

ANNUAL REPORT
CHECKLIST
for
FISCAL YEAR ENDED:
12/31/2012

RECEIVED
MAY 06 2013
STATEWIDE PROGRAM OFFICE
FOR ADULT AND SENIOR CARE LICENSING

PROVIDER(S): Bay Area Senior Services, Inc

CCRC(S): The Peninsula Regent

CONTACT PERSON: Gary Homan

TELEPHONE NO.: (650) 425-4232

EMAIL: gary@peninsularegent.com

The complete annual report must consist of **three (3) copies** of the following:

- Checklist.#
- Annual Provider Fee in the amount of: \$ 9,654
 - If applicable, Late Fee in the amount of: \$ _____
- Certification by the provider's *chief executive officer* that:
 - The reports are correct to the best of his/her knowledge and belief.
 - Each continuing care contract form in use for new residents has been approved by CDSS.
 - The provider is maintaining the required liquid reserves and refund reserves, if applicable.
- Evidence of the provider's fidelity bond.
- Provider's audited financial statements with a certified public accountant's opinion.
NOTE: Statement of Cash Flows must be prepared using the direct method.
- Provider's audited reserve reports (on Department forms) with a certified public accountant's opinion.
NOTE: If the entries on these forms do not directly reconcile with the amounts stated, on the face of, or in the notes to, the financial statements, a two-way reconciliation schedule must be included.
- "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- "Key Indicators Report"
NOTE: The KIR may be included with this submission, but it is not required at this time. The KIR is due within the next 30 days. Please ensure that three (3) signed copies are submitted.

**FORM 1-1
RESIDENT POPULATION**

4/29/2013

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	217
[2]	Number at end of fiscal year	225
[3]	Total Lines 1 and 2	442
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	221
All Residents		
[6]	Number at beginning of fiscal year	217
[7]	Number at end of fiscal year	225
[8]	Total Lines 6 and 7	442
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	221
[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).	1.00

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$10,196,904
[a] Depreciation	\$542,828
[b] Debt Service (Interest Only)	\$0
[2] Subtotal (add Line 1a and 1b)	\$542,828
[3] Subtract Line 2 from Line 1 and enter result.	\$9,654,076
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$9,654,076
[6] Total Amount Due (multiply Line 5 by .001)	x .001 \$9,654

PROVIDER Bay Area Senior Services, Inc
COMMUNITY The Peninsula Regent



BUILDING SUSTAINING LEADING

BRIDGE HOUSING
CORPORATION

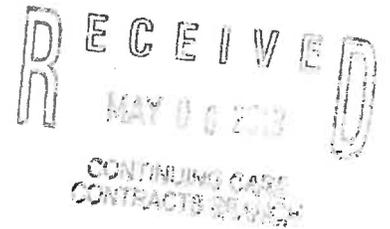
BRIDGE PROPERTY
MANAGEMENT COMPANY

BAY AREA SENIOR SERVICES, INC.

BRIDGE ECONOMIC
DEVELOPMENT CORPORATION

April 29, 2013

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



RE: 2012 Bay Area Senior Services, Inc. Reserve reports filed with The State of California DSS

To the best of my knowledge and belief, I certify the following to be correct:

1. The reports incorporated in this package are correct;
2. Each continuing care contract form in use or offered to new residents has been approved by The State of California Department of Social Services; and
3. Bay Area Senior Services, Inc. is maintaining the required liquid reserves.

A handwritten signature in black ink, appearing to read "Cynthia A. Parker".

Cynthia A. Parker
President & CEO





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/02/2012

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 0726293 Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., License #0726293 One Market Plaza, Spear Tower Suite 200 San Francisco, CA 94105	1-415-546-9300	CONTACT NAME: Jennifer Abbate PHONE (A/C, No. Ext): 415-536-8443 E-MAIL ADDRESS: jennifer_abbate@ajg.com	FAX (A/C, No): 415-536-5743
INSURED Bay Area Senior Services, Inc. DBA: The Peninsula Regent One Baldwin Avenue San Mateo, CA 94401		INSURER(S) AFFORDING COVERAGE INSURER A: COLUMBIA CAS CO. NAIC # 31127 INSURER B: TRANSPORTATION INS CO. NAIC # 20494 INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES CERTIFICATE NUMBER: 26993760 REVISION NUMBER: 1

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 <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Professional Liability GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC			4022853387	05/01/12	05/01/13	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ Included Emp. Ben. \$ 1,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTC <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS			4022853356	05/01/12	05/01/13	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			4022853373	05/01/12	05/01/13	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N/A				WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Evidence of Liability. Per contract on file with insured.

CERTIFICATE HOLDER Department of Social Services Community Care Licensing 851 Traeger Avenue, Suite 2360 San Bruno, CA 94066 USA	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
--	--



EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)
05/02/2012

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

PRODUCER NAME CONTACT PERSON AND ADDRESS		PHONE (A/C. No. Ext): 1-415-546-9300	COMPANY NAME AND ADDRESS		NAIC NO: 20427
Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.; License #0726293 One Market Plaza, Spear Tower Suite 200 San Francisco, CA 94105		0726293	AMERICAN CAS CO OF READING PA		
FAX (A/C. No.):	E-MAIL ADDRESS:		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE		
AGENCY CUSTOMER ID #:		LOAN NUMBER		POLICY NUMBER 4022853342	
NAMED INSURED AND ADDRESS Bay Area Senior Services, Inc. DBA: The Peninsula Regent One Baldwin Avenue San Mateo, CA 94401		EFFECTIVE DATE 05/01/12		EXPIRATION DATE 05/01/13	
ADDITIONAL NAMED INSURED(S)				<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
				THIS REPLACES PRIOR EVIDENCE DATED:	

PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) BUILDING OR BUSINESS PERSONAL PROPERTYLOCATION/DESCRIPTION
One Baldwin Avenue, San Mateo, CA 94401

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 EVIDENCE OF PROPERTY INSURANCE 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.

