not expect any material impact on the consolidated financial position from any such matters; however, due to the inherent uncertainties in litigation, it is possible that amounts ultimately paid, if any, may exceed management’s expectations.

Sequoia Living is a recipient of federal awards. These awards are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantors, if any, cannot be determined at this time, although Sequoia Living expects such amounts, if any, to be immaterial.

Sequoia Living is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations relate to, among other things, matters such as licensure, accreditation, and government health care program participation requirements, regulations regarding reimbursement for patient services and regulations regarding Medicare billing, fraud, and abuse. Government agencies are actively conducting investigations concerning possible violations of statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of fines and penalties, as well as significant repayments for patient services previously billed. Sequoia Living has implemented a voluntary corporate compliance program which includes guidance for all Sequoia Living employees’ adherence to applicable laws and regulations. Management is not aware of any actions or potential actions as December 31, 2024 and 2023.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated balance sheet date, but before consolidated financial statements are issued. Sequoia Living recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. Sequoia Living's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet, but arose after the consolidated balance sheet date and before consolidated financial statements are issued.

Sequoia Living has evaluated subsequent events through April 29, 2025, which is the date the consolidated financial statements were issued.

Supplementary Information (Unaudited)

Sequoia Living, Inc.
Consolidating Balance Sheet (Unaudited)
December 31, 2024
(In Thousands)

	Sequoia Living	VSL	SSNC	Eliminations	Consolidated
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 14,790	$ 29,786	$ 365	$ -	$ 44,941
Marketable securities	91,651	-	37,730	-	129,381
Accounts, notes, and interest receivable	13,977	2,940	-	(1,778)	15,139
Pledges receivable, net of allowance	-	-	95	-	95
Limited use assets, current portion	3,323	1,188	-	-	4,511
Prepaid expenses and other assets	4,365	9	-	-	4,374
Total current assets	128,106	33,923	38,190	(1,778)	198,441
INVESTMENTS CONTRACTUALLY LIMITED FOR REPLACEMENT RESERVES ON PROPERTIES FINANCED BY HUD	16,972	-	-	-	16,972
INVESTMENTS HELD IN TRUST	-	-	10,947	-	10,947
INVESTMENTS, OTHER	7,494	-	3,181	-	10,675
TRUST CONTRIBUTIONS RECEIVABLE	-	-	1,119	-	1,119
PLEDGES RECEIVABLE, noncurrent portion	-	-	111	-	111
PENSION ASSET	21,870	-	-	-	21,870
LIMITED USE ASSETS, noncurrent portion	4,040	6,279	-	-	10,319
PROPERTY AND EQUIPMENT, net	275,010	173,594	-	-	448,604
Total assets	$ 453,492	$ 213,796	$ 53,548	$ (1,778)	$ 719,058
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	$ 6,754	$ 931	$ 62	$ -	$ 7,747
Payroll and related taxes payable	5,403	-	-	-	5,403
Long-term debt, current portion	4,533	1,125	-	-	5,658
Accrued interest payable	1,549	941	-	-	2,490
Refundable deposits	3,031	1,477	-	-	4,508
Entrance fees paid in advance	690	-	-	-	690
Refunds due residents	-	758	-	-	758
Due to (from) related party	-	723	1,055	(1,778)	-
Total current liabilities	21,960	5,955	1,117	(1,778)	27,254
Long-term debt, net of current portion	140,399	43,003	-	-	183,402
Liability on refundable contracts	10,028	124,604	-	-	134,632
Liability for payments to trust beneficiaries	-	-	4,721	-	4,721
Unamortized entrance fees, net of current portion	149,963	42,477	-	-	192,440
Other long-term liabilities	3,606	-	556	-	4,162
Total liabilities	325,956	216,039	6,394	(1,778)	546,611
NET ASSETS					
Net assets without donor restrictions					
Controlling interest	77,854	(27,443)	7,387	-	57,798
Noncontrolling interest	74,882	-	-	-	74,882
Contributed capital	(25,200)	25,200		-	-
Total net assets without donor restriction	127,536	(2,243)	7,387	-	132,680
Net assets with donor restrictions	-	-	39,767	-	39,767
Total net assets	127,536	(2,243)	47,154	-	172,447
Total liabilities and net assets	$ 453,492	$ 213,796	$ 53,548	$ (1,778)	$ 719,058

Sequoia Living, Inc.
Consolidating Statement of Operations (Unaudited)
Year Ended December 31, 2024
(In Thousands)

	Sequoia Living	VSL	SSNC	Eliminations	Consolidated
OPERATING REVENUES, INCOME, GAINS, AND SUPPORT, NET					
Operating revenues, income, and gains, net					
Resident fees	$ 85,071	$ 14,008	$ -	$ -	$ 99,079
Amortization of entrance fees	20,268	5,714	-	-	25,982
Fees for services and other income	17,082	860	-	-	17,942
Administrative service fees			107		107
Gain on sale of assets	24	-	-	-	24
Investment income, including realized and unrealized gains and losses on investments	8,998	1,775	1,545	-	12,318
Total operating revenues, income, and gains	131,443	22,357	1,652	-	155,452
Support					
Contributions	-	-	352	-	352
Net assets released from restrictions	-	-	4,415	-	4,415
Total support	-	-	4,767	-	4,767
Total operating revenues, income, gains, and support, net	131,443	22,357	6,419	-	160,219
EXPENSES					
Compensation and benefits	49,739	5,924	-	-	55,663
Purchased services	29,034	4,174	-	-	33,208
Medical services	2,178	-	-	-	2,178
Supplies	2,216	268	-	-	2,484
Repairs and maintenance	4,720	891	-	-	5,611
Utilities	7,525	1,368	-	-	8,893
Professional fees	2,490	328	-	-	2,818
Depreciation	19,008	3,364	-	-	22,372
Interest	6,481	1,868	-	-	8,349
Other operating	4,058	2,323	-	-	6,381
Total expenses	127,449	20,508	-	-	147,957
EXCESS OF OPERATING REVENUES, INCOME, GAINS, AND SUPPORT, NET, OVER EXPENSES	$ 3,994	$ 1,849	$ 6,419	$ -	$ 12,262

