

EASTERN STAR HOMES OF CALIFORNIA

STATE OF CALIFORNIA DEPARTMENT OF SOCIAL SERVICE

ANNUAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025



HANSEN HUNTER & CO. P.C.

Certified Public Accountants

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED:
9/30/2025

PROVIDER(S): Grand Chapter of California, Order of the Eastern Star

CCRC(S): Senior Living Community for the Eastern Star

CONTACT PERSON: John Lee

TELEPHONE NO.: (714)-986-2380 **EMAIL:** controller@oesca.org



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

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 2,134
- If applicable, late fee in the amount of: \$ _____
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required *liquid* reserves and, when applicable, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- Form 9-1, "Calculation of Refund Reserve Amount", *if applicable*.
- Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the Provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

PART 1
ANNUAL PROVIDER FEES

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	14
[2]	Number at end of fiscal year	13
[3]	Total Lines 1 and 2	27
[4]	Multiply Line 3 by ".50" and enter result on Line 5	x.50
[5]	Mean number of continuing care residents	13.5
All Residents		
[6]	Number at beginning fiscal year	32
[7]	Number at end of fiscal year	32
[8]	Total Lines 6 and 7	65
[9]	Multiply Line 8 by ".50" and enter result on Line 10	x.50
[10]	Mean number of <i>all</i> residents	32
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	42.00%

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service – interest only)	\$5,521,420
[a]	Depreciation	\$440,750
[b]	Debt Service (Interest Only)	\$0
[2]	Subtotal (add Line 1a and 1b)	\$440,750
[3]	Subtract Line 2 from Line 1 and enter result	\$5,080,670
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	42.00%
[5]	Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4)	\$2,133,881
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$2,134

PROVIDER: Grand Chapter of California, Order of the Eastern Star

COMMUNITY: Senior Living Community for the Eastern Star

PART 2
CERTIFICATION BY OFFICER



Senior Living Community

February 11, 2026

CDSS
Continuing Care Contracts Bureau
California Department of Social Services
744 P Street
MS 9-14-91
Sacramento, CA 95814

RE: Certification of Annual Report

To Whom it may concern,

This letter serves as a certification of our 2025 Annual Report and any amendments thereto are correct to the best of my knowledge. In addition, each continuing care contract form in use or offered to new residents have been approved by the Department.

As of the date of this certification, the provider, Grand Chapter of CA, Endowment Fund is maintaining the required liquid reserve and if applicable, the required refund reserve on behalf of Eastern Star Homes – Senior Living Community.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Lee', written over a white background.

John Lee
Controller

PART 3
EVIDENCE OF FIDELITY BOND



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/09/2024

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

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

PRODUCER Prentiss Insurance Services 4560 E. Eisenhower Circle Anaheim CA 92807-1823	CONTACT NAME: Brian Messenger PHONE (A/C, No, Ext): (714) 777-2100 E-MAIL ADDRESS: brianm@bizins.com	FAX (A/C, No): (714) 777-2107
	INSURER(S) AFFORDING COVERAGE	
INSURED Eastern Star Homes of CA, DBA: Senior Living Community for the 16850 Bastanchury Road Yorba Linda CA 92886	INSURER A: Starstone Specialty Insurance Co.	NAIC # 44776
	INSURER B: Philadelphia Indemnity Ins. Company	18058
	INSURER C: Insurance Company of the West	27847
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER: CL2412904607

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY			767121243AHL	10/01/2024	10/01/2025	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	<input checked="" type="checkbox"/> Professional Liability						MED EXP (Any one person) \$ 10,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:						PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 3,000,000 Employee Benefits \$ 1,000,000
B	AUTOMOBILE LIABILITY			PHPK2607355-005	10/01/2024	10/01/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						BODILY INJURY (Per accident) \$
							PROPERTY DAMAGE (Per accident) \$ Medical payments \$ 5,000
A	<input checked="" type="checkbox"/> UMBRELLA LIAB			836911243AHL	10/01/2024	10/01/2025	EACH OCCURRENCE \$
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> CLAIMS-MADE					AGGREGATE \$
	DED <input checked="" type="checkbox"/> RETENTION \$ 2,500						\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WSD 5065421 03	10/01/2024	10/01/2025	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y / N	N / A				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
B	Property			PHPK2607355-005	10/01/2024	10/01/2025	BPP \$2,537,763
							Building \$24,661,767
							Resident Property Agg \$100,000

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

Residential Care Facility for the Elderly

CERTIFICATE HOLDER**CANCELLATION**For Information Old
No Certificate Holder

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

AUTHORIZED REPRESENTATIVE

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PART 4
AUDITED FINANCIAL STATEMENTS

EASTERN STAR HOMES OF CALIFORNIA

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEARS ENDED SEPTEMBER 30, 2025 AND 2024



HANSEN HUNTER & CO. P.C.

Certified Public Accountants

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HANSEN HUNTER & CO. P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Audit Committee and Board of Trustees
Eastern Star Homes of California
Yorba Linda, California

Opinion

We have audited the accompanying financial statements of Eastern Star Homes of California (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Star Homes of California as of September 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Eastern Star Homes of California and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Restatement for Correction of Errors

As discussed in Note 2 to the financial statements, Eastern Star Homes of California restated its previously issued 2024 financial statements to correct material misstatements. Accordingly, the 2024 financial statements have been restated to correct these errors. Our opinion is not modified with respect to this matter.

Prior Year Financial Statements Audited by a Predecessor Auditor

The financial statements of Eastern Star Homes of California as of and for the year ended September 30, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on January 31, 2025. We were not engaged to audit, review, or apply any procedures to the financial statements of the prior period other than with respect to the adjustments for the correction of the errors, and accordingly, we do not express an opinion or any other form of assurance on the prior period financial statements as a whole.



HANSEN HUNTER & CO. P.C.
Certified Public Accountants

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Star Homes of California's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Eastern Star Homes of California's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.



HANSEN HUNTER & CO. P.C.

Certified Public Accountants

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Star Homes of California's 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.

Hansen Hunter + Co. P.C.

