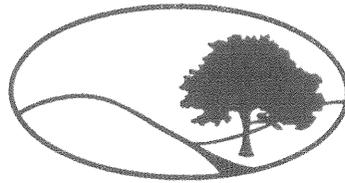


R E C E I V E D
MAY 0 1 2012

CONTINUING CARE
CONTRACTS BRANCH



PARADISE VALLEY
ESTATES

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
DBA PARADISE VALLEY ESTATES**

STATE OF CALIFORNIA DEPARTMENT OF SOCIAL SERVICE

ANNUAL REPORT

CONTINUING CARE LICENSING DIVISION

AND

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

HH

HANSEN HUNTER & CO. P.C.

Certified Public Accountants



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



CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern California Retired Officers Community
dba Paradise Valley Estates
Fairfield, California

We have audited the accompanying continuing care reserve report ("Reports") of the Northern California Retired Officers Community, dba Paradise Valley Estates (the "Company"), as of December 31, 2011. These Reports are the responsibility of the Company's management. Our responsibility is to express an opinion on the Reports based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the Reports are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Reports, assessing the accounting principles used and significant estimates made by the Company's management, as well as evaluating the overall presentation of the Reports. We believe that our audit provides a reasonable basis for our opinion.

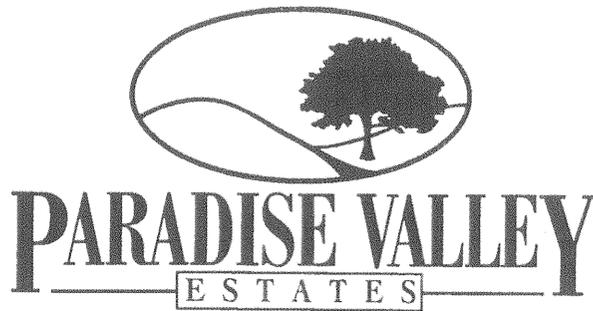
The accompanying Reports were prepared for the purpose of complying with California Health and Safety Code section 1792 and are not intended to be a complete presentation of the Company's assets, liabilities, revenues and expenses.

In our opinion, the Reports presents fairly, in all material respects, the liquid reserve requirements of the Company as of December 31, 2011, in conformity with the report preparation provisions of California Health and Safety Code Section 1792.

This report is intended solely for the information and use of the Company and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purposes. However, this report is a matter of public record and its distribution is not limited.

Hansen Hunter & Co. P.C.

April 18, 2012



April 18, 2012

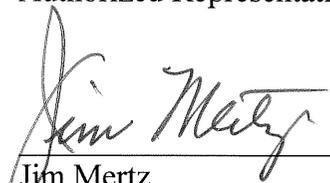
State of California
Continuing Care Contracts Branch
California Department of Social Services
744 P. Street, M.S. 10-90
Sacramento, California 95814

This Certification Notice is submitted by the Northern California Retired Officers Community, dba Paradise Valley Estates; to The State of California, Community Care Licensing Division, Continuing Care Contracts Branch, pursuant to the requirements of the Continuing Care Contract Annual Reserve Report, for the year ended December 31, 2011.

To the best of my knowledge, after a review of the enclosed information I certify the following to be true, complete and correct:

1. The Annual Report is correct.
2. Each continuing care contract form in use or offered for new residents has been approved by the Department.
3. The required reserves are being maintained.

Authorized Representative



Jim Mertz
Executive Director

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	476
[2]	Number at end of fiscal year	460
[3]	Total Lines 1 and 2	936
[4]	Multiply Line 3 by ".50" and enter result on Line 5	x.50
[5]	Mean number of continuing care residents	468
All Residents		
[6]	Number at beginning fiscal year	493
[7]	Number at end of fiscal year	479
[8]	Total Lines 6 and 7	972
[9]	Multiply Line 8 by ".50" and enter result on Line 10	x.50
[10]	Mean number of <i>all</i> residents	486
[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).	96.30%

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses	\$25,417,743
[a]	Depreciation	\$2,811,391
[b]	Debt Service (Interest Only)	\$2,551,886
[2]	Subtotal (add Line 1a and 1b)	\$5,363,277
[3]	Subtract Line 2 from Line 1 and enter result	\$20,054,446
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	96.30%
[5]	Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4)	\$19,312,432
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$19,312

PROVIDER: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
COMMUNITY: PARADISE VALLEY ESTATES

PART 2
CERTIFICATION BY CHIEF EXECUTIVE OFFICER

PART 3
EVIDENCE OF FIDELITY BOND



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
1/26/2012

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 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 Lewis and Associates 700 West Center License #0797015 Visalia CA 93291	CONTACT NAME: Victoria Smallwood CPIW, CISR
	PHONE (A/C, No, Ext): (559) 733-7272 FAX (A/C, No): (559) 733-5612 E-MAIL ADDRESS: vickis@since1927.com
INSURED Northern California Retired Officers Paradise Valley Estates 2600 Estates Drive Fairfield CA 94533	INSURER(S) AFFORDING COVERAGE
	INSURER A: Health Care Industry Liability
	INSURER B: GuideOne Insurance
	INSURER C: Torus Specialty Insurance 4776
	INSURER D: GuardianComp
	INSURER E: RSUI Indemnity Insurance Co
	INSURER F: Old Republic

COVERAGES CERTIFICATE NUMBER: 2011 Master 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 INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			HCA-CA02-0005-OC-05	12/1/2011	12/1/2012	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 5,000
	<input checked="" type="checkbox"/> Professional Liability						PERSONAL & ADV INJURY \$
GEN'L AGGREGATE LIMIT APPLIES PER:							GENERAL AGGREGATE \$ 3,000,000
<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC							PRODUCTS - COMP/OP AGG \$
B	AUTOMOBILE LIABILITY			01716883	10/1/2011	10/1/2012	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS						BODILY INJURY (Per person) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
		<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
Leased/Rented Phy Dmg \$ 50,000							
C	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR			31577B110AHL	12/1/2011	12/1/2012	EACH OCCURRENCE \$ 10,000,000
	<input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE						AGGREGATE \$
	DED <input checked="" type="checkbox"/> RETENTION \$ 10,000						\$
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			0120211004	1/1/2012	1/1/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	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
E	D&O Incl. Fiduciary Liab.			HP639115	10/15/2011	10/15/2012	Limits \$2M/\$1M
B	Crime/EE Dishonesty			01204173	10/01/2011	10/01/2012	Limits \$1,000,000

