

**Acacia Creek, A Masonic Senior Living
Community at Union City**

Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules with
Supplementary Schedules

October 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Acacia Creek, A Masonic Senior Living Community at Union City

Opinion

We have audited the accompanying financial statements of Acacia Creek, A Masonic Senior Living Community at Union City, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 as of and for the year ended October 31, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserves of Acacia Creek, A Masonic Senior Living Community at Union City as of and for the year ended October 31, 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 Financial Statements section of our report. We are required to be independent of Acacia Creek, A Masonic Senior Living Community at Union City 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 financial statements. The financial statements are prepared by Acacia Creek, A Masonic Senior Living Community at Union City 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. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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, including omissions, 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 Acacia Creek, A Masonic Senior Living Community at Union City'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Acacia Creek, A Masonic Senior Living Community at Union City'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 11 - 13 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of Acacia Creek, a Masonic Senior Living Community at Union City and the Department of Social Services, and is not intended to be and should not be used by anyone other than these specified parties.

Armanino LLP

San Francisco, California

February 24, 2026

Acacia Creek, A Masonic Senior Living Community at Union City
 Form 5-1 - Long-Term Debt Incurred in Prior Fiscal Year
 For the Year Ended October 31, 2025

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	10/29/13	\$ 4,112,712	\$ 2,838,914		\$ 6,951,626
2	08/01/23	\$ -			\$ -
3					
4					
5					
6					
7					
8					
TOTAL:			\$2,838,914	\$0	\$6,951,626

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

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

PROVIDER: Acacia Creek a Senior Living community

Acacia Creek, A Masonic Senior Living Community at Union City
 Form 5-2 - Long-Term Debt Incurred During Fiscal Year
 For the Year Ended October 31, 2025

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

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

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

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

****On May 1, 2023, Acacia Creek issued \$76,962,410 Revenue Refunding Bonds, Series 2023A. The bonds were privately placed with Bank of America, N.A. The Masonic Homes is the guarantor of all obligations of Acacia Creek under the agreement. The proceeds of the bonds were used to retire the Acacia Creek Variable Rate Revenue Bonds, Series 2013A ("Series 2013A") issued on October 29, 2013. Additionally, Acacia Creek also entered into a 5-year Taxable Fixed Rate Loan through Bank of America, N.A. in the amount of \$3,746,000. The proceeds of the loan were used to retire the Taxable Variable Rate loan issued on October 29,**

PROVIDER: Acacia Creek a Senior Living community

Acacia Creek, A Masonic Senior Living Community at Union City
 Form 5-3 - Calculation of Long-Term Debt Reserve Amount
 For the Year Ended October 31, 2025

FORM 5-3		
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT		
Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ 6,951,626
2	Total from Form 5-2 bottom of Column (e)	\$ -
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:	\$ 6,951,626
PROVIDER: <u>Acacia Creek a Senior Living community</u>		

Acacia Creek, A Masonic Senior Living Community at Union City
 Form 5-4 - Calculation of Net Operating Expenses
 For the Year Ended October 31, 2025

FORM 5-4			
CALCULATION OF NET OPERATING EXPENSES			
Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 16,865,748
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 2,838,914	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 2,966,858	
	d. Amortization	\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 953,757	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total Deductions		\$ 6,759,529
4	Net Operating Expenses		\$ 10,106,219
5	Divide Line 4 by 365 and enter the result.		\$ 27,688
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 2,076,620
PROVIDER:	<u>Acacia Creek a Senior Living community</u>		
COMMUNITY:	<u>Union City</u>		

Acacia Creek, A Masonic Senior Living Community at Union City
Form 5-5 - Annual Reserve Certification
For the Year Ended October 31, 2025

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Acacia Creek a Senior Living community
Fiscal Year Ended: 10/31/2025

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 10/31/2025 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	\$	6,951,626
[2] Operating Expense Reserve Amount	\$	2,076,620
[3] Total Liquid Reserve Amount:	\$	9,028,246

