

GOLDEN RAIN FOUNDATION AND TRUST

COMBINED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Years Ended December 31, 2022 and 2021

GOLDEN RAIN FOUNDATION AND TRUST

Years Ended December 31, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Combined Balance Sheets	3
Combined Statements of Revenues and Expenses	4
Combined Statements of Changes in Net Assets	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7 - 21
Supplementary Information:	
Independent Auditors' Report on Supplementary Information	22
Combining Balance Sheet	23
Combining Statement of Revenues and Expenses and Changes in Net Assets	24
Divisional Balance Sheet	25
Divisional Statement of Revenues and Expenses	26



Mayer Hoffman McCann P.C.

44 Montgomery Street, Suite 3200 ■ San Francisco, CA 94104

415.397.4444 ■ www.mhmcpa.com

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF GOLDEN RAIN FOUNDATION OF WALNUT CREEK AND GOLDEN RAIN FOUNDATION OF WALNUT CREEK TRUST

Opinion

We have audited the combined financial statements of Golden Rain Foundation of Walnut Creek and Golden Rain Foundation of Walnut Creek Trust (referred to herein as “Golden Rain Foundation and Trust”), which comprise the combined balance sheets as of December 31, 2022 and 2021, and the related combined statements of revenues and expenses, changes in net assets and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Golden Rain Foundation and Trust as of December 31, 2022 and 2021, 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.

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 Auditors’ Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Golden Rain Foundation and Trust 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Rain Foundation and Trust’s ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.



Member of Kreston International — a global network of independent accounting firms

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 combined 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 combined 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 combined 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 Golden Rain Foundation and Trust'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Rain Foundation and Trust'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.

Mayer Hoffman McCann P.C.

San Francisco, California
April 13, 2023

GOLDEN RAIN FOUNDATION AND TRUST

COMBINED BALANCE SHEETS

ASSETS

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 14,051,413	\$ 14,851,040
Accounts Receivable, Net	1,051,143	709,589
Inventories	457,006	436,905
Prepaid Expenses and Other Assets	<u>104,247</u>	<u>271,699</u>
<u>TOTAL CURRENT ASSETS</u>	15,663,809	16,269,233
<u>PROPERTY AND EQUIPMENT</u>		
Cost	110,438,045	108,503,819
Less: Accumulated Depreciation and Amortization	<u>65,560,430</u>	<u>62,309,237</u>
<u>PROPERTY AND EQUIPMENT, NET</u>	44,877,615	46,194,582
<u>NOTES RECEIVABLE</u>	<u>415,578</u>	<u>457,636</u>
<u>TOTAL ASSETS</u>	<u>\$ 60,957,002</u>	<u>\$ 62,921,451</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts Payable and Accrued Expenses	\$ 1,980,437	\$ 1,433,343
Accrued Payroll and Benefits	1,997,868	1,975,911
Notes Payable, Current Portion	<u>1,502,689</u>	<u>1,460,963</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>5,480,994</u>	<u>4,870,217</u>
<u>LONG-TERM LIABILITIES</u>		
Notes Payable, Net of Current Portion	9,732,909	11,235,242
Pension Liability	<u>3,721,202</u>	<u>5,054,171</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>13,454,111</u>	<u>16,289,413</u>
<u>TOTAL LIABILITIES</u>	<u>18,935,105</u>	<u>21,159,630</u>
<u>COMMITMENTS AND CONTINGENCIES</u>		
<u>NET ASSETS FOR THE BENEFIT OF WALNUT CREEK MUTUAL ENTITIES</u>	<u>42,021,897</u>	<u>41,761,821</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 60,957,002</u>	<u>\$ 62,921,451</u>

GOLDEN RAIN FOUNDATION AND TRUST

COMBINED STATEMENTS OF REVENUES AND EXPENSES

	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>REVENUES</u>		
Property Management Services	\$ 35,592,926	\$ 33,776,790
Less: Refunds to Mutuals	<u>(3,641,416)</u>	<u>-</u>
<u>NET REVENUES</u>	<u>31,951,510</u>	<u>33,776,790</u>
<u>OTHER REVENUES</u>		
Community Facilities Services	2,979,039	2,535,381
Newspaper and Advertising	975,914	865,277
Lease Revenue	203,398	205,605
Noncommunity Facilities Services	325,484	304,300
Financial Income	49,171	43,554
Other Revenue	<u>238,444</u>	<u>310,024</u>
<u>TOTAL OTHER REVENUES</u>	<u>4,771,450</u>	<u>4,264,141</u>
<u>TOTAL REVENUES</u>	<u>36,722,960</u>	<u>38,040,931</u>
<u>OPERATING EXPENSES</u>		
Employee Compensation	21,431,367	20,789,555
Operations and Maintenance	13,696,894	12,295,340
Administrative	3,675,580	3,395,420
Depreciation and Amortization	<u>3,343,263</u>	<u>3,710,145</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>42,147,104</u>	<u>40,190,460</u>
<u>EXPENSES IN EXCESS OF REVENUES</u>		
<u>RELATED TO OPERATIONS</u>	<u>(5,424,144)</u>	<u>(2,149,529)</u>
<u>OTHER INCOME (EXPENSES)</u>		
Interest Expense	(567,105)	(674,418)
Gain on Forgiveness of Paycheck Protection Program Loan	-	3,570,600
Gain on Disposal of Property and Equipment	-	8,742
Other Income, Net	<u>427,189</u>	<u>75,392</u>
<u>TOTAL OTHER INCOME (EXPENSES)</u>	<u>(139,916)</u>	<u>2,980,316</u>
<u>REVENUES IN EXCESS OF EXPENSES,</u>		
<u>(EXPENSES IN EXCESS OF REVENUES)</u>	<u>\$ (5,564,060)</u>	<u>\$ 830,787</u>