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

Certificate holder is hereby listed as named insured with respects to the operations of the insured

CERTIFICATE HOLDER

(707) 399-5143

Fairfield-Suisun Unified School District
Terri Canova - Purchasing Vendor Technici
2490 Hillborn Road
Fairfield, CA 94534

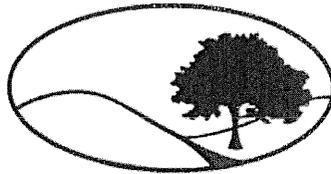
CANCELLATION

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

V Smallwood CPIW, CIS *Victoria A. Smallwood*

PART 4
AUDITED FINANCIAL STATEMENTS



PARADISE VALLEY
ESTATES

R E C E I V E D
MAY 01 2012
CONTINUING CARE
CONTRACTS BRANCH

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
DBA PARADISE VALLEY ESTATES**

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

HH

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

CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	6



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

RECEIVED
MAY 01 2012

CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Northern California Retired Officers Community
dba Paradise Valley Estates
Fairfield, California

We have audited the accompanying statements of financial position of Northern California Retired Officers Community, dba Paradise Valley Estates (a California non-profit public benefit Corporation), as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern California Retired Officers Community, dba Paradise Valley Estates, as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Hansen Hunter & Co. P.C.

March 16, 2012

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2011	2010
ASSETS		
Cash and cash equivalents	\$ 3,912,800	\$ 1,536,513
Accounts and notes receivable	1,331,393	2,656,419
Assets whose use is limited	10,868,908	11,845,240
Investments	24,749,504	25,642,542
Prepaid expenses	188,671	260,834
Inventory	113,662	88,294
Deposits	28,354	28,354
Property and equipment, net	67,073,389	66,597,677
Intangible assets, net	30,954	36,498
Deferred financing costs, net	1,428,258	1,603,766
Total assets	\$ 109,725,893	\$ 110,296,137
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 822,712	\$ 562,964
Accrued personnel expenses	453,143	378,066
Accrued compensated annual leave	225,701	193,194
Accrued interest	1,024,073	1,067,255
Other accrued liabilities	556,625	648,102
Revenue bonds	48,503,152	50,521,478
Charitable gift annuities	228,556	252,822
Refundable entrance fees	5,882,549	5,288,622
Unearned entrance fees	43,562,916	45,560,248
Total liabilities	101,259,427	104,472,751
 Net assets		
Unrestricted		
Undesignated net assets	6,461,065	2,921,328
Board designated net assets	1,945,890	2,803,323
Total unrestricted net assets	8,406,955	5,724,651
Temporarily restricted	59,511	98,735
Total net assets	8,466,466	5,823,386
Total liabilities and net assets	\$ 109,725,893	\$ 110,296,137

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

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2011	2010
Change in unrestricted net assets:		
Revenues		
Resident services	\$ 14,435,808	\$ 14,537,663
Health services	4,959,461	4,587,993
Amortization of entrance fees	6,851,244	7,162,551
Investment income	1,633,618	3,272,420
Charitable remainder trust contributions	20,202	18,621
Other income	136,731	13,125
	28,037,064	29,592,373
Net assets released – restricted purpose met	62,983	57,883
Total unrestricted revenues	28,100,047	29,650,256
Expenses		
Resident services	3,190,645	3,155,428
Maintenance	1,119,334	1,204,792
Utilities	1,722,423	1,717,016
Dining services	4,095,662	4,095,048
Health services	6,149,408	6,041,704
General and administrative	3,510,573	3,396,837
Depreciation	2,811,391	2,638,686
Amortization	181,052	188,682
Interest	2,551,886	2,639,623
Other expenses	85,369	67,539
Total expenses	25,417,743	25,145,355
Change in unrestricted net assets	2,682,304	4,504,901
Change in temporarily restricted net assets		
Temporarily restricted contributions	23,759	50,705
Net assets released – restricted purpose met	(62,983)	(57,883)
Change in temporarily restricted net assets	(39,224)	(7,178)
Change in total net assets	2,643,080	4,497,723
Net assets, beginning of year	5,823,386	1,325,663
Net assets, end of year	\$ 8,466,466	\$ 5,823,386

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

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash

	Years Ended December 31,	
	2011	2010
Cash flows from operating activities		
Cash received from residents	\$ 19,336,658	\$ 18,841,623
Non-refundable entrance fees received from residents	6,354,211	7,269,490
Investment income received	1,646,172	596,322
Proceeds from restricted contributions	23,759	50,705
Interest paid	(2,583,394)	(2,673,703)
Cash paid to suppliers and employees	(19,448,040)	(19,687,647)
Net cash provided by operating activities	5,329,366	4,396,790
Cash flows from investing activities		
Net change in assets whose use is limited	976,332	(579,130)
Purchase and construction of property and equipment	(3,298,350)	(2,233,017)
Proceeds from sale of investments	3,945,056	5,362,520
Purchase of investments	(3,064,572)	(3,769,562)
Net cash used in investing activities	(1,441,534)	(1,219,189)
Cash flows from financing activities		
Payments on revenue bonds	(2,030,000)	(2,015,000)
Refundable entrance fees received	782,220	856,110
Refund of refundable entrance fees	(259,701)	(1,496,124)
Charitable gift annuities received	46,844	32,008
Charitable gift annuity payments	(50,908)	(50,887)
Net cash used in financing activities	(1,511,545)	(2,673,893)
Net change in cash and cash equivalents	2,376,287	503,708
Cash and cash equivalents, beginning of year	1,536,513	1,032,805
Cash and cash equivalents, end of year	\$ 3,912,800	\$ 1,536,513

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

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash
(Continued)

	Years Ended December 31,	
	2011	2010
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 2,643,080	\$ 4,497,723
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of earned entrance fees	(6,851,244)	(7,162,551)
Amortization of intangible assets and deferred financing costs	181,052	188,682
Depreciation of property and equipment	2,811,391	2,638,686
Unearned entrance fees received	6,354,211	7,269,490
Unrealized loss (gain) on investments	12,554	(2,676,098)
Loss on sale of property and equipment	11,247	8,837
Amortization of bond premium	11,674	479
Charitable gift annuity contributions	(20,202)	(18,622)
(Increase) decrease in assets:		
Accounts and notes receivable	(103,865)	51,383
Prepaid expenses	72,163	195,560
Inventory	(25,368)	(26,787)
Deposits		(1,254)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	259,748	(170,935)
Accrued personnel expenses	75,077	(17,217)
Accrued compensated annual leave	32,507	2,092
Accrued interest	(43,182)	(34,559)
Other accrued liabilities	(91,477)	(348,119)
Net cash provided by operating activities	\$ 5,329,366	\$ 4,396,790

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

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Business

The Northern California Retired Officers Community (NCROC), located in Fairfield, California, is a California non-profit public benefit corporation organized to provide housing facilities and related services to primarily retired commissioned officers of the Uniformed Services and their spouses.