COVERAGE INFORMATIONPERILS INSURED BASIC BROAD SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 75,637,185		DED: 5,000	
	YES	NO	N/A
<input type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	x		
BLANKET COVERAGE		x	If YES, LIMIT: 8,395,971
TERRORISM COVERAGE		x	Actual Loss Sustained; # of months:
IS THERE A TERRORISM-SPECIFIC EXCLUSION?	x		Attach Disclosure Notice / DEC
IS DOMESTIC TERRORISM EXCLUDED?		x	
LIMITED FUNGUS COVERAGE		x	If YES, LIMIT: DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)	x		
REPLACEMENT COST	x		
AGREED VALUE	x		
COINSURANCE	x		If YES, 100 %
EQUIPMENT BREAKDOWN (If Applicable)	x		If YES, LIMIT: 73,947,185 DED: 5,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	x		
- Demolition Costs	x		If YES, LIMIT: 10,000,000 DED: 5,000
- Incr. Cost of Construction	x		If YES, LIMIT: Inc in above DED: 5,000
EARTH MOVEMENT (If Applicable)		x	If YES, LIMIT: DED:
FLOOD (If Applicable)		x	If YES, LIMIT: DED:
WIND / HAIL (If Subject to Different Provisions)			x If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	x		

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.

ADDITIONAL INTEREST

MORTGAGEE	CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE		
NAME AND ADDRESS Department of Social Services Community Care Licensing 851 Traeger Avenue, Suite 2360 San Bruno, CA 94066		AUTHORIZED REPRESENTATIVE
USA		

Terrorism excluded except for mandatory Fire Only coverage

**BAY AREA SENIOR
SERVICES, INC.**

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

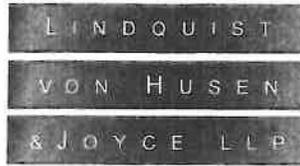
YEARS ENDED DECEMBER 31, 2012 AND 2011

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

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CONTINUING CARE
CONTRACTS BRANCH
JAMES M. KRAFT
& SCOTT SEAMANDS

MARK O. BRITZAIN
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY
CATHY L. HWANG
RYTA B. DELA CRUZ
STANLEY WOO

Board of Directors
Bay Area Senior Services, Inc.
San Francisco, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Senior Services, Inc., a California nonprofit public benefit corporation, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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 Responsibility

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 the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Senior Services, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Bay Area Senior Services, Inc. is controlled by the board of directors of BRIDGE Housing Corporation, a California nonprofit public benefit corporation. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on page 19 through 22 is presented for purposes of additional analysis and is not a required part of the basic 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.

Sindquist, von Husen and Joyce LLP

April 30, 2013

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current assets:		
Cash:		
Operating cash	\$ 1,635,182	\$ 2,232,387
Designated for:		
Replacement reserves (Note 3)	2,062,890	2,347,268
Healthcare insurance reserves (Note 4)	1,801,346	1,882,564
Refundable resident fees (Note 5)	232,615	283,696
Operating reserves (Note 6)	1,406,304	1,264,374
Total cash	7,138,337	8,010,289
Receivables:		
Residents	90,160	130,367
Other	249,674	182,394
Note receivable – current portion (Note 7)	-	3,080,572
Prepaid expenses and other current assets	186,859	165,225
Total current assets	7,665,030	11,568,847
Note receivable – net of current portion (Note 7)	-	22,909,834
Property and equipment – net (Note 8)	3,325,550	2,897,555
Investment	175,431	123,674
Total noncurrent assets	3,500,981	25,931,063
Total assets	\$ 11,166,011	\$ 37,499,910

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2012 AND 2011

	2012	2011
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 314,709	\$ 1,308,025
Deferred revenue (Note 9)	-	1,307,955
Related-party payable (Note 11)	716,418	107,398
Total current liabilities	1,031,127	2,723,378
Refundable resident fees (Note 5)	232,615	283,696
Deferred revenue:		
Initial condominium and membership sales in The Peninsula Regent, net of related deferred project costs – net of current portion (Note 9)	-	20,927,274
Total long-term liabilities	232,615	21,210,970
Total liabilities	1,263,742	23,934,348
Net assets:		
Unrestricted net assets	9,896,597	13,561,941
Restricted net assets	5,672	3,621
Total net assets	9,902,269	13,565,562
Total liabilities and net assets	\$ 11,166,011	\$ 37,499,910

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF ACTIVITIES
 YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 10,544,218	\$ -	\$ 10,544,218
Amortization of deferred revenue – membership sales (Note 9)	22,235,229	-	22,235,229
Transfer fees (Note 10)	1,943,563	-	1,943,563
Investment and interest income	7,113	98	7,211
Contributions	-	133,703	133,703
Net assets released from restrictions	131,750	(131,750)	-
Total support and revenue	34,861,873	2,051	34,863,924
 Program services:			
The Peninsula Regent project expenses	12,255,835	-	12,255,835
Exchange of note receivable (Note 7)	25,990,406	-	25,990,406
Supporting services:			
Management and general	280,976	-	280,976
Total expenses	38,527,217	-	38,527,217
 Change in net assets	(3,665,344)	2,051	(3,663,293)
 Net assets, beginning of year	13,561,941	3,621	13,565,562
 Net assets, end of year	\$ 9,896,597	\$ 5,672	\$ 9,902,269

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2011		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 9,926,805	\$ -	\$ 9,926,805
Amortization of deferred revenue – membership sales (Note 9)	1,307,955	-	1,307,955
Transfer fees (Note 10)	1,526,340	-	1,526,340
Investment and interest income	1,664,941	20	1,664,961
Contributions	-	119,619	119,619
Net assets released from restrictions	119,639	(119,639)	-
Total support and revenue	<u>14,545,680</u>	-	<u>14,545,680</u>
Program services:			
The Peninsula Regent project expenses	15,907,674	-	15,907,674
Supporting services:			
Management and general	<u>313,092</u>	-	<u>313,092</u>
Total expenses	<u>16,220,766</u>	-	<u>16,220,766</u>
Change in net assets	(1,675,086)	-	(1,675,086)
Net assets, beginning of year	<u>15,237,027</u>	<u>3,621</u>	<u>15,240,648</u>
Net assets, end of year	<u>\$ 13,561,941</u>	<u>\$ 3,621</u>	<u>\$ 13,565,562</u>