GOLDEN RAIN FOUNDATION AND TRUST

COMBINED STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2022 and 2021

<u>NET ASSETS, JANUARY 1, 2021</u>	\$ 27,961,510
Membership Transfer Fees	5,150,000
Comprehensive Income:	
Revenues in Excess of Expenses	830,787
Adjustment to Pension Benefit Obligation	<u>7,819,524</u>
Total Comprehensive Income	<u>8,650,311</u>
<u>NET ASSETS, DECEMBER 31, 2021</u>	41,761,821
Membership Transfer Fees	5,236,000
Comprehensive Income (Loss):	
Expenses in Excess of Revenues	(5,564,060)
Adjustment to Pension Benefit Obligation	<u>588,136</u>
Total Comprehensive Loss	<u>(4,975,924)</u>
<u>NET ASSETS, DECEMBER 31, 2022</u>	<u>\$ 42,021,897</u>

GOLDEN RAIN FOUNDATION AND TRUST

COMBINED STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Revenues in Excess of Expenses (Expenses in Excess of Revenues)	\$ (5,564,060)	\$ 830,787
Adjustments to Reconcile Net Revenues (Expenses) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,343,263	3,710,145
Forgiveness of Paycheck Protection Program Loan	-	(3,570,600)
Gain on Disposal of Property and Equipment	-	(8,742)
Pension Plan Costs (Recovery), Net of Contributions	(744,833)	7,819,524
Change in Operating Asset and Liability Accounts:		
Accounts Receivable, Net	(341,554)	(151,031)
Inventories	(20,101)	(24,350)
Prepaid Expenses and Other Assets	165,677	(96,391)
Accounts Payable and Accrued Expenses, Accrued Payroll and Benefits and Pension Liability	194,051	(8,105,086)
<u>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</u>	<u>(2,967,557)</u>	<u>404,256</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(2,024,521)	(2,326,215)
Collection on Notes Receivable	279,116	337,548
Cash Deposits Received	375,000	-
Proceeds from Sale of Property and Equipment	-	9,851
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>(1,370,405)</u>	<u>(1,978,816)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Notes Payable	(1,460,607)	(1,414,790)
Proceeds from Membership Transfer Fees	4,998,942	4,899,000
<u>NET CASH PROVIDED BY FINANCING ACTIVITIES</u>	<u>3,538,335</u>	<u>3,484,210</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(799,627)</u>	<u>1,909,650</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>14,851,040</u>	<u>12,941,390</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 14,051,413</u>	<u>\$ 14,851,040</u>
<u>SUPPLEMENTAL CASH FLOW INFORMATION:</u>		
Interest Paid	<u>\$ 567,105</u>	<u>\$ 658,302</u>
<u>NON-CASH FINANCING ACTIVITY:</u>		
Membership Transfer Fees Financed with Notes Receivable	<u>\$ 195,000</u>	<u>\$ 251,000</u>

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 – ORGANIZATION AND OPERATIONS

The Golden Rain Foundation of Walnut Creek (“Golden Rain Foundation”) is organized under California general nonprofit corporation’s law as a nonprofit mutual benefit corporation. The Golden Rain Foundation is the trustee of the Golden Rain Foundation of Walnut Creek Trust (the “Trust”). The Trust was created to provide services and community facilities to the approximately 9,700 residents of the community commonly known as Rossmoor of Walnut Creek, California (“Rossmoor”). Together the Golden Rain Foundation and the Trust are referred to herein as the “Company”.

The community facilities consist of roads, on and off-site improvements and recreational service facilities and are held in the Trust for 23 mutual corporations (the “Mutual Entities”) as the beneficiaries of the Trust. The Mutual Entities consist of associations as defined by California Civil Code §4080, each of which manage common interest developments as defined by California Civil Code §4100, including 3 stock cooperatives, 19 condominium associations and 1 planned unit development. The common interest developments are owned by the Mutual Entities and their respective individual members.

Golden Rain Foundation has two divisions; Mutual Operations, which is the supporting division for all activity related to the Mutual Entities, and General Operations, which accounts for all other activities of the Golden Rain Foundation.

All functions of the Golden Rain Foundation are governed by a Board of Directors elected by the Golden Rain Foundation members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting – These combined financial statements include the accounts of the Golden Rain Foundation and the accounts of the Trust. The financial statements are presented on a combined basis due to the integrated nature and common management of these entities. Intercompany accounts and transactions have been eliminated in these combined financial statements. The combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recent Accounting Pronouncements – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 842, *Leases*, which requires lessors to classify leases as a sales-type, direct financing, or operating lease. The Company elected the available package of practical expedients for private company lessors which permits the Company not to reassess under the new standard prior conclusions about lease identification, lease classification, initial direct costs and an option not to separate lease and non-lease components when certain criteria are met and instead account for those components as a single lease component. The Company determined that the Company’s lease arrangements meet the criteria under the practical expedient to account for lease and non-lease components as a single lease component.

The accounting applied by a lessor is largely unchanged from that applied under ASC Topic 840, *Leases*. The Company adopted this standard effective as of January 1, 2022 using the effective date method, and elected the practical expedients available for implementation under the standard.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued) – A portion of the Company’s revenues are earned from leasing arrangements that are within the scope of ASC 842 (see Note 9). The Company, as a lessor, retains substantially all of the risks and benefits of ownership of the investment properties and continues to account for the leases as operating leases. Accordingly, there is no transition adjustment needed for the Company’s operating leases for which they are the lessor.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations – The Company is exposed to a concentration of credit risk arising from cash deposits. The Company maintains cash deposits in one financial institution which may, at times, exceed the amounts insured by the Federal Deposit Insurance Corporation. Cash deposits are placed with a financial institution which management believes is of high credit quality and management believes cash deposits are not exposed to a significant level of credit risk. The Company has not experienced any credit losses in cash deposit accounts.

The Company is exposed to labor concentration as approximately 33% of Golden Rain Foundation’s employees are covered by a collective bargaining agreement which expires in July 2025.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand and cash deposited in banks, and highly liquid investments with an original maturity of three months or less at the date of purchase. As of December 31, 2022 and 2021, cash includes \$575,039 and \$259,603, respectively, of amounts designated by the Board as reserves.