The facility consists of 327 housing units, public spaces and amenities, a 40 room assisted living facility and an 88 bed health service facility with 28 beds licensed for assisted living and 60 beds licensed as a skilled nursing facility.

NCROC operates under the "continuing care" concept in which residents enter into a residential contract that generally provides for a specified entrance fee, with certain options for refunds, and for monthly service fees throughout the residents' tenancy. Generally, payment of these fees entitles residents to the use and privileges of NCROC for life. Residents are also entitled to certain health care services provided in the NCROC assisted living and skilled nursing facility. The residency agreement does not entitle the residents to an ownership interest in NCROC.

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.

Use of estimates

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

Functional expenses

The expenses of NCROC are presented according to their functional classification in the accompanying statements of activities. There were no fundraising costs incurred for the years ending December 31, 2011 and 2010.

Cash and cash equivalents

NCROC considers all highly liquid instruments, with a maturity of three months or less at the time of purchase, to be cash equivalents, excluding assets whose use is limited. The carrying amount reported in the statements of financial position for cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts and notes receivable

Accounts and notes receivable represent amounts due from residents for entrance fees, deposits, monthly service fees, and health service fees. An allowance for doubtful accounts is based upon an analysis of the collectibility of outstanding amounts. Accounts deemed uncollectible are charged against the allowance. Subsequent recoveries of bad debts are credited to the allowance. As of December 31, 2011 and 2010, all accounts were deemed collectible. Accounts receivable balances over 90-days at December 31, 2011 and 2010 were \$34,940 and \$67,738, respectively.

Assets whose use is limited

Assets whose use is limited at December 31, 2011 and 2010 consist of cash, money market funds, and other investments. The use of the California Health Facilities Financing Authority Revenue Bonds Series 2005 and Series 2002 assets are legally restricted per the bond agreement. These assets are reported at cost due to the nature of these instruments. All other limited use assets are reported at fair market value.

Investments

Investments consist of long-term certificates of deposit and debt and equity securities recorded at fair value. Equity securities consist of stocks of companies listed with the Securities Exchange Commission.

The fair values for debt securities and equity securities are based upon the quoted market prices at year end. Accordingly, net realized and unrealized gains and losses on debt and equity securities are reflected in the statements of activities.

Inventory

Inventory consists primarily of food and miscellaneous supplies and is stated at the lower of cost (principally using the first-in, first-out method) or market.

Property and equipment

Property and equipment acquisitions in excess of \$2,500 and with an estimated useful life of more than one year are capitalized at historical cost. Depreciation is computed using the straight-line method based upon the following estimated useful lives:

Land improvements	15-80 years
Building and improvements	15-80 years
Furniture and equipment	3-15 years

Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statements of activities.

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Property and equipment (continued)

NCROC evaluates whether events and circumstances have occurred that indicate whether the carrying value of long-lived assets have been impaired. In the event that NCROC 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 an impairment in value.

Interest costs incurred on borrowed funds, less investment income earned on unspent borrowed proceeds during the period of construction of long-term assets, are capitalized and amortized over the related assets' estimated useful lives.

Intangible assets

Intangible assets, consisting of marketing costs incurred during the development stage of NCROC, are deferred and amortized over the future periods in which management believes they will be recovered from future revenues. These costs are being amortized on a straight-line basis over a 12-year period, which approximates the average expected residency agreement term. Included in marketing costs are costs related to direct response advertising incurred prior to and during the initial occupancy period of NCROC, and other marketing and promotional costs incurred in connection with acquiring initial continuing care contracts that have been capitalized in accordance with accounting principles generally accepted in the United States of America.

All other costs of advertising, promotion and marketing programs are charged to expense in the year incurred. During 2011 and 2010, NCROC incurred marketing and advertising costs of \$861,936 and \$908,191, respectively.

Deferred financing costs

Bond issuance costs and the bond premium are amortized over the term of the respective instrument using the effective interest method.

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Refundable and unearned entrance fees

Refundable entrance fees and unearned entrance fees have been recorded as deferred revenue in the statements of financial position. NCROC offers one basic residency agreement (Agreement) with three different refund programs. The differences amongst the Agreement refund programs relate primarily to the amount of entrance fees refundable to the resident (or resident's estate) upon termination of the residency agreement. Under all plans, the resident has a limited time period to cancel the contract and receive a 100% refund of all entrance fees. This cancellation period is five months for contracts signed December 31, 2001 and prior and three months for contracts signed January 1, 2002 or later. Plan "0" provides for a declining refundable amount based on the length of residency and, generally, requires no refund after approximately four and one-half years of residency. Plans "50" and "95" provide for refunds of 50% and 95%, respectively, of entrance fees upon termination of the residency agreement. The amount of refundable entrance fees reflected in the statements of financial position are estimates that are actuarially determined using data available from similar facilities and are based upon residents' life expectancies and projected withdrawals from the facility.

Fees paid by the resident upon entering into a residency agreement, net of the portion thereof that is estimated refundable entrance fees, are recorded as deferred revenue and amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. Resident life expectancy is reevaluated annually.

Actual amounts refundable from refundable entrance fees and unearned entrance fees could change significantly from actuarial estimates.

Obligation to provide future services

NCROC annually calculates the present value of the costs of future services and the use of facilities to be provided to current residents and compares that amount to expected resident service income and deferred revenue from unearned entrance fees. The calculation is an actuarially determined amount of future net cash flows, which is based on the present value of cash outflows and inflows (using a discount rate of 5% for 2011 and 2010) and adjusted for certain non-cash items as compared to the balance of unearned entrance fees. This calculation indicates that no net liability for future service to current residents existed at December 31, 2011 and 2010.

Resident services revenue

In addition to the entrance fees paid by the residents of NCROC, the Agreement requires each resident to pay a monthly service fee. The entire monthly service fee is recognized as revenue on a monthly basis. NCROC began offering a new rental contract during 2011 under which residents are not required to pay an entrance fee but they must pay a monthly premium in addition to the monthly service fees.