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012			
	Program Services		Supporting Services	
	<i>The Peninsula Regent</i>	<i>Exchange of Note Receivable</i>	<i>Management and General</i>	<i>Total</i>
Resident services	\$ 5,919,635	\$ -	\$ -	\$ 5,919,635
General and administrative	1,752,790	-	268,420	2,021,210
Taxes, utilities and insurance	927,571	-	9,738	937,309
Repairs and maintenance	1,030,723	-	-	1,030,723
Lease expense (Note 10)	1,835,106	-	-	1,835,106
Depreciation and amortization	540,010	-	2,818	542,828
Contribution to BRIDGE (Note 11)	250,000	-	-	250,000
Exchange of note receivable (Note 7)	-	25,990,406	-	25,990,406
Total expenses	\$ 12,255,835	\$ 25,990,406	\$ 280,976	\$ 38,527,217

	2011			
	Program Services		Supporting Services	
	<i>The Peninsula Regent</i>	<i>Exchange of Note Receivable</i>	<i>Management and General</i>	<i>Total</i>
Resident services	\$ 5,583,170	\$ -	\$ -	\$ 5,583,170
General and administrative	1,702,395	-	291,600	1,993,995
Taxes, utilities and insurance	928,331	-	18,674	947,005
Repairs and maintenance	928,417	-	-	928,417
Lease expense (Note 10)	6,068,727	-	-	6,068,727
Depreciation and amortization	496,634	-	2,818	499,452
Contribution to BRIDGE (Note 11)	200,000	-	-	200,000
Total expenses	\$ 15,907,674	\$ -	\$ 313,092	\$ 16,220,766

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Cash flows from operating activities:		
Resident fees and services receipts	\$ 10,417,104	\$ 10,074,569
Transfer fees received	1,943,563	1,526,340
Restricted receipts	133,703	119,639
Receipts for guest rooms and meals	48,960	46,628
Investment and interest income	7,211	1,664,941
Total cash receipts	12,550,541	13,432,117
Resident services expenses	(5,941,269)	(5,564,928)
General and administrative expenses	(2,109,792)	(2,189,538)
Taxes, utilities and insurance expenses	(934,568)	(947,005)
Repairs and maintenance expenses	(1,400,625)	(227,502)
Lease expense	(1,835,106)	(6,068,727)
Contribution to BRIDGE	(250,000)	(200,000)
Total cash disbursements	(12,471,360)	(15,197,700)
Net cash provided by (used in) operating activities	79,181	(1,765,583)
Cash flows from investing activities:		
Purchase of property and equipment	(899,376)	(1,169,938)
Collection of note receivable	-	2,901,607
Net increase in other investments	(51,757)	(1,206)
Net cash provided by investing activities	(951,133)	1,730,463
Net decrease in cash	(871,952)	(35,120)
Cash, beginning of year	8,010,289	8,045,409
Cash, end of year	\$ 7,138,337	\$ 8,010,289

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 STATEMENTS OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ (3,663,293)	\$ (1,675,086)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	542,828	499,452
Amortization of deferred revenue	(22,235,229)	(1,307,955)
Exchange of note receivable	25,990,406	-
(Increase) decrease in assets:		
Accounts receivable	(27,073)	242,798
Prepaid expenses and other current assets	(21,634)	18,242
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(1,064,763)	410,165
Related-party payable	609,020	95,207
Deferred revenue	(51,081)	(48,406)
Net cash provided by (used in) operating activities	\$ 79,181	\$ (1,765,583)
Supplementary information:		
Noncash investing and financing activities:		
Assets acquired by assuming current liabilities	\$ 71,447	\$ -

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

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Bay Area Senior Services, Inc. (the Company), a California nonprofit public benefit corporation, was incorporated on July 1, 1986 to provide housing designed to meet the specialized needs of senior citizens within the San Francisco Bay Area. The Company was formed as a support organization for, and is an affiliate of, BRIDGE Housing Corporation (BRIDGE), a nonprofit corporation located in San Francisco, California. Directors and officers of BRIDGE form the board of directors of Bay Area Senior Services, Inc. All directors serve without compensation.

The Company is the lessee and operator of The Peninsula Regent (TPR), a continuing care retirement community located in San Mateo, California. The land and improvements of TPR are owned and were developed by BAC Associates (BAC), a California limited partnership. TPR consists of 207 residential condominium units, 20 assisted living units and supporting dining, health care and recreation facilities. TPR was placed in service in 1988.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Company uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments. The Company has adopted the applicable provisions of the *Audit and Accounting Guide for Health Care Organizations* of the American Institute of Certified Public Accountants with respect to accounting for the long-term obligation to provide continuing care and the use of the facilities to current residents.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Company reports information regarding its financial position and activities according to up to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Revenue from the initial sales of leasehold condominium interests and related memberships, net of deferred project costs, was initially deferred and recognized over the 40-year lease period in which the related services were to be provided as discussed in Note 9. During 2012, the remaining deferred revenues was recognized as income since the residents' leasehold condominium interests were converted to fee simple interests.

Cash

Cash is defined as cash in demand deposit accounts and savings accounts as well as cash on hand. Certain cash is designated by management as to its use, such as refundable resident fees, replacement reserves, healthcare insurance reserves and operating reserves. The Company maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately \$6,070,000 as of December 31, 2012. The Company has not experienced any losses in such accounts.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Accounts Receivable

Management elects to record bad debts using the direct write off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write off method is not materially different from the result that would be obtained had the allowance method been followed.

Property and Equipment

Property and equipment is stated at cost of acquisition or construction. The Company is obligated to pay for major repairs and replacements of property and equipment, and accordingly, collects monthly fees from the residents. All monthly fees received from the residents which are for major repairs and replacements are recorded as revenue. Expenditures for major repairs and replacements are recorded as additions to property and equipment. Recurring repairs not of a capital or long-term nature are expensed as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The Company incurs development costs related to leasehold improvements, which are considered to be development in progress until the improvement is placed in service. Development in progress is not depreciated until the completion of development.