Sequoia Living, Inc.
Consolidating Statement of Changes in Net Assets (Unaudited)
Year Ended December 31, 2024
(In Thousands)

	Sequoia Living	VSL	SSNC	Eliminations	Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Excess operating revenues, income, gains, and support, net, over expenses	$ 3,994	$ 1,849	$ 6,419	$ -	$ 12,262
Grants transferred for programs and facilities	6,751	171	(6,922)	-	-
Change in additional minimum pension liability	7,347	-	-	-	7,347
Contributed capital	9,830	-	-	-	9,830
Other	(863)	259	-	-	(604)
Change in net assets without donor restrictions	27,059	2,279	(503)	-	28,835
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	-	562	-	562
Investment income including net realized gains on investments	-	-	1,931	-	1,931
Change in value of split-interest agreements	-	-	485	-	485
Unrealized gains from investments held in trust	-	-	838	-	838
Net assets released from restrictions	-	-	(4,415)	-	(4,415)
Change in net assets with donor restrictions	-	-	(599)	-	(599)
CHANGE IN NET ASSETS	27,059	2,279	(1,102)	-	28,236
NET ASSETS, beginning of year	100,477	(4,522)	48,256	-	144,211
NET ASSETS, end of year	$ 127,536	$ (2,243)	$ 47,154	$ -	$ 172,447

Sequoia Living, Inc.
Consolidating Statement of Cash Flows (Unaudited)
Year Ended December 31, 2024
(In Thousands)

	Sequoia Living	VSL	SSNC	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from entrance fees	$ 30,414	$ 2,988	$ -	$ 33,402
Cash received from resident fees	86,929	14,573	-	101,502
Cash received from services and other income	17,773	860	-	18,633
Cash received from contributions	-	-	1,347	1,347
Cash received (paid) for grants and support	6,751	171	(6,922)	-
Investment income received	6,210	1,775	3,139	11,124
Interest paid, net of amount capitalized	(6,609)	(1,935)	-	(8,544)
Refunds of entrance fees paid	(1,998)	(614)	-	(2,612)
Cash paid to employees and suppliers	(99,468)	(14,672)	-	(114,140)
Payments to (from) related party	3,717	(3,717)	-	-
Net cash provided by (used in) operating activities	43,719	(571)	(2,436)	40,712
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale and maturities of investments	-	-	4,005	4,005
Proceeds from sale of property and equipment	5,692	-	-	5,692
Purchase of investments	(28,175)	-	(3,889)	(32,064)
Purchase of property and equipment	(29,072)	(833)	-	(29,905)
Net cash (used in) provided by investing activities	(51,555)	(833)	116	(52,272)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of long-term debt and notes payable	(2,939)	(1,070)	-	(4,009)
Proceeds from endowment contributions	-	-	25	25
Proceeds from contributions held in trust	-	-	1,038	1,038
Payments to trust beneficiaries	-	-	(734)	(734)
Proceeds from refundable deposits	488	1,599	-	2,087
Proceeds from refundable entrance fees	634	5,492	-	6,126
Proceeds from limited partner equity	9,830	-	-	9,830
Refunds of refundable deposits	-	(776)	-	(776)
Refunds of refundable entrance fees	(3,504)	(5,409)	-	(8,913)
Investment income received from marketable securities held in trust	-	-	619	619
Net cash provided by (used in) financing activities	4,509	(164)	948	5,293
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(3,327)	(1,568)	(1,372)	(6,267)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	42,452	38,821	1,737	83,010
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	$ 39,125	$ 37,253	$ 365	$ 76,743
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES				
Promissory notes entered into in exchange for long term care contracts - nonrefundable contracts	$ 8,653	$ -	$ -	$ 8,653
Promissory notes entered into in exchange for long term care contracts - refundable contracts	$ -	$ 2,924	$ -	$ 2,924
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES				
Noncash investment contribution	$ -	$ -	$ 591	$ 591

Basis of presentation – The consolidating information is not a required part of the consolidated financial statements. The accompanying consolidating information was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The first column, Sequoia Living alone represents the parent entity without consolidation of its direct or indirect subsidiaries listed in the next columns. VSL and SSNC are described in Note 1 of the consolidated financial statements under Corporate Structure.

The consolidating information is prepared to clarify continuing disclosure as required by Municipal Securities Rulemaking Board (MSRB) through Electronic Municipal Market Access (EMMA) in connection with the issuance of revenue bonds described in Note 9 for Sequoia Living and VSL.

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