February 27, 2026

EASTERN STAR HOMES OF CALIFORNIA

STATEMENTS OF FINANCIAL POSITION

	September 30,	
	2025	2024
ASSETS		
Current Assets		
Cash	\$ 141,277	\$ 203,068
Accounts receivable	29,922	26,392
Contributions receivable	-	9,609
Prepaid expenses	38,589	93,990
Total current assets	209,788	333,059
Property and equipment, net	5,948,314	5,128,654
Deferred rent	20,360	20,360
Total assets	\$ 6,178,462	\$ 5,482,073
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Accounts payable	\$ 115,713	\$ 66,375
Accrued payroll liabilities	135,927	109,130
Accrued expenses	13,405	11,889
Due to related party (as restated)	60,551	33,077
Total current liabilities	325,596	220,471
Long-term liabilities		
Obligation to provide future services (as restated)	7,224,001	5,834,893
Security deposits	29,567	29,567
Total long-term liabilities	7,253,568	5,864,460
Total liabilities	7,579,164	6,084,931
Net assets (deficit)		
Without donor restrictions (as restated)	(1,400,702)	(602,858)
Total net assets (deficit)	(1,400,702)	(602,858)
Total liabilities and net assets (deficit)	\$ 6,178,462	\$ 5,482,073

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

EASTERN STAR HOMES OF CALIFORNIA

STATEMENTS OF ACTIVITIES

	Years Ended September 30,	
	2025	2024
Support, revenue, and gains:		
Contributions:		
Per capita - members of Grand Chapter of California, Order of the Eastern Star	\$ 45,810	\$ 48,010
Contributions (as restated)	38,254	37,554
Grant from Endowment Fund of the Grand Chapter of of California, Order of the Eastern Star	2,609,500	2,373,000
Resident revenue:		
Asset transfer resident revenue	664,123	772,508
Fee for service revenue	1,425,218	1,076,349
Rental income	346,970	327,512
Other income - Employee Retention Credit	949,860	-
Other miscellaneous revenue	32,949	13,357
	6,112,684	4,648,290
Expenses		
Program services:		
Elderly care	4,674,208	3,955,454
Support services:		
Management and general	676,363	557,074
Rental property	130,126	116,738
Fundraising	40,723	37,814
	5,521,420	4,667,080
Change in net assets before obligation to provide future services (as restated)	591,264	(18,790)
Change in obligation to provide future services (as restated)	(1,389,108)	(1,907,517)
Change in net assets (deficit) (as restated)	(797,844)	(1,926,307)
Net assets, beginning of year (as restated)	(602,858)	1,323,449
Net assets (deficit), end of year (as restated)	\$ (1,400,702)	\$ (602,858)

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

EASTERN STAR HOMES OF CALIFORNIA

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2025

	Program Services		Support Services			Total Support Services and Fundraising	Total
	Elderly Care	Management and General	Rental Property	Fundraising	Fundraising		
Compensation and related expenses:							
Salaries and wages	\$ 2,264,707	\$ 201,307	\$ 25,163	\$ 25,163	\$ 251,633	\$ 2,516,340	
Employee benefits	258,889	23,012	2,877	2,877	28,766	287,655	
Payroll taxes	191,482	17,021	2,128	2,128	21,277	212,759	
Other employee expenses	51,316	4,561	570	570	5,701	57,017	
Professional and consultant fees	-	88,922	-	-	88,922	88,922	
Administration fee	9,297	92,203	6,594	-	98,797	108,094	
Insurance:							
Property and liability	263,365	23,410	2,926	2,926	29,262	292,627	
Workers' compensation	112,474	9,998	1,250	1,250	12,498	124,972	
Occupancy:							
Electricity	204,084	17,942	2,243	-	20,185	224,269	
Gas	43,691	4,855	-	-	4,855	48,546	
Water and sewer	56,976	6,331	15,827	-	22,158	79,134	
Depreciation	370,230	52,890	17,630	-	70,520	440,750	
Minor equipment and other supplies	130,807	42,979	13,081	-	56,060	186,867	
Equipment rental and maintenance	4,525	402	50	50	502	5,027	
Telephone	5,127	456	57	57	570	5,697	
Licenses and taxes	32,710	8,282	28,604	-	36,886	69,596	
Resident activities	17,399	-	-	-	-	17,399	
Resident allowances	13,890	-	-	-	-	13,890	
Resident admission	285	-	-	-	-	285	
Holiday gifts - residents	580	-	-	-	-	580	
Contract labor	158,368	65,211	9,316	-	74,527	232,895	
Consulting - Employee Retention Credit	128,231	11,398	1,425	1,425	14,248	142,479	
Hospitalization/medical supplies	90,773	-	-	-	-	90,773	
Dues and subscriptions	12,162	248	-	-	248	12,410	
Office expense	19,562	2,235	216	216	2,667	22,229	
Advertising	15,322	1,750	169	169	2,088	17,410	
Food services	207,155	-	-	-	-	207,155	
Other resident services	6,909	-	-	-	-	6,909	
Publications	-	552	-	-	552	552	
Events	3,892	398	-	3,892	4,290	8,182	
Total expenses	\$ 4,674,208	\$ 676,363	\$ 130,126	\$ 40,723	\$ 847,212	\$ 5,521,420	

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

EASTERN STAR HOMES OF CALIFORNIA

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

For the Year Ended September 30, 2024

	Program Services		Support Services			Total Support Services and Fundraising	Total
	Elderly Care	Management and General	Rental Property	Fundraising	Fundraising		
Compensation and related expenses:							
Salaries and wages	\$ 1,861,939	\$ 165,506	\$ 20,688	\$ 20,688	\$ 206,882	\$ 2,068,821	
Employee benefits	216,971	19,286	2,411	2,411	24,108	241,079	
Payroll taxes	140,012	12,446	1,556	1,556	15,558	155,570	
Other employee expenses	53,229	4,731	591	591	5,913	59,142	
Professional and consultant fees	-	36,500	-	-	36,500	36,500	
Administration fee	6,715	66,598	4,763	-	71,361	78,076	
Insurance:							
Property and liability	230,529	20,491	2,561	2,561	25,613	256,142	
Workers' compensation	68,182	6,061	758	758	7,577	75,759	
Occupancy:							
Electricity	220,620	19,395	2,424	-	21,819	242,439	
Gas	47,768	5,308	-	-	5,308	53,076	
Water and sewer	44,778	4,975	12,438	-	17,413	62,191	
Depreciation	338,245	48,321	16,107	-	64,428	402,673	
Minor equipment and other supplies	166,079	54,569	16,608	-	71,177	237,256	
Equipment rental and maintenance	5,774	513	64	64	641	6,415	
Telephone	4,795	426	53	53	532	5,327	
Licenses and taxes	27,286	6,909	23,861	-	30,770	58,056	
Resident activities	21,833	-	-	-	-	21,833	
Resident allowances	17,998	-	-	-	-	17,998	
Resident admission	1,564	-	-	-	-	1,564	
Holiday gifts - residents	2,751	-	-	-	-	2,751	
Contract labor	198,731	81,831	11,690	-	93,521	292,252	
Hospitalization/medical supplies	53,956	-	-	-	-	53,956	
Dues and subscriptions	5,547	113	-	-	113	5,660	
Office expense	14,772	1,313	165	165	1,643	16,415	
Food services	193,523	-	-	-	-	193,523	
Other resident services	2,890	-	-	-	-	2,890	
Publications	-	868	-	-	868	868	
Events	8,967	914	-	8,967	9,881	18,848	
	<u>3,955,454</u>	<u>557,074</u>	<u>116,738</u>	<u>37,814</u>	<u>711,626</u>	<u>4,667,080</u>	
Total expenses	\$ <u>3,955,454</u>	\$ <u>557,074</u>	\$ <u>116,738</u>	\$ <u>37,814</u>	\$ <u>711,626</u>	\$ <u>4,667,080</u>	