Accounts Receivable – Accounts receivable of the Golden Rain Foundation consist primarily of amounts due from the Mutual Entities for resident services, management services, and newspaper advertising.

Accounts receivable are stated at the amount which management expects to collect. Management provides an allowance for estimated uncollectible amounts through a charge to earnings and a credit an allowance for bad debt. The allowance is based on management’s assessment of the current status of individual accounts. Accounts receivable which are outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts receivable. The allowance reflects management’s analysis of receivables and the probability of collecting those accounts. As of December 31, 2022 and 2021, the allowance for doubtful accounts is \$1,000. During the years ended December 31, 2022 and 2021, the Company incurred no bad debt expenses.

Inventories – Inventories consist of primarily repair materials and retail merchandise. Inventories are stated at the lower of cost, or net realizable value. Cost is generally determined on the first-in, first-out method.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment – Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, which range from five to forty years. Costs of capital additions and improvements that enhance or extend the useful life of an asset are capitalized; whereas costs of repairs and maintenance are charged to expense as incurred. The Company’s management evaluates long-lived assets for indicators of possible impairment whenever events or circumstances indicate the value may be impaired. Should impairment exist, an impairment loss would be measured and recognized based on the excess carrying value of the asset over the asset’s estimated fair value. Management has not identified any such impairment losses as of December 31, 2022 and 2021.

Other Assets – Other assets include prepaid expenses, deposits on purchases, and capitalized contract costs. Prepaid expenses are charged to expense when the underlying expense is incurred and contract costs are amortized over the life of the contract.

Notes Receivable – Notes receivable arise from new residents who wish to finance the payment of their membership transfer fees.

Membership Transfer Fees – Membership transfer fees arise as a result of a change of membership in the Golden Rain Foundation. Typically, this occurs upon the change of ownership of a residence, subject to certain exceptions. Membership transfer fees are recorded as additions to unrestricted net assets in the combined statements of changes in net assets.

Fair Value Measurements – The Company applies the *Fair Value Measurements and Disclosures* topic of the FASB. This guidance establishes a framework for measuring fair value and includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in inactive markets; c) inputs other than quoted prices that are observable for the asset or liability; d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company sponsors a pension plan which holds assets that are measured at fair value (see Note 7).

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes – The Golden Rain Foundation is a California nonprofit, nonstock, corporation which is treated as a taxable corporation for federal and California state income tax purposes. However, because it is a membership organization, it is subject to the special rules of Section 277 of the Internal Revenue Code. Under Section 277, the Golden Rain Foundation is subject to federal and state income taxes whenever its nonmember revenue, consisting primarily of investment income, exceeds nonmember expenses and also when its membership revenue exceeds membership expenses. Net membership losses cannot be used to reduce net nonmember income; however, such losses may be carried over indefinitely to reduce future net membership income. Net membership losses for federal income tax purposes amounted to approximately \$75,000,000 and \$70,000,000 as of December 31, 2022 and 2021, respectively. Net membership losses for California state income tax purposes amounted to approximately \$71,000,000 and \$67,000,000 as of December 31, 2022 and 2021, respectively. Membership transfer fees are treated as contributions to capital, thus are not taxable revenues.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by the Golden Rain Foundation in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Golden Rain Foundation in the federal and state tax returns are more likely than not to be sustained upon examination.

Revenues – The Company accounts for revenues in accordance with FASB ASC 606, *Revenue from Contracts with Customers*. The majority of the Company's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Revenue is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The Golden Rain Foundation operates, improves and maintains the Trust's facilities and assists management of various Mutual Entities in the operation and maintenance of their residential properties. The majority of the Mutual Entities enter into contracts with the Golden Rain Foundation for property management services, which includes accounting services. An operating budget and operating fees of the Golden Rain Foundation are approved annually by the Board of Directors. For performance obligations related to management services of the Mutual Entities, control transfers to the customer over time. The Company recognizes the revenue from management services on a monthly basis as the Company has rendered the services. The Board of Directors may periodically approve distributions to Mutual Entities of accumulated revenues in excess of expenses. Such distributions are accounted for as a refund of property management revenue in the combined statements of revenues and expenses. For the year ended December 31, 2022, such refunds totaled \$3,641,416.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues (Continued) – Other revenues of the Golden Rain Foundation are derived from service fees charged to members and nonmembers and golf course revenue, which are included in community facilities services and noncommunity facilities services on the combined statements of revenues and expenses. These revenues are recognized as work is completed. For performance obligations related to services provided to members and nonmembers and golf course revenue, control transfers to the customer at a point in time. Certain revenues of the Golden Rain Foundation are derived from sales of the newspaper and related newspaper advertising. For performance obligations related to the sale of newspaper advertising, control transfers to the customer over time. The Company recognizes the revenue from newspaper advertising on a weekly basis as the Company has rendered the services. Financial income associated with notes receivable arising from membership transfer fees (Note 3) is recognized as incurred in accordance with the promissory agreement.

Lease revenue is derived primarily from contracts related to the café and recreational vehicle storage space rentals and, through February 2021, from rental of a medical center. Lease revenue is carved out of the guidance provided under ASC 606.

In addition, the Company's contracts do not contain variable consideration and contract modifications are generally minimal. The Company does not have any significant financing components as payment is received at or shortly after the point of sale.

Reclassification – Certain prior year financial statement amounts have been reclassified to conform to current period presentation. These reclassifications had no effect on the reported results of operation or net assets.