The useful lives of the assets are estimated as follows:

Leasehold improvements	10 to 20 years
Furniture, fixtures and equipment	3 to 10 years
Vehicles	5 years
Staging furniture (corporate)	7 years

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state taxes under the related California code sections.

The Company believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal and state income tax returns for the years 2008 through 2011 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Subsequent Events

Management has evaluated subsequent events through April 30, 2013, the date on which the financial statements were available to be issued.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 3 – DESIGNATED REPLACEMENT RESERVES – THE PENINSULA REGENT

Designated replacement reserves consisted of interest-bearing cash balances.

Changes in the designated replacement reserves follow:

	2012	2011
Beginning balance	\$ 2,347,268	\$ 2,953,062
Interest income	323	556
Additions	630,900	603,588
	631,223	604,144
Disbursements for property and equipment	(875,601)	(1,169,938)
Disbursements for repairs and replacements	(40,000)	(40,000)
Net changes during the year	(284,378)	(605,794)
Ending balance	\$ 2,062,890	\$ 2,347,268

The Company has established replacement reserves for TPR's major repairs and replacements of building, property and equipment. An independent reserve study completed by an outside consultant in November 2009 set forth the projected cash expenditures that would be needed for major repairs and replacements for the years 2009 through 2038. It is the intent and policy of management to maintain the reserve in accordance with the funding requirements and levels set forth in the reserve study.

Replacement reserves funding is derived from a portion of the monthly service fees charged to the residents and allocated interest income. Member assessments for the designated replacement reserve and related allocated interest income are recorded as revenue. Cumulative expenditures for replacements and major repairs amounted to \$9,424,039 and \$8,548,438 through December 31, 2012 and 2011, respectively.

NOTE 4 – DESIGNATED HEALTHCARE RELATED RESERVES – THE PENINSULA REGENT

Designated healthcare-related reserves consisted of interest-bearing cash balances.

Changes in the designated healthcare-related reserves follow:

	2012	2011
Beginning balance	\$ 1,882,564	\$ 1,929,859
Interest income	225	285
Disbursements	(81,443)	(47,580)
Net changes during the year	(81,218)	(47,295)
Ending balance	\$ 1,801,346	\$ 1,882,564

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011

The healthcare related reserves are intended for:

	2012	2011
Long-term insurance premium stabilization	\$ 1,292,888	\$ 1,311,530
Outside skilled nursing costs stabilization	154,411	217,212
Home health cost stabilization	354,047	353,822
	\$ 1,801,346	\$ 1,882,564

The designated healthcare-related reserves were set up to stabilize TPR's residents' future health care costs. This could include: to offset increases in the long-term care insurance premiums; to reduce the cost to provide care to residents in their condominiums; to pay for care for residents who can no longer fully cover the costs themselves; and to subsidize outside skilled nursing facilities direct costs

The funds held in these reserves are not restricted and can be used for current operations should the need arise. A portion of the interest income earned on the funds may be retained as an addition to the reserves, if designated as such by management.

NOTE 5 – REFUNDABLE RESIDENT FEES – THE PENINSULA REGENT

Refundable resident fees consisted of interest-bearing cash balances.

Changes in the refundable resident fees follow:

	2012	2011
Beginning balance	\$ 283,696	\$ 334,743
Interest income	25	57
Refunds to former residents	(51,106)	(51,104)
Ending balance	\$ 232,615	\$ 283,696

The refundable resident fees represent the refundable deposits paid by TPR residents upon their purchase of leasehold condominium interests and continuing care memberships. When a condominium interest is transferred, the deposit is refunded to the seller. Effective in 2007, management changed the policy regarding refundable resident deposits. New purchasers now pay a nonrefundable processing fee which is recognized as revenue. The balance of refundable resident deposits will continue to decrease as purchasers under the old policy sell their units.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 6 – DESIGNATED OPERATING RESERVES – THE PENINSULA REGENT

Operating reserve consisted of interest-bearing cash balances.

Changes in the designated operating reserves follow:

	2012	2011
Beginning balance	\$ 1,264,374	\$ 1,277,927
Interest income	499	362
Allocation from (Utilization for) TPR operations	141,431	(13,915)
Net changes during the year	141,930	(13,553)
Ending balance	\$ 1,406,304	\$ 1,264,374

The designated operating reserves balances reflect TPR's accumulated excess of revenue over expenses as of December 31, 2012 and 2011. The reserves could be utilized if the Company experiences an unanticipated increase in the costs of future operations.

NOTE 7 – NOTE RECEIVABLE

Effective January 1, 2012, the Company cancelled the Note in exchange for "fee simple interest" being transferred to members. Under the Exchange Agreement, the Company transferred the Note to BAC and reconveyed the Deed of Trust in exchange for BAC's Quitclaim Deed of their interest in the residences to each condo owner on behalf of BASS. As a result, the Company experienced a loss on exchange of note receivable of \$25,990,406.

Construction financing for TPR was arranged by BAC. The Company loaned to BAC \$50,000,000 out of the proceeds from the initial sales of memberships in TPR. The loan was secured by a first deed of trust on the project real estate and originally bore interest at 10% per annum with monthly principal and interest payments of \$429,836 over 35 years. The Company used the proceeds from this note to fund a portion of its lease payments to BAC (see Note 10).

On January 1, 2004, the terms of the note were renegotiated with monthly principal and interest payments changed to \$379,683 and interest lowered to 6%.