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

EASTERN STAR HOMES OF CALIFORNIA

STATEMENTS OF CASH FLOWS

	Years Ended September 30,	
	2025	2024
Cash flows from operating activities		
Grants received from Grand Chapter of California Order of the Eastern Star Endowment Fund	\$ 2,609,500	\$ 2,373,000
Per capita contributions	45,810	48,010
Contributions received (as restated)	47,863	37,554
Resident revenue	2,085,811	1,848,857
Rental income	346,970	327,512
Miscellaneous income	32,949	8,248
Other income - Employee Retention Credit	949,860	-
Cash payments for salaries, wages, benefits, payroll taxes, and other employment expenses	(3,097,861)	(2,618,571)
Cash payments to vendors	(1,900,644)	(1,678,774)
	1,120,258	345,836
Cash flows from investing activities		
Purchases of property and equipment	(1,209,523)	(301,937)
	(1,209,523)	(301,937)
Cash flows from financing activities		
Payments to related parties (as restated)	27,474	33,077
	27,474	33,077
Net change in cash	(61,791)	76,976
Cash, beginning of year	203,068	126,092
Cash, end of year	\$ 141,277	\$ 203,068

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

EASTERN STAR HOMES OF CALIFORNIA

STATEMENTS OF CASH FLOWS
(Continued)

	Years Ended September 30,	
	2025	2024
Reconciliation of changes in net assets to net cash from operating activities		
Change in net assets (deficit) (as restated)	\$ (797,844)	\$ (1,926,307)
Adjustments to reconcile changes in net assets (deficit) to net cash from operating activities:		
Depreciation	440,750	402,673
Change in obligation to provide future services (as restated)	1,389,108	1,907,517
Changes in operating assets and liabilities:		
Accounts receivable	(3,530)	(1,821)
Contributions receivable	9,609	(3,288)
Prepaid expenses	55,401	(15,126)
Deferred rent receivable	-	(3,165)
Accounts payable	(1,549)	(35,138)
Accrued payroll liabilities	26,797	18,201
Accrued expenses	1,516	-
Security deposits	-	2,290
	\$ 1,120,258	\$ 345,836
Net cash provided by (used in) operating activities	\$ 1,120,258	\$ 345,836
<u>Supplemental disclosure of noncash investing and financing activities:</u>		
Fixed asset purchases included in accounts payable	\$ 50,887	\$ -

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

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

NOTE 1 – Nature of Business

Eastern Star Homes of California (the "Home") is a California nonprofit corporation organized in 1930 for the purpose of operating a home, under the name of "Senior Living Community," for the care of aged members of the Order of the Eastern Star and community. The Home also operates a medical office rental facility under the name "Eastern Star Professional Plaza."

The Home is the income beneficiary of the Endowment Fund (the "Endowment Fund") of the Grand Chapter of California Order of the Eastern Star (the "Grand Chapter"), which are related parties. Net investment income is transferred to the Home to the extent that funds are needed for operations. Additional funds as necessary for the maintenance and operation of the Home are also transferred from the Endowment Fund.

Residents, other than those under fee for service arrangements, are affiliated members of the Grand Chapter, in good standing for at least five years, who are at least 65 years of age, as described in the Constitution and Laws. Upon admission to the Home, residents contribute their assets to the Endowment Fund. Fee for service arrangements are also available for members and nonaffiliated applicants. The Home is committed to maintain their residents, to the extent it is possible and according to its policies, even if they subsequently become unable to pay their monthly charges.

NOTE 2 – Summary of Significant Accounting Policies

Basis of presentation

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

Financial Statement Presentation of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor (or certain grantor) imposed restrictions. Accordingly, the net assets and changes therein are classified as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. All other donor restricted contributions are reported as increases in net assets with donor restrictions. 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. The Home does not have any net assets with donor restrictions as of September 30, 2025 and 2024.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, and all highly liquid investments with an initial maturity date of three months or less.

Accounts receivable

Accounts receivable represents the estimated net realizable value of amounts. The receivables are recorded at amounts that reflect the consideration to which the Home expects to be entitled in exchange for providing services.

Management has elected to record credit losses using the direct write-off method. GAAP requires that the allowance method be used to reflect expected credit losses. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. There were no material credit losses for the years ended September 30, 2025 and 2024.

Accounts receivable consisted of the following as of:

	September 30,		
	2025	2024	2023
Amounts due from Medi-Cal	\$ 25,695	\$ 25,753	\$ 24,571
Other accounts receivable	<u>4,227</u>	<u>639</u>	<u>-</u>
Accounts receivable	<u>\$ 29,922</u>	<u>\$ 26,392</u>	<u>\$ 24,571</u>

Prepaid expenses

Prepaid expenses primarily consist of payments made to vendors that will benefit periods beyond the reporting year. Prepaid expenses include items such as maintenance costs, supplies, insurance premiums, funeral costs and licensing fees.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Property and equipment

Acquisitions of property and equipment in excess of \$5,000 and with an estimated useful life of more than one year are capitalized at cost. Donated property is recorded as its estimated fair value at the date of receipt. Currently, there are no donor or legal restrictions on the proceeds from the disposition of donated property. The cost of normal maintenance, repairs, and minor replacements are charged to expense when incurred. Major replacements or betterments of property are capitalized. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gains or loss is reported in the statements of activities. Depreciation is computed using the straight-line method based upon the following estimated useful lives:

Buildings and improvements	3-30 years
Furniture, fixtures and equipment	5-10 years
Automobiles	5-10 years

The Home evaluates whether events and circumstances have occurred that indicate the carrying values of long-lived assets may have been impaired. In the event that the Home determines that impairment has occurred, a write-down to estimated fair value would be recorded. Measurement is based on those assets' estimated fair values as compared to the carrying value. No events have occurred to date that would indicate impairment in value as of September 30, 2025 and 2024.