NOTE 3 – NOTES RECEIVABLE

Notes receivable arise from membership transfer fees that have been financed. The repayment term is over seven (7) years and borrowings bear interest at an annual rate of 5.00% for the years ended December 31, 2022 and 2021. These unsecured notes receivable amounted to \$415,578 and \$457,636 as of December 31, 2022 and 2021, respectively.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31 consist of the following:

	<u>2022</u>	<u>2021</u>
Golden Rain Foundation:		
Building Improvements	\$ 27,606	\$ 27,606
Furniture and Equipment	543,803	543,803
Transportation Equipment	67,926	67,926
Computer Equipment	<u>110,284</u>	<u>110,284</u>
	<u>749,619</u>	<u>749,619</u>
Trust:		
Land and Land Improvements	33,851,006	33,546,859
Buildings	21,728,742	21,728,742
Building Improvements	39,946,358	39,534,187
Furniture and Equipment	7,043,707	6,702,224
Transportation Equipment	3,188,484	3,153,359
Computer Equipment	1,527,851	1,244,396
Construction in Progress	<u>2,402,278</u>	<u>1,844,433</u>
	109,688,426	107,754,200
Less: Accumulated Depreciation and Amortization	<u>(65,560,430)</u>	<u>(62,309,237)</u>
Property and Equipment, Net	<u>\$ 44,877,615</u>	<u>\$ 46,194,582</u>

Construction in progress includes certain renovations and improvements to the Company's property and equipment which extend their useful lives. Depreciation and amortization expense for the years ended December 31, 2022 and 2021 was \$3,343,263 and \$3,710,145, respectively. For each of the years ended December 31, 2022 and 2021, depreciation and amortization includes \$1,774 of amortization of deferred organization costs.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 5 – NOTES PAYABLE

The Trust is obligated under three separate promissory notes payable to a bank as follows.

The Trust has borrowed under a note payable agreement having an outstanding principal balance as of December 31, 2022 and 2021, of \$3,014,751 and \$3,603,337, respectively. This note requires monthly payments of \$62,446, including interest at a fixed interest rate equal to 4.75%. The note matures on June 7, 2027. Interest expense on this note payable amounted to \$160,768 and \$189,861 for the years ended December 31, 2022 and 2021, respectively.

The Trust has borrowed under a second note payable agreement having an outstanding principal balance as of December 31, 2022 and 2021, of \$3,510,000 and \$4,050,000, respectively. This note requires monthly payments of \$45,000, plus interest at an interest rate equal to the average yield of U.S. Treasury Securities plus 2.80% (interest rate was 3.94% as of December 31, 2022 and 2021). The note matures on June 10, 2029. Interest expense on this note payable amounted to \$152,444 and \$197,824 for the years ended December 31, 2022 and 2021, respectively.

The Trust has borrowed under a third note payable agreement having an outstanding principal balance as of December 31, 2022 and 2021, of \$4,710,847 and \$5,042,868, respectively. This note requires monthly payments of \$48,826, including interest at a fixed interest rate equal to 5.11%. The note matures on May 10, 2033. Interest expense on this note payable amounted to \$253,893 and \$270,617 for the years ended December 31, 2022 and 2021, respectively.

All of the above notes are subject to certain financial covenants which include, among other things, a minimum debt service ratio. The Company believes it is in compliance with the covenants contained in the debt agreements. In addition, the Company has pledged certain assets as collateral for these notes.

Future minimum principal payments are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 1,502,689
2024	1,555,608
2025	1,607,968
2026	1,662,035
2027	1,331,633
Thereafter	<u>3,575,665</u>
	<u>\$ 11,235,598</u>

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2020, the Company was granted a loan with its primary bank in the amount of \$3,570,600, pursuant to the Paycheck Protection Program (the “PPP”) set forth in the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) which was enacted on March 27, 2020. The loan had an original maturity date of April 20, 2022 and the loan bore interest at a rate of 1% per annum. Under the terms of the loan, a portion or all of the loan is forgivable to the extent the loan proceeds are used to fund qualified expenses, primarily related to payroll costs during a specified period, as further defined by the U.S. Small Business Administration (“SBA”). Repayment of the loan was deferred until the SBA determined the amount to be forgiven. On June 10, 2021, the Company’s application for forgiveness of the loan was approved by the SBA and the full loan amount and accrued interest was forgiven. Accordingly, forgiveness of the loan is recorded as other income on the statement of revenues and expenses for the year ended December 31, 2021.

NOTE 7 – RETIREMENT PLANS

The Golden Rain Foundation sponsors a noncontributory (employer-sponsored) defined benefit pension plan and a defined contribution pension plan and contributes to a multi-employer union-sponsored retirement benefit plan.

Defined Benefit Pension Plan – The defined benefit plan is noncontributory and provides benefits based on each covered employee’s years of service and highest five-year average compensation out of the last ten years of employment. Employees hired or re-hired after May 1, 2009 are not eligible to participate in the defined benefit plan, as the participation under the Plan was frozen May 1, 2009. The Golden Rain Foundation’s funding policy is to make at least the minimum annual contributions recommended by the plan’s actuary.

The following table presents information about the pension plan’s funded status as of December 31:

	<u>2022</u>	<u>2021</u>
Projected Benefit Obligation	\$ 52,350,434	\$ 66,266,485
Fair Value of Plan Assets	<u>48,629,232</u>	<u>61,212,314</u>
Unfunded Status	<u>\$ (3,721,202)</u>	<u>\$ (5,054,171)</u>

The unfunded status is recognized in the accompanying combined balance sheets as a noncurrent pension liability. The accumulated benefit obligation amounted to \$51,123,648 and \$64,081,333 as of December 31, 2022 and 2021, respectively.

The net adjustment to decrease the pension liability amounted to \$1,332,969 and \$7,819,524 for the years ended December 31, 2022 and 2021, respectively. This adjustment to the pension liability is reported in the combined statements of changes in net assets as it represents the net gains or losses and prior service costs or credits that arose during the year. The accumulated adjustment to the pension benefit obligation recorded in accumulated other comprehensive loss in the combined statements of changes in net assets at December 31, 2022 and 2021 is \$(6,479,000) and \$(7,811,969), respectively.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 – RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued) – The changes in benefit obligations recognized in other comprehensive income or loss during the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Net Gain	\$ 588,136	\$ 7,441,803
Net Periodic Benefit Cost	(255,167)	(622,279)
Employer Contributions	<u>1,000,000</u>	<u>1,000,000</u>
Other Comprehensive Gain	<u>\$ 1,332,969</u>	<u>\$ 7,819,524</u>

The net periodic pension costs for pension benefits for 2022 and 2021 includes the following components:

	<u>2022</u>	<u>2021</u>
Service Cost	\$ 860,505	\$ 932,001
Interest Cost	1,727,607	1,600,333
Expected Return on Plan Assets	(3,282,793)	(4,072,005)
Amortization of Net Loss	<u>949,848</u>	<u>2,161,950</u>
Net Periodic Benefit Cost	<u>\$ 255,167</u>	<u>\$ 622,279</u>

The net gain during the year ended December 31, 2022 consists of losses from assets of (\$13,369,052), changes in assumptions of \$13,233,801, from amortizations of prior net gain of \$949,848 and actuarial experience costs of (\$226,461).