Note receivable is summarized as follows:

	2012	2011
Beginning balance	\$ 25,990,406	\$ 28,892,014
Payments received	-	(2,901,608)
Exchange of note	(25,990,406)	-
Total	-	25,990,406
Less: current portion	-	(3,080,572)
Non-current portion	\$ -	\$ 22,909,834

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2012 AND 2011

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2012	2011
Artwork and artifacts	\$ 194,676	\$ 194,676
Leasehold improvements	3,575,398	3,502,681
Furnishings, fixtures and equipment	4,766,879	4,207,298
Vehicles	294,052	412,558
Construction in process	519,320	460,457
Staging furnishings (corporate)	19,727	19,727
Leasehold improvements (corporate)	26,712	-
	9,396,764	8,797,397
Less: accumulated depreciation and amortization	(6,060,988)	(5,892,434)
Less: accumulated depreciation and amortization (corporate)	(10,226)	(7,408)
	\$ 3,325,550	\$ 2,897,555

NOTE 9 – DEFERRED REVENUE – INITIAL CONDOMINIUM AND MEMBERSHIP SALES IN THE PENINSULA REGENT

Originally, residents of TPR purchased a leasehold condominium interest in TPR by entering into a membership agreement with the Company. The purchase price, plus a monthly fee, entitled the resident to occupy a residential unit, receive services, and use common areas for future periods until the resident or the resident's estate sells the membership to a third party. The membership was valid for 99 years, and the initial leasehold interest was valid for 40 years from the date of issuance. The leasehold interest of current residents was valid through 2043 (see Note 11). Total initial membership sales proceeds amounted to \$57,455,000, out of which the Company loaned \$50,000,000 to BAC (see Note 7).

Pursuant to the original membership agreement and the lease between the Company and BAC, the Company is obligated to perform certain services for the benefit of the residents of TPR throughout the life of the lease. If the Company does not renew the lease or purchase the building at the end of the lease term, BAC assumes and agrees to perform the services pursuant to the membership agreement. BAC would not be required to maintain a leasehold condominium format.

The revenue from the sales of the initial memberships in 1988 and 1989, net of related deferred project costs of \$5,139,132, was being deferred and amortized over the lease term. The Company recognized \$1,307,955 of deferred net revenue for 2011.

Effective January 1, 2012 the Company canceled the Note in exchange for "fee simple interest" being transferred to members and recognized the remaining deferred revenue of \$22,235,229 in 2012.

NOTE 10 – OPERATING LEASES AND TRASFER FEES

The Company's original lease with BAC entitled the Company to operate and manage TPR and to sell and resell continuing care memberships in TPR. The lease term was to 2043 and the monthly base rent was \$400,383. Effective January 1, 2012 the Company converted the leasehold condominium structure to a fee condominium structure and monthly base rent was reduced.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

Upon the resale of a leasehold condominium, the Company is entitled to a transfer fee equal to 10% of the seller's purchase price, plus 75% of any realized appreciation. The Company is required to pay 75% of the transfer fees as contingent lease payments to BAC for certain common areas, through December 31, 2062. Transfer of the seller's membership occurs simultaneously with the sale of the leasehold condominium.

The lease payments are subject to the transfer of condos which is a contingency that cannot be reasonably predicted. Contingent lease expense is recorded at the time that the condo is transferred. The amount of future contingent rents is not determinable.

NOTE 11 – TRANSACTIONS WITH RELATED AND OTHER SIGNIFICANT PARTIES

Related Parties

The Company incurred expenses of \$98,774 and \$142,648 from BRIDGE for staff costs and other expenses during 2012 and 2011, respectively. Of these amounts, \$2,407 and \$15,383 were payable as of December 31, 2012 and 2011, respectively.

The Company made contributions of \$250,000 and \$200,000 to BRIDGE during 2012 and 2011, respectively.

Other

During 2012 and 2011, there were transactions between the Company and BAC, as described in Notes 7, 9 and 10.

NOTE 12 – CONTINUING CARE DISCLOSURES

The Company has adopted the applicable accounting principles as described in the Financial Accounting Standards Board's Codification Section 954-430-35 and has considered the obligation to provide future services and use of the facilities to current residents as explained below.

Future Service and Continuing Care Contract Costs

TPR annually calculates the expected costs of future services for the next year and adjusts the monthly fees billed to residents accordingly. The non-discounted estimated costs relating to the permanent care of residents are included in the annual budget. These costs are generally offset by insurance reimbursements and the monthly fees billed to those residents requiring permanent care. The Company can adjust monthly fees at any time with 60 days written notice to the residents. Accordingly, an estimated liability for possible future care costs, including outside skilled nursing facilities and long-term care costs, is not included in the financial statements.

Some TPR residents are covered by long-term care and Medicare supplemental group insurance policies with a private carrier. The group policy is renewable annually and is non-cancelable by the insurer.

Use of Facilities Costs

The obligation to provide future use of the facilities to current residents was estimated using an average remaining life expectancy per resident of 6.3 years. The estimated average annual cost of future repairs and replacements over that time period, as projected by an independent reserve study conducted by an outside consultant in February 2009, is \$892,883. These costs are expected to be fully funded from the monthly fees paid by TPR residents (see Note 3) and interest earned on TPR designated reserves.

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2012 AND 2011

AB 1169 Disclosures

Continuing care providers in the state of California are required to provide additional disclosures pursuant to Assembly Bill 1169, effective in May 2010. The required disclosures include amounts accumulated for contingencies and identified projects or purposes. TPR's accumulated cash reserves are disclosed in Notes 3 through 6. Accumulation of amounts for the purposes described in Notes 3 through 6 is permitted under TPR's nonprofit status as described in Section 501(c)(3) of the Internal Revenue Code. The purposes described in Notes 3 through 6 are consistent with the Company's tax-exempt status.

NOTE 13 – EMPLOYEE BENEFIT PLAN

The Company has an employee 403(b) plan covering eligible employees. The Company's contributions to the plan consist of a percentage based on eligible employees' compensation plus a discretionary amount to match voluntary employee contributions. Contributions totaled \$111,104 and \$96,420 for the years ended December 31, 2012 and 2011, respectively.

NOTE 14 – CONTINGENCY

Litigation

The Company is named in various claims and legal actions in the normal course of its activities. Based upon counsel and management's opinion, the outcome of such matters is not expected to have a material adverse effect on the Company's financial position or change in net assets.