Estimated obligation to provide future services

The Home expects to provide services and the use of facilities to residents, other than those under fee for service arrangements, over their remaining lives. The Home annually calculates the present value of the net cost of future services and the use of facilities to be provided to these residents as described in Note 6.

Contributions

The Organization recognizes contributions and grants under Financial Accounting Standards Board (FASB) 2018-08, Not-for-Profit Entities (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

Contributions received, including unconditional promises to give, are recorded as revenue in the period received, or promised, at their fair value.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Contributions (continued)

Unconditional promises to give, with payments due in future periods, are reported at the net realizable value as restricted support. Gifts of land, buildings, and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation, the Home reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Promises to give are included in contributions receivable on the statements of financial position.

Donated goods, facilities, and services

Donated nonfinancial assets, such as use of facilities and goods, are recorded at their fair values in the period received. The Home receives a significant amount of donated services from unpaid volunteers who assist with the different functions of the Home. For the years ended September 30, 2025 and 2024, no donated services from volunteers have been recognized in the statements of activities because the criteria for recognition was not satisfied.

Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills (which include accounting and legal services), are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recorded at their fair values in the period received. For the years ended September 30, 2025 and 2024, there were no donated services presented as contributed nonfinancial assets in the statements of activities and functional expenses.

Revenue recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Topic 606 supersedes most current revenue recognition guidance, including industry-specific guidance, and outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and reward. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration (which may include change orders and claims) is recognized, whether revenue should be recognized at a point in time or over time, and ensuring the time value of money is considered in the transaction price.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

Resident service revenue includes room and board and assisted living services and is reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing these resident services. These amounts are due from asset transfer residents (see Note 6), fee for service residents, and a third-party payor (Medi-Cal government program). Revenues from asset transfer residents include monthly social security payments, pension, and retirement payments. Revenues from fee for service comes from private pay residents, their families, or their trust, paying monthly rent for their suites and for other assisted living services. Generally, the Home bills in advance and residents pay their monthly fee in the first ten days of the given month. Revenue is recognized over time as performance obligations are satisfied.

The Home has a few residents that receive an Assisted Living Waiver (ALW) from Medi-Cal. Medi-Cal began paying a portion for assisted living care for qualified aged and disabled residents to enable low-income, Medi-Cal eligible seniors and persons with disabilities, who would otherwise require nursing facility services, to remain in or relocate to a community setting in a residential care facility for the elderly or public subsidized housing. The most recent five-year waiver renewal is effective March 1, 2024 through February 29, 2029. The daily rates received for ALW residents for assisted living services were up to \$176 and \$171 for the years ended September 30, 2025 and 2024, respectively.

Performance obligations are determined based on the nature of the services provided by the Home. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations are satisfied over time related to residents in the Home receiving lodging and assisted living services. The Home measures the performance obligation from the effective date on the residence agreement contract to the point when it is no longer required to provide services to that resident, which is generally at the time the resident elects to move from the facility or passes away.

The Home has applied the practical expedient provided by FASB Accounting Standards Codification (ASC) 340-40-25-4, and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Home otherwise would recognize is one year or less in duration.

Leases and revenue recognition

The Home leases office space generally under long-term lease agreements to one related party and other unrelated parties. The Home believes that the rental stream is exempted from compliance with Topic 606 due to its inclusion under current and future lease standards.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Leases and revenue recognition (continued)

The determination of whether an arrangement is a lease is made at the lease's inception. FASB ASC Topic 842, Leases, a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Home reassesses the determination of whether an arrangement is a lease if the terms and conditions of the contract are changed. At the lease's inception, the Home also estimates the residual value expected from the leased assets at the end of the lease term based on expected useful lives of the fixed assets held for lease and expected market conditions for the customer base. Leases are classified at inception as operating leases, sales-type leases, or direct financing leases, depending on the terms and conditions of each arrangement.

For leases classified as operating leases, the Home retains ownership of the underlying asset and recognizes lease income related to fixed lease payments on a straight-line basis over the noncancelable lease term when collectability of lease payments is probable, unless another systematic and rational basis is more representative of the pattern in which benefit from the use of the underlying asset is expected to be derived. Variable lease payments that do not depend on an index or rate (e.g., payments based on usage or performance, such as a percentage of sales) are recognized as income in the period in which the event or condition that triggers those payments occurs. Variable lease payments that depend on an index or rate are included in the measurement of lease income to the extent that the index or rate is known at lease commencement; changes in such payments due to future changes in the index or rate are recognized in the period in which the change occurs.

The Home leases the property to the lessee to operate the Eastern Star Professional Plaza. The Home has elected to account for the lease of the land and building as a single lease component. The Home has determined that the building lease is predominant and is accounting for the combined land and building component as an operating lease under Topic 842.

Lease collectability assessment

At lease commencement, the Home assesses the collectability of lease payments. If collectability is not probable, lease income is limited to the lesser of the income that would have been recognized if collectability were probable or the lease payments, including variable lease payments, that have been collected. If the Home subsequently concludes that collectability has become probable, a current-period adjustment is recognized for the difference between the lease income that would have been recognized to date assuming collectability had always been probable and the lease income actually recognized (limited to amounts collected) to date.

Endowment Fund

Support from the Endowment Fund for the years ended September 30, 2025 and 2024, was \$2,609,500 and \$2,373,000 respectively. At September 30, 2025 and 2024, the Endowment Fund has net assets with donor restrictions (restricted for specific purpose) of \$19,259,441 and \$19,639,492, respectively, and net assets with donor restrictions (perpetually restricted) of \$16,996,568 and \$15,204,890, respectively.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Functional expenses

The Eastern Star Homes of California functional expense methodology was developed to accurately assign each category based on several factors. Expenses are charged to program services, support services, and fundraising on the basis of actual use or estimated use, if actual use is not readily determinable. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Home.