Amounts recorded for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Net Periodic Benefit Cost	<u>\$ 255,167</u>	<u>\$ 622,279</u>
Employer Contributions	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Benefits Paid	<u>\$ 3,496,823</u>	<u>\$ 3,175,537</u>

The following weighted-average assumptions were used to determine the net periodic benefit cost and benefit obligation for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Discount Rate – Net Periodic Benefit Cost	2.69%	2.40%
Discount Rate – Accumulated Benefit Obligation	4.90%	2.69%
Expected Long-term Return on Plan Assets	5.50%	7.50%
Rate of Compensation Increase	3.00%	3.00%

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 – RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued) – The expected long-term rate of return on plan assets reflects the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the projected benefit obligation. In estimating that rate, appropriate consideration is given to the returns being earned by the plan assets in the fund and rates of return expected to be available for reinvestment, using a building block method. The expected rate of return on each asset class is broken down into three components: (1) inflation, (2) the real risk-free rate of return (i.e., the long-term estimate of future returns on default-free U.S. government securities), and (3) the risk premium for each asset class (i.e., the expected return in excess of the risk-free rate).

All three components are based primarily on historical data, with modest adjustments to take into account additional relevant information that is currently available. For the inflation and risk-free return components, the most significant additional information is that provided by the market for nominal and inflation-indexed U.S. Treasury securities. That market provides implied forecasts of both the inflation rate and risk-free rate for the period over which currently available securities mature. The historical data on risk premiums for each asset class is adjusted to reflect any systemic changes that have occurred in the relevant markets; e.g., the higher current valuations for equities, as a multiple of earnings, relative to the longer-term average for such valuations.

The exact expected return derived using the building block method will vary from year to year; however, as the rate is a long-term assumption, it remains constant as long as it remains within a reasonable range.

The fair value of the plan's assets held as of December 31, 2022, consisted 51% of equity securities and 49% debt securities. The fair value of the plan's assets as of December 31, 2021, consisted 49% of equity securities and 51% debt securities.

The plan assets consisted of \$46,938,416 and \$59,274,521 Level 2 assets, and \$1,690,816 and \$1,937,793 Level 3 assets as of December 31, 2022 and 2021, respectively. Level 3 assets consist of Immediate Participation Guarantee Contracts and are valued based on a market value formula approach that uses the Barclays Capital U.S. Aggregate Index. For the year ended December 31, 2022, total purchases and transfers into the Immediate Participation Guarantee Contracts were \$30,569 and \$3,300,299, respectively. Significant unobservable inputs primarily consisted of the assumed interest rate of 0.00% and the experience rate of 2.62%.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 – RETIREMENT PLANS (Continued)

Defined Benefit Pension Plan (Continued) – The plan’s investment strategy utilizes several different asset classes with varying risk/return characteristics. The returns of the asset classes are not expected to move in tandem, which allow the plan to take part in different parts of the global economic cycle. The following guidelines are used to determine the asset mix with respect to plan assets:

<u>Account</u>	<u>Range</u>
Intermediate Core-Plus Bond	17% to 24%
Foreign Large Blend	13% to 17%
Large Growth	16% to 24%
Large Value	16% to 24%
Mid-Cap Growth	5% to 7%
Mid-Cap Value	5% to 7%
Small Blend	5% to 7%
Small Growth	5% to 7%

In addition, investment activity in the following is prohibited: those specifically prohibited by the Employee Retirement Income Security Act of 1974, municipal or tax-exempt securities, short sales, margin purchases, commodities, securities of the trustee of investment manager, its parents or subsidiaries, and unregistered or restricted stock.

The estimated future benefit payments for the next 10 years, which reflect future service, are expected to be paid as follows:

Years Ending December 31,

2023	\$ 4,117,472
2024	\$ 3,974,833
2025	\$ 4,063,331
2026	\$ 4,160,185
2027	\$ 4,040,290
2028 to 2032	\$ 19,208,618

No plan assets are expected to be returned to Golden Rain Foundation during 2023. Golden Rain Foundation is expected to make employer contributions to the pension plan totaling approximately \$1,000,000 during the year ending December 31, 2023.

Defined Contribution Plan – The Company also sponsors a defined contribution plan designed in accordance with Internal Revenue Code 401(k). Substantially all employees, other than those covered by a collective bargaining agreement which has not negotiated inclusion, are eligible to participate. The Golden Rain Foundation provides a certain level of matching contributions on salary deferrals. The Company’s contributions are recorded as operating expenses when paid or declared. The Company’s contribution to this plan for 2022 and 2021 amounted to \$307,243 and \$254,024, respectively.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 7 – RETIREMENT PLANS (Continued)

Multi-Employer Plan – Golden Rain Foundation contributes to a multi-employer defined benefit pension plan under a collective bargaining agreement that covers its union-represented employees. This plan is not administered by the Golden Rain Foundation. The risks of participation in this multi-employer plan differ from single-employer plans in the following aspects:

- Assets contributed to the plans by a company may be used to provide benefits to participants of other companies,
- If a participating company discontinues contributions to a plan, other participating employers may be required to cover any unfunded liability that may exist, and
- If the Company stops participating in the multi-employer pension plan, the Company may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The following table provides information about the status of the multi-employer plan as of December 31:

Name of Pension Plan	EIN / Pension Plan Number	Pension Protection Act Zone Status	Funding Improvement		Company Contributions		Expiration Date of Collective Bargaining Agreement
			Plan / Rehabilitation Plan Implemented	Surcharge Imposed	Year Ended December 31, 2022	Year Ended December 31, 2021	
Laborers Pension Trust Fund for Northern California	94-6277608/001	Green for the year ended May 31, 2022	No	No	\$ 1,507,036	\$ 1,537,932	July 31, 2025

Golden Rain Foundation’s maximum contribution exposure is limited to no more than 80% of the total pension contribution rate, with any excess being borne by the employee. Since July 1, 2016, Golden Rain Foundation’s per employee pension contribution was \$8.96/hour. If the employer’s pension contribution is less than 80% of the total required pension contribution, Golden Rain Foundation agrees to increase its pension contribution by up to a maximum of \$0.50/hour.