Financial instruments

NCROC's financial instruments consist of accounts and notes receivable, deposits, accounts payable, accruals, other payables and revenue bonds. It is management's opinion that NCROC is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair value of these financial instruments approximates their carrying values.

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Charitable gift annuities

NCROC has established a program under which donors may setup charitable gift annuities. Under this program, donors can contribute assets to NCROC and in return receive a guaranteed fixed income for life. NCROC recognizes contribution revenue for the difference between the fair value of the assets received and the annuity liability.

Annuity liabilities are recorded for the required life annuity payments at the present value of expected future cash payments discounted using current interest rates and actuarial assumptions for those annuities that have not been reinsured. The annuity obligations are adjusted each year for changes in the life expectancy of the beneficiaries and are reduced either as payments are made to the donor or as annuities are reinsured. The present value of future payment liabilities of charitable gift annuities was \$228,556 and \$252,822 at December 31, 2011 and 2010, respectively.

Contributions

NCROC accounts for contributions in accordance with the recommendations of the Revenue Recognition Topic of the FASB Accounting Standards Codification. In accordance with this Topic, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Donor-restricted contributions and related gains and investment income are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Donated services

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

Donated property

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contribution is recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 3 – Tax Status

NCROC has been granted an exemption from federal income tax under the Internal Revenue Code, Section 501(c)(3). This Internal Revenue Code section provides for taxation of certain unrelated business income. Management believes that NCROC has had no significant unrelated business income to date. NCROC is exempt from state income tax under similar provisions of the Franchise Tax Board of the State of California.

Note 4 – Assets Whose Use is Limited

The assets are invested as follows:

	December 31,	
	2011	2010
<u>Funds Held by Trustee</u>		
<i>2002 Bond funds:</i>		
Cash & money market	\$ 6,547,616	\$ 6,535,113
Corporate bonds/notes	105,213	104,239
	6,652,829	6,639,352
 <i>2005 Bond funds:</i>		
Cash & money market	1,087,387	1,082,319
	1,087,387	1,082,319
 <u>Board Designated Funds</u>		
Cash & money market	298,593	316,752
Government securities	157,434	215,262
Corporate bonds/notes	478,307	744,537
Equities	931,920	1,377,380
Mutual funds	79,636	149,392
	1,945,890	2,803,323
 <u>Other Limited Uses</u>		
Cash & money market	726,240	849,154
Government securities	37,340	50,753
Corporate bonds/notes	46,563	48,354
Equities	372,659	371,985
	1,182,802	1,320,246
	\$ 10,868,908	\$ 11,845,240

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 4 – Assets Whose Use is Limited (continued)

Description of all Reserves Maintained:

	December 31,	
	2011	2010
<u>Funds Held by Trustee</u>		
<i>2002 Bond funds:</i>		
Payment of interest	\$ 976,166	\$ 1,018,166
Payment of principal	1,790,397	1,711,300
Reserve funds	3,886,266	3,909,886
	6,652,829	6,639,352
 <i>2005 Bond funds:</i>		
Interest funds	47,907	49,089
Principal funds	35,417	29,167
Reserve funds	1,004,063	1,004,063
	1,087,387	1,082,319
 <u>Board Designated Funds</u>		
Benevolence	285,399	287,555
Capital replacement	1,660,491	2,515,768
	1,945,890	2,803,323
 <u>Other Limited Uses</u>		
Resident Council funds	92,550	82,022
Scholarship funds	23,038	23,575
Benevolence	136,326	162,394
Entrance fees	464,506	566,039
Charitable annuities	466,382	486,216
	1,182,802	1,320,246
	\$ 10,868,908	\$ 11,845,240

The Board Designated Funds listed above are fully funded and will be used to enhance the lives of NCROC's residents as they provide a safer and more marketable atmosphere.

Expenditures of \$56,925 and \$53,456 were made from the Benevolence funds during the years ended December 31, 2011 and 2010 respectively.

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5 – Fair Value of Financial Instruments

NCROC has adopted the requirements of the Fair Value Measurements and Disclosure Topic of the FASB Accounting Standards Codification. This Topic defines fair value and requires enhanced disclosure about assets and liabilities carried at fair value. These additional disclosures are required only for financial assets and liabilities measured at fair value and for nonfinancial assets and liabilities measured at fair value on a recurring basis.

This Topic requires that a fair value measurement reflect the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include risks inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model. It also specifies that transaction costs should not be considered in the determination of fair value. According to this Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

This Topic establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy defined by this Topic are as follows:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are observable, either directly or indirectly, but are not quoted prices included within Level 1. Level 2 includes those financial instruments that are valued using external inputs with models or other valuation methodologies.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value. Level 3 instruments include those that may be more structured or otherwise tailored to customers' needs.

As required by this Topic, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 5 – Fair Value of Financial Instruments (continued)

The following table shows NCROC's financial assets that were accounted for at fair value on a recurring basis as of December 31, 2011 and 2010:

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2011</u>				
<u>Assets:</u>				
<u>Assets whose use is limited</u>				
Cash and certificates	\$ 8,659,836	\$ 8,659,836	\$ -	\$ -
Government securities	194,774	194,774	-	-
Corporate bonds	630,083	630,083	-	-
U.S. equity securities	1,304,579	1,304,579	-	-
Growth funds	79,636	79,636	-	-
Total assets whose use is limited	<u>10,868,908</u>	<u>10,868,908</u>	<u>-</u>	<u>-</u>
<u>Investments</u>				
Cash and certificates	196,653	196,653	-	-
Government securities	2,346,543	2,346,543	-	-
Corporate bonds	7,129,134	7,129,134	-	-
U.S. equity securities	13,890,210	13,890,210	-	-
Growth funds	1,186,964	1,186,964	-	-
Total investments	<u>24,749,504</u>	<u>24,749,504</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 35,618,412</u>	<u>\$ 35,618,412</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Liabilities:</u>				
Charitable gift annuities	<u>\$ 228,556</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,556</u>

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 5 – Fair Value of Financial Instruments (continued)