SUPPLEMENTARY INFORMATION

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 THE PENINSULA REGENT – SCHEDULES OF ASSETS,
 LIABILITIES AND NET ASSETS
 DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current assets:		
Cash:		
Operating cash	\$ 132,885	\$ 232,523
Designated for:		
Replacement reserves	2,062,890	2,347,268
Healthcare insurance reserves	1,801,346	1,882,564
Refundable resident fees	232,615	283,696
Operating reserves	1,406,304	1,264,374
Total cash	5,636,040	6,010,425
Receivables:		
Residents	57,611	109,957
Related-party	152,765	136,727
Other	281,287	172,851
Prepaid expenses and other current assets	182,107	160,598
Total current assets	6,309,810	6,590,558
Property and equipment – net	3,289,337	2,885,237
Total noncurrent assets	3,289,337	2,885,237
Total assets	\$ 9,599,147	\$ 9,475,795

BAY AREA SENIOR SERVICES, INC.
(A California Nonprofit Public Benefit Corporation)
 THE PENINSULA REGENT – SCHEDULES OF ASSETS,
 LIABILITIES AND NET ASSETS
 DECEMBER 31, 2012 AND 2011

	2012	2011
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 180,882	\$ 117,962
Accrued payroll and related expenses	133,827	133,737
Related-party payable	1,297	615
Total current liabilities	316,006	252,314
Refundable resident fees	232,615	283,696
Total liabilities	548,621	536,010
Net assets:		
Unrestricted net assets	9,044,855	8,936,164
Temporarily restricted	5,672	3,621
Total net assets	9,050,526	8,939,785
Total liabilities and net assets	\$ 9,599,147	\$ 9,475,795

BAY AREA SENIOR SERVICES, INC.

(A California Nonprofit Public Benefit Corporation)

THE PENINSULA REGENT – SCHEDULES OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012		Total
	Unrestricted	Temporarily Restricted	
Support and revenue:			
Resident fees and services	\$ 10,544,218	\$ -	\$ 10,544,218
Investment and interest income	7,060	98	7,158
Contributions	-	133,703	133,703
Net assets released from restrictions	128,129	(128,129)	-
Total support and revenue	10,679,407	5,672	10,685,079
Expenses:			
Taxes, utilities and insurance	847,628	-	847,628
Food services	2,294,938	-	2,294,938
Health services	956,663	-	956,663
Purchased care services	471,417	-	471,417
Medical insurance premiums	530,507	-	530,507
Housekeeping	798,965	-	798,965
Activities, security, laundry and reception	824,266	-	824,266
General and administrative, general services and marketing	1,731,098	-	1,731,098
Repairs and maintenance	1,074,070	-	1,074,070
Homeowners' association dues	74,520	-	74,520
Management fees	50,004	-	50,004
Sustaining fees	377,434	-	377,434
Depreciation and amortization	542,828	-	542,828
Total expenses	10,574,338	-	10,574,338
Increase in net assets	\$ 105,069	\$ 5,672	\$ 110,741
Increase in net assets	\$ 105,069	\$ 5,672	\$ 110,741
Add back depreciation and amortization-non-cash items	542,828	-	542,828
Excess of revenue over expenses before designated utilization (allocation)	647,897	5,672	653,569
Designated utilization (allocation) (Note 6):			
Deposits to temporary restricted net assets	-	-	-
Deposits to replacement reserve	(630,900)	-	(630,900)
Utilization of replacement reserve	40,000	-	40,000
Utilization of healthcare insurance reserves	81,443	-	81,443
Deposit interest to reserve funds	(1,047)	-	(1,047)
Utilization of operating reserve	(141,431)	-	(141,431)
Excess of revenue over expenses	\$ (4,038)	\$ 5,672	\$ 1,634

BAY AREA SENIOR SERVICES, INC.

(A California Nonprofit Public Benefit Corporation)

THE PENINSULA REGENT – SCHEDULES OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2011		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:			
Resident fees and services	\$ 9,939,946	\$ -	\$ 9,939,946
Investment and interest income	9,794	20	9,814
Contributions	-	119,619	119,619
Net assets released from restrictions	119,639	(119,639)	-
Total support and revenue	10,069,379	-	10,069,379
Expenses:			
Taxes, utilities and insurance	928,331	-	928,331
Food services	1,959,982	-	1,959,982
Health services	1,009,033	-	1,009,033
Purchased care services	485,880	-	485,880
Medical insurance premiums	580,513	-	580,513
Housekeeping	780,055	-	780,055
Activities, security, laundry and reception	764,086	-	764,086
General and administrative, general services and marketing	1,640,114	-	1,640,114
Repairs and maintenance	925,736	-	925,736
Homeowners' association dues	74,520	-	74,520
Management fees	50,000	-	50,000
Sustaining fees	367,776	-	367,776
Depreciation and amortization	496,634	-	496,634
Total expenses	10,062,660	-	10,062,660
Increase in net assets	\$ 6,719	\$ -	\$ 6,719
Increase in net assets	\$ 6,719	\$ -	\$ 6,719
Add back depreciation and amortization-non-cash items	496,634	-	496,634
Excess of revenue over expenses before designated utilization (allocation)	503,353	-	503,353
Designated utilization (allocation) (Note 6):			
Deposits to temporary restricted net assets	-	-	-
Deposits to replacement reserve	(603,588)	-	(603,588)
Utilization of replacement reserve	40,000	-	40,000
Utilization of healthcare insurance reserves	47,580	-	47,580
Deposit interest to reserve funds	(1,260)	-	(1,260)
Utilization of operating reserve	13,915	-	13,915
Excess of revenue over expenses	\$ -	\$ -	\$ -

BAY AREA SENIOR SERVICES, INC.

(A California Nonprofit Public Benefit Corporation)

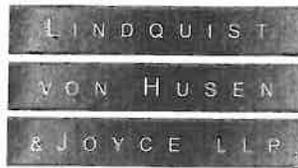
**RESERVE REPORTS FILED WITH
THE STATE OF CALIFORNIA
DEPARTMENT OF SOCIAL SERVICES
CONTINUING CARE CONTRACTS BRANCH
AND
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2012**

BAY AREA SENIOR SERVICES, INC.
(A Nonprofit Public Benefit Corporation)
RESERVE REPORTS FILED WITH THE STATE OF CALIFORNIA
DEPARTMENT OF SOCIAL SERVICES
CONTINUING CARE CONTRACTS BRANCH
YEAR ENDED DECEMBER 31, 2012

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CONTINUING CARE
CONTRACTS BRANCH

JAMES M. KRAFT
S. SCOTT SEAMANS
MARK O. BRITTAIN
ALEXIS H. WONG
CHARLOTTE SIEW-KIUN TAY
CATHY L. HWANG
RITA B. DELA CRUZ
SEANLEY WOO

Board of Directors
Bay Area Senior Services, Inc.
San Francisco, California

INDEPENDENT AUDITOR'S REPORT

Report on the Continuing Care Reserve Reports

We have audited the accompanying continuing care reserve reports (Reports) of Bay Area Senior Services, Inc. (the Company) as of December 31, 2012.