The Company’s total contributions to the multi-employer plan were less than 5% of the total contributions received by the plan from all sources in the plan years ended May 31, 2022 and 2021.

NOTE 8 – RELATED PARTY TRANSACTIONS

Golden Rain Foundation provides recurring accounting and administrative services for most of the Mutual Entities. Gross revenues from services provided to the Mutual Entities, before refunds, amounted to \$34,472,345 and \$32,601,242 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, accounts receivable from the Mutual Entities amounted to \$686,754 and \$413,659, respectively.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 9 – LEASING ACTIVITY

The Company has generated lease income from certain properties under separate lease agreements. Under these agreements, the Company has recognized lease income of \$203,398 and \$205,604 during the years ended December 31, 2022 and 2021, respectively. A description of the leasing activity is as follows:

- In August 2005, the Trust entered into a noncancelable operating lease agreement with a third-party to lease a medical center property which is owned by the Company. The lease expired in January 2021 and had a base rent of \$58,641 per month. After conclusion of the lease term the Company did not renew the lease.
- Golden Rain Foundation has a noncancelable operating lease agreement with a third-party to lease the café premises. The lease was most recently amended January 1, 2021 and has a base rent of \$11,257 per month with stated annual increases of 5% through the end of the lease term. The lease expires December 31, 2023. Golden Rain Foundation also leases recreational vehicle parking spaces to members at monthly and annual rates.

In 2020, the Company entered into an agreement with a local university to make space and equipment within the Company's fitness center available for a medical study from April 1, 2020 through June 30, 2024. In consideration for the use of space, the local university will pay the Company an annual fee. The Company received \$175,000 for the use of the space and equipment during each of the years ended December 31, 2022 and 2021. The Company will receive \$175,000 annually through June 30, 2024.

NOTE 10 – OTHER INCOME

On June 14, 2021, the Company entered into a Purchase and Sale Agreement (the "Agreement") with a purchaser for the sale of the Rossmoor Medical Center (see Note 13). Subsequently the Agreement was amended several times to extend the closing date of the sale. In compensation for agreeing to the extensions, the Company received payments from the purchaser of \$750,000, of which the nonrefundable portion of \$375,000, has been recognized as other income during the year ended December 31, 2022 and the remainder has been reported as a current liability as of December 31, 2022.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Solar Power Agreement – On December 1, 2016, the Company entered into a solar power services agreement to purchase electricity generated from a solar system. The system has been installed on Rossmoor's community property by the service provider who owns the equipment and is responsible for operating and maintaining the system. The term of the agreement is for 25 years starting on the date the system begins operations and may be extended for additional one-year periods thereafter. The system began operating on October 14, 2019. Under the terms of the agreement the Company is required to pay the service provider for all electricity produced by the system at annual variable rates per kWh as specified in the agreement. The Company has the option of purchasing the equipment over the life of the agreement at the greater of a specified purchase price or its then fair market value. The agreement is subject to early termination penalties and certain reporting covenants.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Solar Power Agreement (Continued) – Management has determined that this arrangement does not constitute an embedded lease, primarily because the Company does not have the power to control the assets underlying this service agreement among other factors. It is unable to direct the use of those assets and did not participate in the design of the assets.

Lawsuits – From time to time, the Company may be engaged in lawsuits, generally in the ordinary course of business. In the opinion of management, based on advice of counsel, the ultimate outcome of these lawsuits will not have a material impact on the Company’s combined financial statements.

NOTE 12 – RISKS AND UNCERTAINTIES

The Company's operational and financial performance could be affected by a variety of factors, including general economic conditions, political developments, and a competitive market. In the normal course of business, the Company is exposed to market risks which include global events, such as pandemics or international conflicts. The ultimate disruption is uncertain; however, it may result in a material adverse impact on the Company’s combined financial position, operations and cash flows. Possible areas that may be affected include, but are not limited to, reduction in membership transfer fees, disruption to the Company’s labor workforce and capital spending, unavailability of products and supplies used in operations, and the decline in value of assets held by the Company, including, inventories, property and equipment and the value of marketable securities held in the Company’s defined benefit pension plan (Note 7).

During March 2023, several banks have suspended operations and the US Federal Deposit Insurance Corporation (“FDIC”) was appointed as receiver for those banks. Since that time, there have been reports of instability at other U.S. banks. The majority of the Company's cash deposits are held by one bank which the Company believes is of high credit quality. If the bank's financial condition were to deteriorate rapidly, the Company may not be able to access the cash held at that bank which may lead to significant disruptions to the Company's operations, financial position, and reputation. The ultimate outcome of these matters is uncertain and, accordingly, the impact on the Company's financial condition, results of operations and cash flows is also uncertain.

GOLDEN RAIN FOUNDATION AND TRUST

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 13 – SUBSEQUENT EVENTS

During January 2023, the Company received \$150,000 from the purchaser of the Rossmoor Medical Center as consideration for an additional extension of the Agreement (see Note 10).

In February 2023, the Company notified the purchaser of the Rossmoor Medical Center that the purchaser was in default of the Purchase and Sale Agreement, as amended. Effective March 2, 2023, the Company terminated the Agreement for default and has demanded the release of certain funds held in escrow. The purchaser has alleged that the Company was in breach of the terms of the Agreement and notified the Company it is terminating the Agreement. The escrow agent has objected to release of funds based on the competing claims for the funds. As of the date the combined financial statements were available to be issued, no legal action has been filed by either party and all funds deposited into escrow remain in escrow pending the resolution of the dispute.