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2010</u>				
<u>Assets:</u>				
<u>Assets whose use is limited</u>				
Cash and certificates	\$ 8,783,338	\$ 8,783,338	\$ -	\$ -
Government securities	215,262	215,262	-	-
Corporate bonds	947,883	947,883	-	-
U.S. equity securities	1,749,365	1,749,365	-	-
Growth funds	149,392	149,392	-	-
Total assets whose use is limited	11,845,240	11,845,240	-	-
<u>Investments</u>				
Cash and certificates	297,602	297,602	-	-
Government securities	2,194,105	2,194,105	-	-
Corporate bonds	7,588,868	7,588,868	-	-
U.S. equity securities	14,039,260	14,039,260	-	-
Growth funds	1,522,707	1,522,707	-	-
Total investments	25,642,542	25,642,542	-	-
Total assets	\$ 37,487,782	\$ 37,487,782	\$ -	\$ -
<u>Liabilities:</u>				
Charitable gift annuities	\$ 252,822	\$ -	\$ -	\$ 252,822

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 5 – Fair Value of Financial Instruments (continued)

Liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Charitable gift annuities
<u>Liabilities:</u>	
January 1, 2010	\$ 290,323
Annuities received	32,008
Payments made to annuitants	(50,887)
Net change in present value of annuities	(18,622)
December 31, 2010	252,822
Annuities received	46,844
Payments made to annuitants	(50,908)
Net change in present value of annuities	(20,202)
December 31, 2011	\$ 228,556

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. The fair value for Level 3 liabilities is determined by calculating the present value of cash flows expected to be paid out, using various discount rates and life expectancy tables.

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 6 – Property and Equipment

A summary of property and equipment is as follows:

	December 31,	
	2011	2010
Land	\$ 9,863,452	\$ 7,931,800
Land improvements	11,577,766	11,533,892
Building and improvements	64,934,181	65,059,814
Furniture and equipment	14,767,498	13,222,634
Vehicles	451,980	442,339
Construction-in-process	241,942	787,918
	101,836,819	98,978,397
Less: accumulated depreciation	(34,763,430)	(32,380,720)
	\$ 67,073,389	\$ 66,597,677

Note 7 – Intangible Assets

Net intangible assets consist of the following:

	December 31,	
	2011	2010
Initial marketing costs	\$ 5,632,780	\$ 5,632,780
Accum. amortization	(5,601,826)	(5,596,282)
	\$ 30,954	\$ 36,498

Future amortization of these marketing costs is as follows:

Years Ending December 31	
2012	\$ 5,544
2013	5,544
2014	5,544
2015	5,544
2016	5,544
Thereafter	3,234
	\$ 30,954

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 8 – Deferred Financing Costs

Net deferred financing costs consist of the following:

	December 31,	
	2011	2010
Bond issue costs	\$ 4,440,362	\$ 4,440,362
Accum. amortization	(3,012,104)	(2,836,596)
	\$ 1,428,258	\$ 1,603,766

Future amortization of these bond issue costs is as follows:

Years Ending December 31	
2012	\$ 167,583
2013	159,244
2014	150,501
2015	141,389
2016	131,736
Thereafter	677,805
	\$ 1,428,258

Note 9 – Revenue Bonds

A summary of revenue bonds is as follows:

	December 31,	
	2011	2010
California Health Facilities Financing Authority Revenue Bonds, Series 2002:		
Interest from 3.25% to 5% payable semi- annually. Beginning January 1, 2004 principal payments due serially to 2014	\$ 5,965,000	\$ 7,570,000
Fixed interest of 5.125% payable semi- annually. Beginning January 1, 2015 mandatory annual principal sinking fund payments due, final maturity January 2022	19,480,000	19,480,000
Fixed interest of 5.25% payable semi- annually. Beginning January 1, 2023 mandatory annual principal sinking fund payments due, maturing January 2026	13,105,000	13,105,000

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 9 – Revenue Bonds (continued)

	December 31,	
	2011	2010
California Health Facilities Financing Authority Revenue Bonds, Series 2005, reoffered in 2008: Interest from 2.75% to 5.80% payable semi- annually. Beginning December 1, 2008 principal payments due serially to December 2026	\$ 4,350,000	\$ 4,775,000
Interest from 2.75% to 6% payable semi- annually. Beginning December 1, 2021 principal payments due serially to December 2030	<u>5,800,000</u>	<u>5,800,000</u>
	48,700,000	50,730,000
Less: unamortized bond (premium)	<u>(196,848)</u>	<u>(208,522)</u>
	<u>\$ 48,503,152</u>	<u>\$ 50,521,478</u>

The Bonds are collateralized by current and future gross revenues of NCROC and all real property. Additionally, NCROC is required to comply with certain debt covenants with respect to additional borrowings, maintenance of insurance, financial reporting and maintenance of certain financial ratios. NCROC was in compliance with all of the required covenants at December 31, 2011. Also, under the terms of the Bonds, NCROC is required to maintain certain deposits with a trustee.

Future principal payments on the Bonds are as follows:

	Series 2005	Series 2002
Years Ending December 31,		
2012	\$ 425,000	\$ 1,765,000
2013	425,000	1,840,000
2014	400,000	1,935,000
2015	475,000	2,030,000
2016	450,000	2,135,000
Thereafter	<u>7,975,000</u>	<u>28,845,000</u>
	<u>\$ 10,150,000</u>	<u>\$ 38,550,000</u>

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

Note 10 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following:

	December 31,	
	2011	2010
Benevolence fund	\$ 18,358	\$ 57,084
Scholarship fund	23,457	23,794
Angels in Paradise	508	508
Health Center fund	8,200	8,200
Specific use fund	8,988	9,149
	\$ 59,511	\$ 98,735

Note 11 – Third Party Payor Revenue

NCROC has agreements to provide care to recipients of the Medicare program. NCROC charges these residents based on normal posted rates, however, reimbursement by the Medicare program is restricted by various reimbursement guidelines. Net revenues include contractual adjustments, which represent the difference between customary charges and actual payments. Net resident revenues from Medicare for the years ended December 31, 2011 and 2010 were \$1,991,525 and \$1,775,892, respectively.

Per CMS SNF-PPS Final Rule for the 2012 year-end, Skilled Nursing Facilities' Medicare rates were cut by an average of 11.1% effective October 1, 2011. The actual Medicare cut will vary based on the Medicare case mix.

The above Medicare revenues are subject to audit based upon annual cost reports. Upon audit by Medicare intermediaries, there is a possibility of adjustment to revenues.