Management's Responsibility

These Reports are the responsibility of the Company's management.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the 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 Bay Area Senior Services, Inc.'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 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.

Opinion

In our opinion, based on our audit, the accompanying Reports present fairly, in all material respects, the liquid reserve requirements of the Company as of December 31, 2012, in conformity with the report preparation provisions of California Health and Safety Code section 1792.

Emphasis of Matter

This report is intended solely for the 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 purpose. However, this report is a matter of public record and its distribution is not limited.

Lindquist, von Husen and Joyce LLP

April 29, 2013

FORM 5-1
LONG-TERM DEBT INCURRED
IN 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					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:			\$0	\$0	\$0

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

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

PROVIDER: Bay Area Senior Services, Inc

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					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
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.

PROVIDER: Bay Area Senior Services, Inc

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$0</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>\$1,835,106</u>
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$1,835,106</u></u>

PROVIDER: Bay Area Senior Services, Inc

Calculation of Long-Term Debt Reserve Amount - Form 5-3
 Reconciliation to 2012 Audited Financial Statements

	<u>2012</u>
<u>Total Lease Expense:</u>	
The Peninsula Regent	
Base Rent	\$ -
Sustaining Fee ⁽¹⁾	377,434
Subtotal	<u>377,434</u>
BASS – Corporate	
Rent (see calculation below)	<u>1,457,672</u>
Total Lease Expense (Line 3)	<u><u>\$ 1,835,106</u></u>
Transfer Fee Revenue ⁽²⁾	\$ 1,943,563
Net Transfer Fee Revenue – 25% of transfer fee revenue ⁽²⁾	<u>(485,891)</u>
Total Rent Expense	<u><u>\$ 1,457,672</u></u>

(1) Please refer to the Supplementary Information – Schedule of Revenue, Expenses and Change in Net Assets

(2) Please refer to the Statement of Activities and Note 10

FORM 5-4
CALCULATION OF NET OPERATING EXPENSE

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$10,196,904</u>
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	<u>\$0</u>
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>
c.	Depreciation	<u>\$542,828</u>
d.	Amortization	<u>\$0</u>
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$48,960</u>
f.	Extraordinary expenses approved by the Department	<u>\$0</u>
3	Total Deductions	<u>\$591,788</u>
4	Net Operating Expenses	<u>\$9,605,116</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$26,315</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u>\$1,973,654</u>

PROVIDER: Bay Area Senior Services, Inc
 COMMUNITY: The Peninsula Regent

Calculation of Net Operating Expenses - Form 5-4
Reconciliation to 2012 Audited Financial Statements

	2012
<u>Support and Revenue for TPR:</u>	
Resident fees and services	\$ 10,206,287
Services to guests of residents (Form 5-4 Line 2e)	48,960
Services not covered by monthly service fees	214,451
Homeowners' association dues	74,520
Subtotal	<u>10,544,218</u>
Investment and interest income ⁽¹⁾	7,158
Contributions	<u>133,703</u>
Total Support and Revenue for TPR ⁽¹⁾	<u>10,685,079</u>
<u>Adjustments for Corporate revenue:</u>	
Increase in A/R ⁽⁵⁾	(27,073)
Decrease in refundable resident fees ⁽⁶⁾	(51,081)
Transfer fee revenue ⁽⁴⁾	1,943,563
BAC note interest ⁽³⁾	<u>53</u>
Subtotal	<u>1,865,462</u>
<u>Total reported on the Statement of Cash Flows</u>	<u>\$ 12,550,541</u>
<u>Expenses for TPR:</u>	
Resident services	\$ 6,001,280
General and administrative ⁽¹⁾	1,731,098
Taxes, utilities and insurance ⁽¹⁾	847,628
Repairs and maintenance ⁽¹⁾	1,074,070
Depreciation (Form 5-4 Line 2c) ⁽¹⁾	<u>542,828</u>
Operating Expenses (Form 5-4 Line 1)	10,196,904
Sustaining fees (lease) ⁽¹⁾	<u>377,434</u>
Total Expenses for TPR ⁽¹⁾	<u>10,574,338</u>
<u>Adjustments for Corporate expenses:</u>	
Base Rent	-
Rent expense – 75% of transfer fee revenue ⁽²⁾	1,457,672
Intercompany Management Fee (eliminated)	(50,000)
Intercompany Collateral Fee(eliminated)	-
Exchange of note receivable	25,990,406
Contribution to BRIDGE	250,000
Allocated Corporate Overhead	<u>23,825</u>
Subtotal	<u>27,671,903</u>
<u>Total TPR Expenses reported on the Statement of Functional Expenses</u>	<u>\$ 38,246,241</u>

- (1) Please refer to the Supplementary Information – Schedule of Revenue, Expenses and Change in Net Assets
- (2) Please refer to the Statement of Activities and Note 10
- (3) Please refer to Statement of Activities and Note 7
- (4) Please refer to Statement of Activities and Note 10
- (5) Please refer to Statement of Financial Position
- (6) Please refer to Statement of Financial Position and Note 5

FORM 5-5
ANNUAL RESERVE CERTIFICATION

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Bay Area Senior Services, Inc
Fiscal Year Ended: 12/31/2012

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2012 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	\$1,835,106
[2] Operating Expense Reserve Amount	\$1,973,654
[3] Total Liquid Reserve Amount:	\$3,808,760