The Company's management has evaluated the impact of subsequent events on these combined financial statements, including disclosures, through April 13, 2023, the date the combined financial statements were available to be issued.

SUPPLEMENTARY INFORMATION



Mayer Hoffman McCann P.C.

44 Montgomery Street, Suite 3200 ■ San Francisco, CA 94104
415.397.4444 ■ www.mhmcpa.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

BOARD OF DIRECTORS OF GOLDEN RAIN FOUNDATION OF WALNUT CREEK AND GOLDEN RAIN FOUNDATION OF WALNUT CREEK TRUST

We have audited the combined financial statements of Golden Rain Foundation of Walnut Creek and Golden Rain Foundation of Walnut Creek Trust (referred to herein as “Golden Rain Foundation and Trust”), as of and for the year ended December 31, 2022, and have issued our report thereon dated April 13, 2023, which expressed an unmodified opinion on those combined financial statements, appears on pages 1 and 2. Our audit was performed for the purpose of forming an opinion on the combined financial statements as a whole.

The accompanying supplementary information presented on the Combining Balance Sheet, Combining Statement of Revenues and Expenses and Changes in Net Assets, Divisional Balance Sheet, and Divisional Statement of Revenues and Expenses, is presented for the purpose of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Mayer Hoffman McCann P.C.

San Francisco, California
April 13, 2023



Member of Kreston International — a global network of independent accounting firms

GOLDEN RAIN FOUNDATION AND TRUST

COMBINING BALANCE SHEET

December 31, 2022

	Golden Rain Foundation	Trust	Eliminations	Total
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 5,422,958	\$ 8,628,455	\$ -	\$ 14,051,413
Accounts Receivable, Net	1,023,860	27,283	-	1,051,143
Inventories	457,006	-	-	457,006
Prepaid Expenses and Other Assets	112,499	(8,252)	-	104,247
<u>TOTAL CURRENT ASSETS</u>	<u>7,016,323</u>	<u>8,647,486</u>	<u>-</u>	<u>15,663,809</u>
<u>PROPERTY AND EQUIPMENT</u>				
Cost	749,619	109,688,426	-	110,438,045
Less: Accumulated Depreciation and Amortization	749,619	64,810,811	-	65,560,430
<u>PROPERTY AND EQUIPMENT, NET</u>	<u>-</u>	<u>44,877,615</u>	<u>-</u>	<u>44,877,615</u>
<u>NOTES RECEIVABLE</u>	<u>-</u>	<u>415,578</u>	<u>-</u>	<u>415,578</u>
<u>TOTAL ASSETS</u>	<u>\$ 7,016,323</u>	<u>\$ 53,940,679</u>	<u>\$ -</u>	<u>\$ 60,957,002</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable and Accrued Expenses	\$ 1,518,427	\$ 462,010	\$ -	\$ 1,980,437
Accrued Payroll and Benefits	1,997,868	-	-	1,997,868
Notes Payable, Current Portion	-	1,502,689	-	1,502,689
<u>TOTAL CURRENT LIABILITIES</u>	<u>3,516,295</u>	<u>1,964,699</u>	<u>-</u>	<u>5,480,994</u>
<u>LONG-TERM LIABILITIES</u>				
Notes Payable, Net of Current Portion	-	9,732,909	-	9,732,909
Pension Liability	3,721,202	-	-	3,721,202
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>3,721,202</u>	<u>9,732,909</u>	<u>-</u>	<u>13,454,111</u>
<u>TOTAL LIABILITIES</u>	<u>7,237,497</u>	<u>11,697,608</u>	<u>-</u>	<u>18,935,105</u>
<u>COMMITMENTS AND CONTINGENCIES</u>				
<u>NET ASSETS (DEFICIT) FOR THE BENEFIT OF</u>				
<u>WALNUT CREEK MUTUAL ENTITIES</u>	<u>(221,174)</u>	<u>42,243,071</u>	<u>-</u>	<u>42,021,897</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 7,016,323</u>	<u>\$ 53,940,679</u>	<u>\$ -</u>	<u>\$ 60,957,002</u>