Note 12 – Investment Income (Loss)

Investment income (loss) consists of the following:

	Years Ended December 31,	
	2011	2010
Interest and dividends	\$ 987,822	\$ 1,014,359
Net realized gains (losses)	658,350	(418,037)
Net unrealized gains (losses)	(12,554)	2,676,098
	\$ 1,633,618	\$ 3,272,420

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 13 – Leases

NCROC leases certain office equipment under operating lease terms. The terms range from 51 to 60 months, expiring in 2015 and 2016. Lease expense for the years ended December 31, 2011 and 2010 was \$32,840 and \$39,704, respectively. Future minimum lease payments are as follows:

Years Ending December 31	
2012	\$ 29,724
2013	29,724
2014	29,724
2015	29,724
2016	<u>379</u>
	\$ <u>119,275</u>

NCROC also leases out certain space within the facility to a bank. The current monthly payment is \$1,245 per month and will increase nine percent per year over the term of the lease. The future minimum lease payments due to NCROC are as follows:

Years Ending December 31	
2012	\$ 15,117
2013	16,176
2014	17,308
2015	18,519
2016	19,816
Thereafter	<u>39,891</u>
	\$ <u>126,827</u>

In addition, NCROC rents out other space and equipment to a beauty salon and the facility medical director on a month-to-month basis. Payments are either a set amount or a pre-determined percentage of receipts. Total rental income for the years ending December 31, 2011 and 2010 was \$25,300 and \$22,024, respectively.

Note 14 – Defined Contribution Plan

NCROC sponsors a defined contribution retirement plan (the Plan) available to substantially all employees who are at least 18 years old and have been continuously employed by NCROC for at least six months. Participants can make pre-tax contributions up to certain limits while NCROC provides a matching contribution determined annually by the Board. Total administrative costs incurred by NCROC related to the Plan during the years ended December 31, 2011 and 2010 were \$6,303 and \$9,202, respectively. Total matching contributions for the years ending December 31, 2011 and 2010 were \$41,974 and \$47,436, respectively.

**NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES**

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 15 – Statutory Reserves

NCROC is certified as a Continuing Care Retirement Community (CCRC) by the State of California Department of Social Services. California Code Chapter 10, Article 6, Section 1792 requires CCRCs to establish "liquid reserves" (cash, marketable securities, etc.) equal to, or greater than the annual principal and interest payments on long-term obligations plus 75 days of the CCRC's adjusted operating expenses. NCROC's liquid reserves at December 31, 2011 were sufficient to meet this requirement.

Note 16 – Commitments and Contingencies

NCROC has an agreement with Haskell Community Developers, Inc. (HCD) through December 31, 2016, whereby HCD will provide management services for NCROC. Management fees charged were \$410,000 and \$365,000 for the years ended December 31, 2011 and 2010, respectively.

While NCROC may be party to legal claims in the ordinary course of business, at December 31, 2011 and 2010, management is unaware of any pending claims for which the ultimate liability would have a material effect on the organization's financial position or results of operations.

Note 17 – Concentrations of Credit Risk

NCROC provides care to residents under the Medicare program. Palmetto GBA, LLC is the agency responsible for payment for services to Medicare residents.

NCROC is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations relate to, among other things, matters such as licensure, accreditation, and government health care program participation requirements, regulations regarding reimbursement for patient services and regulations regarding Medicare billing, fraud and abuse. Government agencies are actively conducting investigations concerning possible violations of statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of fines and penalties, as well as significant repayments for patient services previously billed. NCROC has implemented a voluntary corporate compliance program which includes guidance for all NCROC employees' adherence to applicable laws and regulations. Management is not aware of any actions or potential actions at December 31, 2011.

NCROC also invests its cash with what it believes to be high quality financial institutions and thus limits credit exposure. At various times during the year and at year-end, NCROC had balances in excess of the coverage under Federal Deposit Insurance Corporation insurance, which is \$250,000.

In addition, NCROC grants credit to private residents, on an unsecured basis, most of who are local residents.

NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 18 – Subsequent Events

NCROC did not have any subsequent events through March 16, 2012, which is the date the financial statements were issued, requiring recording or disclosure in the financial statements for the year ended December 31, 2011.

PART 5
LIQUID RESERVES

**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	12/19/02	\$1,680,000	\$1,994,331		\$3,674,331
2	12/16/05	\$350,000	\$589,063		\$939,063
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:					\$4,613,394

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

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

PROVIDER: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

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

	(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))
Long-Term Debt Obligation 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: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

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

Line	TOTAL
1 Total from Form 5-1 bottom of Column (e)	\$4,613,394
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)	\$0
4 TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$4,613,394

PROVIDER: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

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

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$25,417,743
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	\$2,583,394
b.	Credit enhancement premiums paid for long-term debt (see instructions)	\$0
c.	Depreciation	\$2,811,391
d.	Amortization	\$181,052
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$1,537,435
f.	Extraordinary expenses approved by the Department	\$0
3	Total Deductions	\$7,113,272
4	Net Operating Expenses	\$18,304,471
5	Divide Line 4 by 365 and enter the result.	\$50,149
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$3,761,175

PROVIDER: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
COMMUNITY: PARADISE VALLEY ESTATES

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES RECONCILIATION OF LINE 2E

Revenues received during the fiscal year for services to persons who did not have a continuing care contract (Line 2E)	\$ 1,537,435
Revenues received from residents	<u>24,153,434</u>
Cash received from residents per direct method cash flow	<u>\$ 25,690,869</u>

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
 Fiscal Year Ended: DECEMBER 31, 2011

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended DECEMBER 31, 2011 and are in compliance with those requirements.

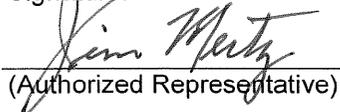
Our liquid reserve requirements, computed using the audited financial statements for the fiscal year December 31, 2010 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$4,613,394
[2] Operating Expense Reserve Amount	\$3,757,050
[3] Total Liquid Reserve Amount:	\$8,370,444

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	\$3,912,800
[5] Investment Securities	\$0	\$9,672,330
[6] Equity Securities	\$0	\$15,077,174
[7] Unused/Available Lines of Credit	\$0	\$0
[8] Unused/Available Letters of Credit	\$0	\$0
[9] Debt Service Reserve	\$7,740,216	\$0
[10] Other: NCROC Board Designated reserve funds (cash and securities)	\$0	\$1,945,890
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11] \$7,740,216	[12] \$30,608,194
Reserve Obligation Amount:	[13] \$4,613,394	[14] \$3,761,175
Surplus/(Deficiency):	[15] \$3,126,822	[16] \$26,847,020

Signature:


 (Authorized Representative)

Date: 4/24/12

Jim Mertz, Executive Director
 (Title)

Note 1 to the Continuing Care Reserve Report (Part 5)

The continuing care reserve report included in Part 5 has been prepared in accordance with the report preparation provisions of the California Health and Welfare Code (the Code), Section 1792.