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

<u>Qualifying Asset Description</u>	<u>Amount (market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$	865,933
[5] Investment Securities	\$ 6,951,626	\$ 18,069,217
[6] Equity Securities	\$ -	\$ -
[7] Unused/Available Lines of Credit	\$ -	\$ -
[8] Unused/Available Letters of Credit	\$ -	\$ -
[9] Debt Service Reserve	\$ -	(not applicable)
[10] Other: _____	_____	_____
(describe qualifying asset)		
Listed for Reserve Obligation: [11]	\$ 6,951,626 [12]	\$ 18,935,150
Reserve Obligation Amount: [13]	\$ 6,951,626 [14]	\$ 2,076,620
Surplus/(Deficiency): [15]	\$ - [16]	\$ 16,858,530

There are no other designated Reserve Funds for Acacia Creek.



Signature: _____
Carol Hunter
(Authorized Representative)
Chief Financial Officer
(Title)

Date: February 24, 2026

Acacia Creek, A Masonic Senior Living Community at Union City
Notes to Reserve Reports
October 31, 2025

1. BASIS OF ACCOUNTING

The accompanying continuing care liquid reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of Acacia Creek, a Masonic Senior Living Community at Union City's assets, liabilities, revenues, and expenses.

SUPPLEMENTARY INFORMATION

Acacia Creek, A Masonic Senior Living Community at Union City
Form 5-1, 5-2, 5-4, and 5-5 Reconciliations
For the Year Ended October 31, 2025

Form 5-4 reconciliation

Non CCRC revenue

Fee for service (non CCRC revenue)	\$ 953,757
Monthly fees (CCRC revenue)	7,619,052
Fee for service per audited financials	<u>\$ 8,572,809</u>

Form 5-5 reconciliation

Investment Securities - Form 5-5 line 5

Investment securities for debt service reserve	\$ 18,069,217
Investment securities for operating reserve	6,951,626
Investment securities per audited financial statements	<u>\$ 25,020,843</u>

Form 5-1 / 5-2 reconciliation

Interest paid

Interest paid on long term debt - Form 5-2	\$ 2,838,914
Interest paid on Entrance Fee Refund	156,151
Interest paid per audited financial statements - Statements of Cash Flows	<u>\$ 2,995,065</u>

Acacia Creek, A Masonic Senior Living Community at Union City
Form 5-4 - Reconciliation of Schedule of Expenses
For the Year Ended October 31, 2025

**Acacia Creek, A Masonic Retirement Living Community In Union City
Supplemental Schedule, Reconciliation Schedule of Expenses**

Form 5-4 to Statement of Changes in Financial Position

EXPENSES:

Depreciation (Form 5-4 line 2-c)	\$	2,966,858
Salaries and wages		3,366,328
Interest paid		2,995,065
Resident care and services		1,269,379
Utilities, maintenance and facility expenses		1,168,611
Employee benefits		832,142
Operating supplies and services		611,743
Insurance		660,815
Payroll taxes		242,479
Pension plan contributions		208,822
Property Taxes		122,693
Other professional fees		41,969
Dues, licenses and permit		37,232
Audit and tax fees		39,887
Miscellaneous expenses		27,461
Travel		27,497
Information technology		6,528
Legal fees		3,856
Non Resident Assistance		-
Promotion and advertising		-
		-
Total Program Expenses		14,629,365
Marketing Expenses		939,222
Shared Services		1,297,161
		1,297,161
Grand Total (Form 5-4 line 1)	\$	16,865,748
		16,865,748
Total Expenses from Statement of Activities and Changes in Net Assets	\$	16,865,748
		16,865,748

Acacia Creek, A Masonic Senior Living Community at Union City
 Form 5-5 - Reconciliation and Additional Disclosures
 For the Year Ended October 31, 2025

Acacia Creek a Senior Living community	
Additional Disclosures - H & SC sections 1790(a)(2) and (3) - Reserves	
Investment securities for debt service reserve	\$ 6,951,626
Investment securities for operating reserve	18,069,217
Investment securities	<u>\$ 25,020,843</u>
The following identified reserves at BNY Mellon	
General Fund	\$ 25,020,843
AC census as of 10.31.21	177
AC net operating expenses	\$ 10,106,219
Per capita costs of operation for AC	\$ 57,097