The Home has one fund for program services which is designated for elderly care. The costs of providing program services, support services (management and general and rental property), and fundraising have been summarized on a functional basis. Accordingly, certain costs have been allocated among program services, support services, and fundraising. The Home's Board of Trustees ("Board") approved the expense allocation methodology for the years ended September 30, 2025 and 2024, as follows:

- The following expenses are, by definition, 100% allocated to elderly care program services:
 - Member assistance
 - Resident activities
 - Resident allowances
 - Resident admission
 - Holiday gifts for residents
 - Hospitalization/medical supplies
 - Food services
 - Other resident services
- Each employee job group was evaluated for an estimate of the total time spent on the classifications. Using salaries, wages, overtime and bonuses for each job group, an overall allocation was derived from the totals. This allocation method was assigned to the following categories:
 - All compensation subcategories
 - Insurance subcategories
 - Equipment rental and maintenance
 - Telephone
 - Office expenses
 - Advertising
- Professional and consultant fees were deemed all management and general expenses.
- Depreciation was allocated based on each fixed asset being evaluated for purpose, with the assumption that an estimated 10% of the Home facility is not used directly by the residents or in direct support of the residents.
- Administration fees are kept separate for the rental property and the Home portion was distributed approximately 10% to program services and 90% to management and general.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Functional expenses (continued)

- The expenses for the following categories are kept separate for the rental property and the Home portion was distributed approximately 90% to program services and 10% to management and general:
 - Electricity
 - Gas
 - Water and sewer
- The License and Tax expenses are kept separate for the Rental Property and the Home portion was distributed 80% to program services and 20% to management, general and rental.
- Contract labor and minor equipment and other supplies were allocated based on each account evaluated for purpose and an overall allocation was derived from these totals.
- The following categories are determined by actual expenditures by function:
 - Dues and subscriptions
 - Publications
 - Events
- The Employee Retention Credit consulting services were allocated using the allocation method used for compensation.

Advertising

Advertising costs are charged to expense as incurred. Total advertising expenses for the Home was \$17,410 for the year ended September 30, 2025, as shown on the statement of functional expenses. There was no advertising expense for the year ended September 30, 2024.

Financial instruments

The Home's financial instruments consist of accounts receivable, contributions receivable, accounts payable, accrued payroll liabilities, accrued expenses, due to related party, and security deposits. It is management's opinion that the Home is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

Income taxes

The Home is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the Revenue Taxation Code of California and is a publicly supported organization as described in Section 509(a) of the IRC.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 2 – Summary of Significant Accounting Policies (continued)

Income taxes (continued)

The Home follows the provisions of the Income Tax Topic of the FASB ASC relating to unrecognized tax benefits. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The Home is liable for taxes to the extent of any unrelated business income as defined by the Internal Revenue Service (IRS) regulations. The Home believes that it has not generated any unrelated business income as defined by IRS regulations and that it is more likely than not that this position would be sustained upon examination. As such, there were no liabilities recorded for uncertain tax positions as of September 30, 2025 and 2024.

Restatement of previously issued financial statements

The financial statements as of and for the year ended September 30, 2024 have been restated to correct errors related to the obligation to provide future services. The cumulative effect of these corrections increased the obligation to provide future services by \$1,991,298 as of September 30, 2024 and increased the expense for the change in obligation to provide future services by \$1,991,298 for the year ended September 30, 2024. Had the errors not occurred, net assets would have decreased by \$1,991,298 as of September 30, 2024.

In addition, financial statements as of and for the year ended September 30, 2024 have been restated to correct errors related to contribution revenue. The cumulative effect of these corrections increased due to related party by \$33,077 as of September 30, 2024 and decreased contribution revenue by \$33,077 for the year ended September 30, 2024. Had the errors not occurred, net assets would have decreased by \$33,077 as of September 30, 2024.

The correction of the combined errors above resulted in a decrease in net assets of \$1,314,984 as of September 30, 2024.

NOTE 3 – Liquidity and Availability

The table below represents financial assets available for general expenditures within one year at:

	September 30,	
	2025	2024
Cash	\$ 141,277	\$ 203,068
Accounts receivable	29,922	26,392
Contributions receivable	-	9,609
	<u>\$ 171,199</u>	<u>\$ 239,069</u>

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 3 – Liquidity and Availability (continued)

As disclosed in Note 1 and Note 2, the Home receives income from the Endowment Fund which, in addition to the financial assets listed above, covers operating expenditures and is expected to be available to meet cash needs. The Grand Chapter's Constitution and Laws limit the cash reserves held at the Home, see Note 8.

NOTE 4 – Deferred Rent

Deferred rent represents the difference between actual lease payments received under the related party and unrelated parties leases (see Note 11) and the recording of lease income on the straight-line basis as required under the Lease Topic of the FASB ASC.

NOTE 5 – Property and Equipment

Property and equipment consisted of the following as of:

	September 30,	
	2025	2024
Land	\$ 2,738,904	\$ 2,738,904
Buildings	8,422,881	8,422,881
Building improvements	3,164,798	1,923,308
Computer equipment	32,596	32,596
Equipment	190,484	171,588
Furniture and fixtures	69,119	69,119
Automobiles	187,604	187,604
Less: accumulated depreciation	<u>(8,858,072)</u>	<u>(8,417,346)</u>
Property and equipment, net	\$ <u>5,948,314</u>	\$ <u>5,128,654</u>

Depreciation expense amounted to \$440,750 and \$402,673 for the years ended September 30, 2025 and 2024, respectively.

The Home's property also includes office facilities that are leased to the Grand Chapter and various other medical offices as disclosed in Note 11.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 6 – Obligation to Provide Future Services

Certain applicants for admission to the Home are required to transfer ownership of their personal assets to the Endowment Fund of the Grand Chapter. These residents are categorized as asset transfers. In exchange for this transfer, the Home agrees to care for the residents for the remainder of their lives. This agreement does not apply to residents under a fee for service arrangement. As a result of this agreement, the Home has recorded a liability for its obligation to provide care for the asset transfer residents for the remainder of their lives.