Section 1792 of the Code indicates that the Organization should maintain at all times qualifying assets as a liquid reserve in an amount that equals or exceeds the sum of the following:'

- The amount the provider is required to hold as a debt service reserve under Section 1792.3.
- The amount the provider must hold as an operating expense reserve under Section 1792.4.

In accordance with the Code, the Organization has computed its liquid reserve requirement as of December 31, 2011, the Organizations' most recent fiscal year end, and the reserve is based on audited financial statements for that period.

PART 6
CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT

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

Date Prepared: 4/18/2012

FACILITY NAME: PARADISE VALLEY ESTATES
 ADDRESS: 2600 ESTATES DRIVE, FAIRFIELD, CA ZIP CODE: 94533 PHONE: (707) 432-1100
 PROVIDER NAME: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY FACILITY OPERATOR: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
 RELATED FACILITIES: NONE RELIGIOUS AFFILIATION: NONE
 YEAR OPENED: 1997 NO. OF ACRES: 68 MULTI-STORY: _____ SINGLE STORY: BOTH
 MILES TO SHOPPING CTR: 4 MILES TO HOSPITAL: 5.6

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NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>0</u>	ASSISTED LIVING
APARTMENTS - 1 BDRM	<u>18</u>	SKILLED NURSING
APARTMENTS - 2 BDRM	<u>105</u>	SPECIAL CARE
COTTAGES/HOUSES	<u>204</u>	DESCRIBE SPECIAL CARE: _____
% OCCUPANCY AT YEAR END	<u>83%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: 95%

RANGE OF ENTRANCE FEES: \$ 188,000 TO \$ 443,000 LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: YES

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: RETIRED OTHER: MILITARY OFFICERS & SPOUSES

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH	<u>WKY</u>	_____
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY	<u>ONE</u>	_____
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<u>YES</u>	_____
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL - INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL - OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION -PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER <u>BOCCI BALL</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<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 car retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY

	2008	2009	2010	2011
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	\$ 13,072,169	\$ 24,591,157	\$ 22,411,201	\$ 21,165,618
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	19,642,231	20,061,555	19,678,364	19,873,414
NET INCOME (LOSS) FROM OPERATIONS	(6,570,062)	4,529,602	2,732,837	1,292,204
LESS INTEREST EXPENSE	2,782,074	2,719,726	2,639,623	2,551,886
PLUS CONTRIBUTIONS	128,068	75,122	69,326	43,961
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	0	0	0	0
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$ (9,224,068)	\$ 1,884,998	\$ 162,540	\$ (1,215,721)
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	\$ 5,448,506	\$ 2,089,478	\$ 6,629,476	\$ 6,876,730

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
CAL MORTGAGE	\$38,550,000	3.25-5.25%	12/19/02	01/01/26	24 YEARS
CAL MORTGAGE	\$10,150,000	2.75-6.00%	12/16/05	12/16/30	30 YEARS

FINANCIAL RATIOS (see next page for ratio formulas)

	CCAC Medians 50 th Percentile (optional)	2009	2010	2011
DEBT TO ASSET RATIO		46	44	42
OPERATING RATIO		111	111	109
DEBT SERVICE COVERAGE RATIO		0.34	1.45	1.74
DAYS CASH-ON-HAND RATIO		446	491	499

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2008	%	2009	%	2010	%	2011
STUDIO	N/A	0	N/A	0	N/A	0	N/A
ONE BEDROOM	\$2,121	4.5	\$2,216	2.5	\$2,271	2.8	\$2,336
TWO BEDROOM	\$3,207	4.5	\$3,352	2.5	\$3,436	2.8	\$3,531
COTTAGE/HOUSE	\$3,256	4.5	\$3,403	2.5	\$3,488	2.8	\$3,586
ASSISTED LIVING	\$168	3.6	\$174	5.7	\$184	4.9	\$193
SKILLED NURSING	\$261	4.2	\$272	5.1	\$286	4.9	\$300
SPECIAL CARE	\$280	4.3	\$292	5.1	\$307	2.9	\$316

COMMENTS FROM PROVIDER: SECOND PERSON FEES FOR CCRC: 2009 - \$945 + 4%; 2010 - \$988 + 403%; 2010 - \$1,013 + 2.5%; 2011 - \$1,041 + 2.8%

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

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

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

PART 7
REPORT ON CCRC MONTHLY SERVICE FEES

FORM 7-1 *Explanations for Adjustments in Monthly Fees*

- Summary of Documents Used in Determining Rate Adjustment

The following documents were used in developing the monthly fee adjustments for 2011:

NCROC Operating Budget for 2011	Internally developed document detailing all revenues and expenses for projected fiscal year 2011. Developed by Paradise Valley Estates Management and Haskell Community Developers, the firm engaged by the NCROC (PVE) Board of Directors to provide management services.
Report on Actuarial Study and Cash Flow Projection for Paradise Valley Estates	Report done in conjunction with the actuarial firm A.V. Powell & Associates. This report contains observations and recommendations about pricing policies to meet reserve requirements that will help ensure the long-term success of Paradise Valley Estates.
Statements of Operations	The current operating results of Paradise Valley Estates during fiscal year 2011. Based on actual performance.

- Details of Rate Adjustment

Unit Type	Configuration	Square Footage	Month Fee @ 12/31/2010	Month Fee @ 1/1/2011
Apt – Traditional	1 Bed 1 Bath	803	\$2,198-2,345	\$2,260-2,411
Apt – Custom	2 Bed 2 Bath	1140	\$2,711-2,894	\$2,787-2,975
Apt – Deluxe	2 Bed 2 Bath	1291	\$2,942-3,138	\$3,024-3,226
Apt – Luxury	2 Bed + Den 2 Bath	1534	\$3,307-3,528	\$3,400-3,627
Apt – Royal	2 Bed + Den 2 Bath	1584	\$3,383-3,610	\$3,478-3,711
Apt – Grande	2 Bed + Den 2 Bath	1846	\$3,782-4,016	\$3,888-4,149
Apt – Grande plus	2 Bed + Den 2 Bath	1870	\$3,818-4,073	\$3,925-4,187
Home – Quadraplex	2 Bed 2 Bath	1340	\$3,016-3,217	\$3,100-3,307
Home – Duplex One	2 Bed + Den 2 Bath	1451	\$3,183-3,396	\$3,272-3,491
Home - Duplex Two	2 Bed + Den 2 Bath	1505	\$3,264-3,482	\$3,355-3,579
Home – Manor	2 Bed + Den 2 Bath	2015	\$4,039-4,309	\$4,152-4,430
Second Person	Variable	Variable	\$979-1,046	\$1,006-1,075

FORM 7-1 *Explanations for Adjustments in Monthly Fees*

▪ Basis of Monthly Care Fee Adjustment

Methodology for Rate Adjustment

Paradise Valley Estates ("PVE"), a continuing care retirement community located in Fairfield, California, has been in operations since 1997. PVE reached stabilization in 2001. The budget was based on a mix of operating history and projections. Projected occupancy assumptions, an important factor in setting rate adjustments, were developed using actuarially developed assumptions for morbidity and mortality. The scheduled occupancy, along with other individual factors impact the costs that are used to develop operating expense and revenue projections.