GOLDEN RAIN FOUNDATION AND TRUST

COMBINING STATEMENT OF REVENUES AND EXPENSES
AND CHANGES IN NET ASSETS

Year Ended December 31, 2022

	<u>Golden Rain Foundation</u>	<u>Trust</u>	<u>Eliminations</u>	<u>Total</u>
<u>REVENUES</u>				
Property Management Services	\$ 35,592,926	\$ -	\$ -	\$ 35,592,926
Less: Refunds to Mutuals	<u>(3,641,416)</u>	<u>-</u>	<u>-</u>	<u>(3,641,416)</u>
<u>NET REVENUES</u>	31,951,510	-	-	31,951,510
<u>OTHER REVENUES</u>				
Community Facilities Services	2,979,039	159,043	(159,043)	2,979,039
Newspaper and Advertising	975,914	-	-	975,914
Lease Revenue	203,398	-	-	203,398
Noncommunity Facilities Services	325,484	-	-	325,484
Financial Income	9,691	39,480	-	49,171
Other Revenue	<u>237,454</u>	<u>990</u>	<u>-</u>	<u>238,444</u>
<u>TOTAL OTHER REVENUES</u>	<u>4,730,980</u>	<u>199,513</u>	<u>(159,043)</u>	<u>4,771,450</u>
<u>TOTAL REVENUES</u>	<u>36,682,490</u>	<u>199,513</u>	<u>(159,043)</u>	<u>36,722,960</u>
<u>OPERATING EXPENSES</u>				
Employee Compensation	21,431,367	-	-	21,431,367
Operations and Maintenance	13,696,894	-	-	13,696,894
Administrative	3,831,262	3,361	(159,043)	3,675,580
Depreciation and Amortization	<u>-</u>	<u>3,343,263</u>	<u>-</u>	<u>3,343,263</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>38,959,523</u>	<u>3,346,624</u>	<u>(159,043)</u>	<u>42,147,104</u>
<u>EXPENSES IN EXCESS OF REVENUES RELATED TO OPERATIONS</u>				
	<u>(2,277,033)</u>	<u>(3,147,111)</u>	<u>-</u>	<u>(5,424,144)</u>
<u>OTHER INCOME (EXPENSES)</u>				
Interest Expense	-	(567,105)	-	(567,105)
Gain on Disposal of Property and Equipment	-	-	-	-
Other Income	<u>27,225</u>	<u>399,964</u>	<u>-</u>	<u>427,189</u>
<u>TOTAL OTHER INCOME (EXPENSES)</u>	<u>27,225</u>	<u>(167,141)</u>	<u>-</u>	<u>(139,916)</u>
<u>EXPENSES IN EXCESS OF REVENUES</u>	<u>(2,249,808)</u>	<u>(3,314,252)</u>	<u>-</u>	<u>(5,564,060)</u>
<u>COMPREHENSIVE INCOME</u>				
Adjustment to Pension Benefit Obligation	<u>588,136</u>	<u>-</u>	<u>-</u>	<u>588,136</u>
<u>TOTAL COMPREHENSIVE LOSS</u>	<u>(1,661,672)</u>	<u>(3,314,252)</u>	<u>-</u>	<u>(4,975,924)</u>
<u>MEMBERSHIP TRANSFER FEES</u>	-	5,236,000	-	5,236,000
<u>NET ASSETS, DECEMBER 31, 2021</u>	<u>1,440,498</u>	<u>40,321,323</u>	<u>-</u>	<u>41,761,821</u>
<u>NET ASSETS (DEFICIT), DECEMBER 31, 2022</u>	<u>\$ (221,174)</u>	<u>\$ 42,243,071</u>	<u>\$ -</u>	<u>\$ 42,021,897</u>

GOLDEN RAIN FOUNDATION AND TRUST

DIVISIONAL BALANCE SHEET

December 31, 2022

	General Operations	Mutual Operations	Eliminations	Golden Rain Foundation
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash	\$ 5,014,653	\$ 408,305	\$ -	\$ 5,422,958
Accounts Receivable, Net	435,964	587,896	-	1,023,860
Inventories	199,274	257,732	-	457,006
Prepaid Expenses and Other Assets	482,137	(369,638)	-	112,499
	<u>6,132,028</u>	<u>884,295</u>	<u>-</u>	<u>7,016,323</u>
<u>PROPERTY AND EQUIPMENT</u>				
Cost	652,644	96,975	-	749,619
Less: Accumulated Depreciation and Amortization	652,644	96,975	-	749,619
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>PROPERTY AND EQUIPMENT, NET</u>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 6,132,028</u>	<u>\$ 884,295</u>	<u>\$ -</u>	<u>\$ 7,016,323</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable and Accrued Expenses	\$ 1,422,820	\$ 95,607	\$ -	\$ 1,518,427
Accrued Payroll and Benefits	1,650,746	347,122	-	1,997,868
	<u>3,073,566</u>	<u>442,729</u>	<u>-</u>	<u>3,516,295</u>
<u>LONG-TERM LIABILITIES</u>				
Pension Liability	3,520,752	200,450	-	3,721,202
	<u>3,520,752</u>	<u>200,450</u>	<u>-</u>	<u>3,721,202</u>
<u>TOTAL LIABILITIES</u>	<u>6,594,318</u>	<u>643,179</u>	<u>-</u>	<u>7,237,497</u>
<u>COMMITMENTS AND CONTINGENCIES</u>				
<u>NET ASSETS (DEFICIT) FOR THE BENEFIT OF WALNUT CREEK MUTUAL ENTITIES</u>				
	<u>(462,290)</u>	<u>241,116</u>	<u>-</u>	<u>(221,174)</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 6,132,028</u>	<u>\$ 884,295</u>	<u>\$ -</u>	<u>\$ 7,016,323</u>

GOLDEN RAIN FOUNDATION AND TRUST

DIVISIONAL STATEMENT OF REVENUES AND EXPENSES

Year Ended December 31, 2022

	General Operations	Mutual Operations	Eliminations	Golden Rain Foundation
<u>REVENUES</u>				
Property Management Services	\$ 24,720,159	\$ 10,872,767	\$ -	\$ 35,592,926
Less: Refunds to Mutuals	(2,711,412)	(930,004)	-	(3,641,416)
<u>NET REVENUES</u>	22,008,747	9,942,763	-	31,951,510
<u>OTHER REVENUES</u>				
Community Facilities Services	2,979,039	-	-	2,979,039
Newspaper and Advertising	975,914	-	-	975,914
Lease Revenue	203,398	-	-	203,398
Noncommunity Facilities Services	325,484	-	-	325,484
Financial Income	9,691	-	-	9,691
Other Revenue	237,454	-	-	237,454
<u>TOTAL OTHER REVENUES</u>	4,730,980	-	-	4,730,980
<u>TOTAL REVENUES</u>	26,739,727	9,942,763	-	36,682,490
<u>OPERATING EXPENSES</u>				
Employee Compensation	12,697,294	8,734,073	-	21,431,367
Operations and Maintenance	12,361,768	1,335,126	-	13,696,894
Administrative	3,361,774	469,488	-	3,831,262
<u>TOTAL OPERATING EXPENSES</u>	28,420,836	10,538,687	-	38,959,523
<u>EXPENSES IN EXCESS OF REVENUES RELATED TO OPERATIONS</u>	(1,681,109)	(595,924)	-	(2,277,033)
<u>OTHER INCOME (EXPENSES)</u>				
Other Income	27,225	-	-	27,225
<u>TOTAL OTHER INCOME</u>	27,225	-	-	27,225
<u>EXPENSES IN EXCESS OF REVENUES</u>	\$ (1,653,884)	\$ (595,924)	\$ -	\$ (2,249,808)