The obligation is calculated by estimating the cost of providing care and the use of the facilities over the remaining lives of the residents, estimated using mortality tables obtained from the Social Security Administration, less estimated cash revenue before any realized gains from the Endowment Fund or proceeds on future property sales. The excess of projected expenses over revenue has been estimated to increase at 4% annually (representing inflation) as of both September 30, 2025 and 2024, and is based on actual historical expenses and revenue related to the resident care facility. The resulting liability has been discounted by 4% as of both September 30, 2025 and 2024, to reflect net present value. This liability reflected in the accompanying statements of financial position amounted to \$7,224,001 and \$5,834,893 at September 30, 2025 and 2024 (as restated, see Note 2), respectively.

The Home is licensed to operate a seventy-six bed continuing care home, and at September 30, 2025 and 2024, the Home had a total of 32 residents for both years, respectively, of which 13 and 14 were asset transfer residents. Any shortfall in future operating cash flow is obligated to be met by the Endowment Fund of the Grand Chapter as disclosed in Note 1 and Note 2.

NOTE 7 – Composition of Revenue

The composition of resident revenue by primary payors, for services provided over time, were as follows for the years ended:

	September 30,	
	2025	2024
Resident revenue:		
Asset transfer residents	\$ 449,608	\$ 681,947
Fee for service residents	1,290,660	944,697
ALW reimbursement by Medi-Cal	349,073	222,213
Total resident revenue by primary payors	\$ <u>2,089,341</u>	\$ <u>1,848,857</u>

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 8 – Cash Reserves

The Grand Chapter's Constitution and Laws require that the operating cash balance of the Home is to be limited to \$250,000 within 90 days of its fiscal year end. Excess amounts are to be transferred to the Endowment Fund without donor restriction for the future use of the Home, to be maintained by the Grand Chapter. Any shortfall in future operating cash flow is obligated to be met by the Endowment Fund. At September 30, 2025 and 2024, the Home had operating cash balances of \$187,087 and \$203,068, respectively.

NOTE 9 – Related Party Transactions

The Home incurred \$108,094 and \$78,076 in administrative expense charges during the years ended September 30, 2025 and 2024, respectively, for services provided by the Grand Chapter. There was an outstanding balance for unpaid administrative fees due to Grand Chapter of \$8,156 as of September 30, 2025, which is included in due to related parties on the statements of financial position. There was an outstanding balance for unpaid administrative fees due to the Grand Chapter of \$80 as of September 30, 2024, which is included in accounts payable on the statements of financial position.

The Home also leases office space to the Grand Chapter as disclosed in Note 11. For the years ended September 30, 2025 and 2024, the Home earned \$17,294 and \$16,361, respectively, of rental income from the Grand Chapter.

As of September 30, 2025, there is an amount totaling \$45,810 due from the Grand Chapter to the Home related to per capita from members of the Grand Chapter. This amount is included in due from related party on the statement of financial position. There was no such amount due to the Home as of September 30, 2024.

For the years ended September 30, 2025 and 2024 (as restated, see Note 2), there were amounts due to the Endowment Fund of \$98,205 and \$33,077 related to investment income from beneficial interests in trusts collected by the Home on behalf of the Endowment Fund that were incorrectly recorded on the Home's books as contributions. See Note 2 for additional disclosures regarding support from and net assets related to the Endowment Fund

NOTE 10 – Continuing Care Reserve Requirement

The State of California Health and Safety Code requires continuing care retirement communities to report on the adequacy of certain reserve requirements. The Home's required statutory reserve at September 30, 2025 and 2024 was \$751,125 and \$655,050, respectively. The Home reported a surplus of qualifying assets over the required reserve amount of \$18,629,616 and \$19,187,510 at September 30, 2025 and 2024, respectively, which includes net assets with donor restrictions held in the Endowment Fund of the Grand Chapter for the benefit of the Home.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 11 – Rental Income

The Home leases various offices to one related party and nine unrelated parties under operating leases expiring through November 2032. Property and equipment held for leasing consisted of the following as of:

	September 30,	
	2025	2024
Building	\$ 458,187	\$ 458,187
Building improvements	373,801	326,454
Less: accumulated depreciation	(631,134)	(602,529)
Leased property and equipment, net	\$ 200,854	\$ 182,112

Base rent for the related party lease was \$1,387 and \$1,367 as of September 30, 2025 and 2024, respectively. The base rent increases by 1.5% on an annual basis. The lease expires in November 2032, with no options to extend.

Base rent for the unrelated party leases range from \$2,067 to \$5,077 as of September 30, 2025. Base rent for unrelated party leases ranged from \$2,067 to \$4,927 as of September 30, 2024. Base rent for the unrelated party leases are subject to increase based on the terms of each lease agreement. One unrelated party lease is month-to-month. Five of the unrelated party leases have 5-year extension options.

The future minimum lease payments to be received under the non-cancelable leases noted above are as follows:

Year Ending September 30,	Related parties	Unrelated parties	Total
2026	\$ 16,855	\$ 271,429	\$ 288,284
2027	17,109	221,382	238,491
2028	17,365	169,104	186,469
2029	17,626	61,687	79,313
2030	17,890	-	17,890
Thereafter	39,669	-	39,669
Total	\$ 126,514	\$ 723,602	\$ 850,116

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 12 – Employee Retention Credit

The Employee Retention Credit (“ERC”), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and further amended by the Consolidated Appropriations Act and the American Rescue Plan. During the year ended September 30, 2025, the Home received total refundable credits of \$949,860.

The Home recognized the refundable credits as other income once there is reasonable assurance that the conditional applicable eligibility barriers to receive the funds have been substantially met. During the year ended September 30, 2025, the Company determined that the conditions for the barriers had been substantially met and therefore the refundable credits received in the amount of \$949,860 were recognized as other income – Employee Retention Credit in the accompanying statement of activities. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Home’s claim to the ERC, and it is not possible to determine the impact this would have upon the Home, if any.

NOTE 13 – Commitments and Contingencies

Health Care

The health care industry is subject to numerous laws and regulations by federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for resident services, and fraud and abuse prevention. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse 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 significant fines and penalties, as well as repayments for patient services previously billed.

Litigation

The Home may be subject to asserted and unasserted claims encountered in the normal course of business. The Home's management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Home or unasserted claims that may result in such proceedings, the Home's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein. In the opinion of management, disposition of these matters will not have a material effect on the Home's financial condition or results of operation.