PVE must maintain certain financial ratios according to the covenants mandated by its financing arrangements. These ratios include days cash on hand, current ratio, and debt service coverage ratio. These financial obligations also dictate the continuance of financial health for the community and as such play an important role in the revenue and pricing targets that must be maintained.

In projecting the financial needs of the community, many factors are used, including: vacancy turnover, interest rates, ancillary income, resident health care utilization, density rates, operating expenses, facility staffing, employee benefits, contracts, insurance, inflation, and the experience of Haskell Community Developers, the firm engaged by NCROC to provide management services.

Summary/Overview Rate Adjustment

After review and preparation of analysis, PVE did increase monthly service fees for its Independent Living Units. PVE did increase daily rates for its Health Care Facility – Laurel Creek Health Center. PVE did increase daily rates for its Assisted Living Facility – Laurel Creek Health Center and Quail Creek.

Paradise Valley Estates

H&SC SECTION 1790(a)(2) and (3) DISCLOSURE

▪ Description of all Reserves Maintained

	December 31,	
	2011	2010
<u>Funds Held by Trustee</u>		
<i>2002 Bond funds:</i>		
Payment of interest	\$ 976,166	\$ 1,018,166
Payment of principal	1,790,397	1,711,300
Reserve funds	3,886,266	3,909,886
	<u>6,652,829</u>	<u>6,639,352</u>
<i>2005 Bond funds:</i>		
Interest funds	47,907	49,089
Principal funds	35,417	29,167
Reserve funds	1,004,063	1,004,063
	<u>1,087,387</u>	<u>1,082,319</u>
<u>Board Designated Funds</u>		
Benevolence	285,399	287,555
Capital replacement	1,660,491	2,515,768
	<u>1,945,890</u>	<u>2,803,323</u>
<u>Other Limited Use Funds</u>		
Resident Council funds	92,550	82,025
Scholarship funds	23,038	23,575
Benevolence	136,326	162,394
Entrance fees	464,506	566,039
Charitable gift annuities	466,382	486,213
	<u>1,182,802</u>	<u>1,320,246</u>
	<u>\$ 10,868,908</u>	<u>\$ 11,845,240</u>

Status: These funds are fully funded.

▪ Funds Accumulated for Specific Projects or Purposes

- The benevolence funds will be used to provide resident assistance
- The capital replacement funds are set aside to future capital additions
- The resident council funds are set aside to be used by the residents
- The scholarship funds are set aside for employee education
- The entrance fee fund is set aside for possible refunds for people on the waiting list
- Charitable gift annuities fund is set aside for payment of gift annuities

▪ Per Capita Cost of Operations

Total operating Expenses (Form 5-4, Line 1)	\$ 25,417,743
Mean number of all residents (Form 1-1 Line 10)	<u>486</u>
	<u>\$ 52,300</u>

PART 8
KEY INDICATORS REPORT

KEY INDICATORS REPORT
NORTHERN CALIFORNIA RETIRED OFFICERS COMMUNITY
dba PARADISE VALLEY ESTATES

Date Prepared: 4/18/2012

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

	Projected										Preferred Trend Indicator				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015					
OPERATIONAL STATISTICS															
1. Average Annual Occupancy by Site (%)	99	98	95	88	86	84	85	86	87	88	-				
MARGIN (PROFITABILITY) INDICATORS															
2. Net Operating Margin (%)	7%	-2%	-2%	-4%	-3%	-2%	-0.55%	1%	2.5%	4%	↑				
3. Net Operating Margin – Adjusted (%)	31%	29%	20%	7%	24%	25%	29%	31%	34%	37%	↑				
LIQUIDITY INDICATORS															
4. Unrestricted Cash and Investments (\$000)	29,020	35,371	24,284	25,592	27,179	28,662	29,500	32,500	35,500	38,500	↑				
5. Days Cash on Hand (Unrestricted)	624	671	427	446	491	499	619	650	675	700	↑				
CAPITAL STRUCTURE INDICATORS															
6. Deferred Revenue from Entrance Fees (\$000)	6,384	6,181	7,115	6,503	7,163	6,851	7,000	7,000	7,000	7,000	N/A				
7. Net Annual E/F proceeds (\$000)	5,888	7,528	5,449	2,089	6,629	6,877	10,325	10,000	10,000	10,000	N/A				
8. Unrestricted Net Assets (\$000)	(34)	2,912	(3,900)	1,220	5,725	8,407	12,240	15,240	18,240	21,240	N/A				
9. Annual Capital Asset Expenditure (\$000)	7,014	8,533	1,079	860	2,233	3,298	3,369	2,500	2,500	2,500	N/A				
10. Annual Debt Service Coverage Revenue Basis (x)	.89	.68	(1.41)	(.11)	.03	.29	.78	1.2	1.7	2.2	↑				
11. Annual Debt Service Coverage (x)	2.30	2.06	1.36	.33	1.45	1.74	2.97	3.2	3.7	4.2	↑				
12. Annual Debt Service/Revenue (%)	.16	.15	.23	.15	.16	.17	.15	.18	.21	.24	↑				
13. Average Annual Effective Interest Rate (%)	3.62%	4.27%	5.09%	5.21%	5.27%	5.30%	5.30%	5.30%	5.30%	5.30%	-				
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	48%	60%	46%	50%	56%	62%	66%	70%	75%	80%	↑				
15. Average Age of Facility (years)	9.0	9.2	9.9	10.8	12.3	12.4	12.0	11.5	11.3	11.0	↓				

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 CONTINUING CARE
 Chief Executive Officer Signature