Professional Liability Coverage

The Home is insured for professional liability under an occurrence policy for a combined occurrence and maximum annual aggregate of \$3,000,000.

EASTERN STAR HOMES OF CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

September 30, 2025 and 2024

(Continued)

NOTE 13 – Commitments and Contingencies (continued)

Risk Management

The Home has obtained workers' compensation insurance through a private insurer. Worker's compensation expense through coverage by this entity was \$124,972 and \$75,759 for the years ended September 30, 2025 and 2024, respectively.

NOTE 14 – Concentrations and Risks

The Home is licensed to operate a seventy-six bed residential care facility for the elderly (RCFE) in Yorba Linda, California. In addition, the Home conducts business in a heavily regulated environment. Operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with changes.

Financial instruments which potentially subject the Home to concentrations of credit risk consist primarily of demand deposit accounts at financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor, per insured bank, per ownership category. At times, such balances may exceed federally insured limits.

NOTE 15 – Reclassifications

Certain items in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

NOTE 16 – Subsequent Events

Subsequent events have been evaluated by the Home through February 27, 2026, which is the date the financial statements were available to be issued.

PART 5
LIQUID RESERVES



HANSEN HUNTER & CO. P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Member of
Eastern Star Homes of California
Yorba Linda, California

Opinion

We have audited the accompanying continuing care reserve report (the "Reports") of Eastern Star Homes of California (the "Home"), which comprise the continuing care liquid reserve schedules Form 5-1 through Form 5-5 as of September 30, 2025. The Reports have been prepared by management using the liquid reserve requirements of California Health and Safety Code Section 1792.

In our opinion, the Reports referred to above present fairly, in all material respects, the liquid reserve schedules Form 5-1 through Form 5-5 of Eastern Star Homes of California as of September 30, 2025, in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis for Opinion

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

Basis of Accounting

We draw attention to the basis of accounting used to prepare the Reports. The Reports were prepared on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. The Reports are not intended to be a complete presentation of the Home's assets, liabilities, revenues and expenses. Our opinion is not modified with respect to this matter.



HANSEN HUNTER & CO. P.C.
Certified Public Accountants

Responsibilities of Management for the Reports

Management is responsible for the preparation and fair presentation of the Reports in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of Reports that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Reports

Our objectives are to obtain reasonable assurance about whether the Reports 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 generally accepted auditing standards 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 Reports.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Reports, 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 in the Reports.
- 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 the Home's 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 Reports.

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.



HANSEN HUNTER & CO. P.C.
Certified Public Accountants

Other Matter

Our audit was conducted for the purpose of forming an opinion on the Reports as a whole. The accompanying supplementary information of Attachment I to Form 5-4: Calculation of Net Operating Expenses Reconciliation of Line 23, Attachment II to Form 5-5: Description of Reserves under SB 1212 are presented for purposes of additional analysis and is not a required part of the Reports. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Reports. The information has been subjected to the auditing procedures applied in the audit of the Reports and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Reports or to the Reports themselves, and other additional procedures in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. In our opinion, the information is fairly stated in all material respects in relation to the Reports as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Home and for filing with the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Hansen Hunter + Co. P.C.

February 27, 2026

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

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid In Fiscal Year	Total Paid (columns (b) + (c) + (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:					\$0

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

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

PROVIDER: Grand Chapter of California, Order of the Eastern Star
COMMUNITY: Senior Living Community for the Eastern Star

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

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

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

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

PROVIDER: Grand Chapter of California, Order of the Eastern Star

COMMUNITY: Senior Living Community for the Eastern Star

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

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

PROVIDER: Grand Chapter of California, Order of the Eastern Star

COMMUNITY: Senior Living Community for the Eastern Star

**FORM 5-4
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$5,521,420</u>
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	<u>\$0</u>	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>	
c.	Depreciation	<u>\$440,750</u>	
d.	Amortization	<u>\$0</u>	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$1,425,218</u>	
f.	Extraordinary expenses approved by the Department	<u>\$0</u>	
3	Total Deductions		<u>\$1,865,968</u>
4	Net Operating Expenses		<u>\$3,655,452</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$10,015</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>\$751,125</u></u>

PROVIDER: Grand Chapter of California, Order of the Eastern Star

COMMUNITY: Senior Living Community for the Eastern Star

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Grand Chapter of California, Order of Eastern Star

Fiscal Year Ended: SEPTEMBER 30, 2025

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the Period ended SEPTEMBER 30, 2025 and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$0
[2] Operating Expense Reserve Amount	\$751,125
[3] Total Liquid Reserve Amount:	\$751,125

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

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$0	\$141,277
[5] Investment Securities	\$0	\$19,239,464
[6] Equity Securities	\$0	\$0
[7] Unused/Available Lines of Credit	\$0	\$0
[8] Unused/Available Letters of Credit	\$0	\$0
[9] Debt Service Reserve	\$0	(not applicable)
[10] Other:	\$0	\$0
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Liquid Reserve:	[11] \$0	[12] \$19,380,741
Total Amount Required:	[13] \$0	[14] \$751,125
Surplus/(Deficiency):	[15] \$0	[16] \$18,629,616

Signature:

(Authorized Representative)

Date: _____

Grand Secretary
(Title)

SUPPLEMENTARY INFORMATION

**ATTACHMENT I
FORM 5-4**

Fiscal Year Ended: 9/30/2025

Form 5-4 Detail

Detailed explanation of the deductions on Line 2e

<u>Line 2e:</u>	<u>Additional Comments</u>
838,200	Private Pay residents pay a basic are rate, plus a level of care rate to cover costs of the services provided
3,250	Private pay resident application fees
551,910	Private Pay Memory Care residents pay a basic care rate, plus a level of care rate to cover costs of the services provided.
2,626	Respite Care based on a per diem rate, at the appropriate level of care provided
3,000	Guest stays
26,232	Transportation Fees received for personal requests
<hr/>	
<u>\$ 1,425,218</u>	Revenues received during the fiscal year for services to persons who did not have a continuing care contract

FORM 5-5 ATTACHMENT II

Provider Name:
Community:
Fiscal Year Ended:

Grand Chapter of California, Order of the Eastern Star
Senior Living Community for the Eastern Star
9/30/2025

Form 5-5 Detail
Description of Reserves under SB 1212

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	\$ 141,277
Investment Securities	<u>19,239,464</u>
Total Qualifying Assets as Filed	19,380,741

Additional Comments

Total cash in the Eastern Star Homes of California financial statements.

Investments are held in the Endowment fund of the Grand Chapter of California, Order of the Eastern Star, but exclude any permanently restricted amounts.

Reservations and Designations:

Liquid Reserve Obligation per Form 5-5, line 3	<u>751,125</u>
Remaining Liquid Reserves	<u>\$ 18,629,616</u>

All qualifying assets, less liquid reserve obligation are unreserved and undesignated, and are available to support the Eastern Star Homes of California.

Per Capita Cost of Operations

Operating Expenses (Form 5-4, line 1)	\$ 5,521,420
Mean # of all Residents (Form 1-1, line 10)	<u>32.0</u>
Per Capita Cost of Operations	<u>\$ 172,544</u>

PART 6
CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 02/27/2026

FACILITY NAME: Senior Living Community for the Eastern Star

ADDRESS: 16850 Bastanchury Rd, Yorba Linda ZIP CODE: 92886 PHONE: 714-577-9281

PROVIDER NAME: Grand Chapter of California, Order of Eastern Star FACILITY OPERATOR: Kat Farris, Executive Director

RELATED FACILITIES: (See page 2) RELIGIOUS AFFILIATION: All

YEAR OPENED: 1998 # OF ACRES: 5 SINGLE STORY MULTI-STORY OTHER: _____ MILES TO SHOPPING CTR: 0.5
MILES TO HOSPITAL: 0.5

NUMBER OF UNITS:	RESIDENTIAL LIVING	HEALTH CARE
	APARTMENTS - STUDIO: <u>9</u>	ASSISTED LIVING: <u>0</u>
	APARTMENTS - 1 BDRM: <u>29</u>	SKILLED NURSING: <u>0</u>
	APARTMENTS - 2 BDRM: <u>9</u>	SPECIAL CARE: <u>17</u>
	COTTAGES/HOUSES: <u>0</u>	DESCRIBE SPECIAL CARE: _____
	RLU OCCUPANCY (%) AT YEAR END: <u>53.3%</u>	

TYPE OF OWNERSHIP: NOT-FOR- PROFIT FOR PROFIT ACCREDITED?: YES NO BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
(check all that apply)

ASSIGNMENT OF ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS (Check all that apply): Refundable Repayable 90% 75% 50% OTHER: _____

RANGE OF ENTRANCE FEES: \$0 TO \$500 **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Life Care

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

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBERS ON, THE BOARD
(briefly describe provider's compliance and residents' roles): A resident is a member of the Board of Trustees.

COMMON AREA AMENITIES	FACILITY SERVICES AND AMENITIES				
	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (4 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (3/DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL - INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL - OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

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

PROVIDER NAME: Grand Chapter of California, Order of Eastern Star

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	\$ 3,838,657	\$ 3,913,154	\$ 4,562,726	\$ 6,028,620
LESS OPERATING EXPENSES (excluding depreciation, amortization, and interest)	3,824,097	3,932,720	4,237,120	5,080,670
NET INCOME FROM OPERATIONS	14,560	(19,566)	325,606	947,950
LESS INTEREST EXPENSE	0	0	0	0
PLUS CONTRIBUTIONS	95,870	142,150	118,641	84,064
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	0	0	0	0
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$ 110,430	\$ 122,584	\$ 444,247	\$ 1,032,014
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	\$ 0	\$ 0	\$ 0	\$ 0

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD

FINANCIAL RATIOS (see next page for ratio formulas)

	2022 CCAC Medians 50 th Percentile (optional)	2023	2024	2025
DEBT TO ASSET RATIO				
OPERATING RATIO		100.50%	92.86%	84.28%
DEBT SERVICE COVERAGE RATIO				
DAYS CASH ON HAND RATIO				

HISTORICAL MONTHLY SERVICE FEES

(Average Fee and Change Percentage)

	2022	%	2023	%	2024	%	2025	%
STUDIO	\$3,600	0%	\$4,475	24%	\$4,700	5%	\$4,700	0%
ONE BEDROOM	\$4,500	0%	\$5,395	20%	\$5,665	5%	\$5,665	0%
TWO BEDROOM	\$6,375	0%	\$7,885	24%	\$8,300	5%	\$8,300	0%
COTTAGE/HOUSE								
ASSISTED LIVING	\$3,600	0%	\$4,475	24%	\$4,700	5%	\$4,700	0%
SKILLED NURSING								
SPECIAL CARE	\$6,000	0%	\$7,600	24%	\$8,000	5%	\$8,000	0%

COMMENTS FROM PROVIDER: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ \text{-- Depreciation Expense} \\ \text{-- Amortization Expense} \end{array}}{\begin{array}{l} \text{Total operating Revenues} \\ \text{-- Amortization of Deferred Revenue} \end{array}}$$

Debt Service Coverage Ratio

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

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash} \\ \text{and Investments} \\ \text{+ Unrestricted Non-Current Cash} \\ \text{and Investments} \end{array}}{\begin{array}{l} \text{(Operating Expenses -- Depreciation} \\ \text{-- Amortization)/365} \end{array}}$$

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

PART 7
REPORT ON CCRC MONTHLY SERVICE FEES

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>	<u>MEMORY CARE</u>
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	\$4,700-8,300	\$4,700-8,300	N/A	\$8,000
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	0%	0%	N/A	0%

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

[3] Indicate the date the fee increase was implemented: _____
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

Date of Notice: _____

Method of Notice: _____

At least 30 days prior to the increase in fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

Date of Meeting: _____

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

Emailed the documents to those residents for whom the provider had email addresses on file

Placed hard copies in resident cubby

Placed hard copies at designated locations

Provided hard copies to residents upon request, and /or

Other: [please describe] _____

The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: _____

PROVIDER: Grand Chapter of California, Order of the Eastern Star

COMMUNITY: Senior Living Community for the Eastern Star

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

Providers evaluated the effectiveness of consultations during the annual budget planning process at minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.
Date of Posting: _____ **Location of Posting:** _____

[5] On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code sections.

See **PART 7 REPORT ON CCRC MONTHLY CARE FEE** in the **Annual Report Instruction** booklet for further instruction.

PROVIDER: Grand Chapter of California, Order of the Eastern Star

COMMUNITY: Senior Living Community for the Eastern Star