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	\$1,502,297	\$5,403,425
[5] Investment Securities	\$0	\$0
[6] Equity Securities	\$0	\$0
[7] Unused/Available Lines of Credit	\$0	\$0
[8] Unused/Available Letters of Credit	\$0	\$0
[9] Debt Service Reserve	\$0	(not applicable)
[10] Other:	\$1,457,672	
<u>Transfer Fees</u> (describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$2,959,969 [12]	\$5,403,425
Reserve Obligation Amount: [13]	\$1,835,106 [14]	\$1,973,654
Surplus/(Deficiency): [15]	\$1,124,863 [16]	\$3,429,771

Signature: 

(Authorized Representative)

Date: 5/2/13

Director of Business Services
(Title)

Annual Reserve Determination - Form 5-5
 Reconciliation to 2012 Audited Financial Statements

Lines [4] and [10] Cash and cash equivalents and Other are detailed as follows:

Line [4] Cash and cash equivalents –
 Supplementary Information – Schedule of Assets, Liabilities and Net Assets:

	<u>2012</u>
Operating cash	\$ 132,885
Replacement reserve	2,062,890
Healthcare insurance reserves	1,801,346
Operating reserve	<u>1,406,304</u>
Total cash and cash equivalents for operating reserve	<u>\$ 5,403,425</u>

Statement of Financial Position:

Operating cash	\$ 1,635,182
Less operating cash for TPR	<u>(132,885)</u>
Total cash and cash equivalents for debt service reserve	<u>\$ 1,502,297</u>

Line [10] Other –

Debt Service Reserve:

Loan proceeds – note receivable ⁽¹⁾	\$ -
Transfer fee revenue ⁽²⁾	<u>1,457,672</u>
Total debt service reserve (Line 10)	<u>\$ 1,457,672</u>

⁽¹⁾ Please refer to Note 7

⁽²⁾ Please refer to the calculation disclosed in the Attachment to Form 5-3

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

RECEIVED
05/01/2013
MAY 06 2013

FACILITY NAME: The Peninsula Regent
 ADDRESS: 1 Baldwin Ave, San Mateo ZIP CODE: 94401 PHONE: 650-579-5500
 PROVIDER NAME: Bay Area Senior Services, Inc. FACILITY OPERATOR: Bay Area Senior Services, Inc.
 RELATED FACILITIES: None RELIGIOUS AFFILIATION: N/A
 YEAR OPENED: 1988 NO. OF ACRES: 2 MULTI-STORY: SINGLE STORY: BOTH:
 MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 1

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>0</u>	ASSISTED LIVING <u>20</u>
APARTMENTS - 1 BDRM	<u>99</u>	SKILLED NURSING <u>0</u>
APARTMENTS - 2 BDRM	<u>108</u>	SPECIAL CARE <u>0</u>
COTTAGES/HOUSES	<u>0</u>	DESCRIBE SPECIAL CARE: <u>N/A</u>
% OCCUPANCY AT YEAR END	<u>92%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: _____
 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: Market
 RANGE OF ENTRANCE FEES: \$ 0 TO \$ 0 LONG-TERM CARE INSURANCE REQUIRED? Y N
 HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Access to assisted living and home care, optional LTC insurance
 ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: N/A

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH <u>4</u>	
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY <u>1</u>	<u>2</u>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE <u>Yes</u>	
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input type="checkbox"/>
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>		

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

PROVIDER NAME: Bay Area Senior Services, Inc.

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	\$10,303,532	\$10,079,209	\$10,069,379	\$10,685,079
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	\$9,626,328	\$9,518,048	\$9,566,026	\$10,031,510
NET INCOME FROM OPERATIONS	\$677,204	\$561,161	\$503,353	\$653,569
LESS INTEREST EXPENSE	\$0	\$0	\$0	\$0
PLUS CONTRIBUTIONS	\$0	\$0	\$0	\$0
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	\$0	\$0	\$0	\$0
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$677,204	\$561,161	\$503,353	\$653,569
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	\$0	\$0	\$0	\$0

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
None					

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50 th Percentile (optional)	2010	2011	2012
DEBT TO ASSET RATIO		N/A	N/A	N/A
OPERATING RATIO		.94	.95	.94
DEBT SERVICE COVERAGE RATIO		N/A	N/A	N/A
DAYS CASH-ON-HAND RATIO		258	229	205

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2009	%	2010	%	2011	%	2012
STUDIO		0.0%		0.0%		0.0%	
ONE BEDROOM	\$3,149	2.5%	\$3,228	1.8%	\$3,285	0.0%	
TWO BEDROOM	\$3,910	2.6%	\$4,011	800.0%	\$4,043	0.0%	
COTTAGE/HOUSE		0.0%		0.0%		0.0%	
ASSISTED LIVING	\$3,693	2.4%	\$3,782	1.3%	\$3,832	0.0%	
SKILLED NURSING		0.0%		0.0%		0.0%	
SPECIAL CARE		0.0%		0.0%		0.0%	

COMMENTS FROM PROVIDER: There are 8 different condo floor plans with 4 different rate structures. The average rates shown here include the cost of optional long term care insurance and optional Medicare Supplemental insurance programs.

PROVIDER NAME: _____

CCRCs

LOCATION (City, State)

PHONE (with area code)

The Peninsula Regent

San Mateo, CA

650-579-5500

MULTI-LEVEL RETIREMENT COMMUNITIES

None

FREE-STANDING SKILLED NURSING

None

SUBSIDIZED SENIOR HOUSING

None

* PLEASE INDICATE IF THE FACILITY IS LIFE CARE.

PROVIDER NAME: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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



THE PENINSULA REGENT

October 31, 2011

Dear Member:

I am pleased to bring you the good news on the budget and to tell you about next year's rates. This year's increase of 3.9% in the Service Fee is the product of a careful process that involved the TPR management team, Bay Area Senior Services, BAC Associates, your Continuing Care Council and its Finance Committee and suggestions from your fellow members.

After considering the compelling case made by the Finance Committee of the Council, BASS management has agreed to draw down on operating reserves rather than implement a larger increase in base monthly fees. In 2011, BASS similarly accepted the Finance Committee recommendation to offset the rate increase by budgeting a similar draw down on operating reserves. The actual increase to members over the past two years is an average of 2.7% per year.

The cost to maintain and operate our community has continued to increase. Rather than compromise the scope or quality of service to our Members, BASS elected to moderate the rate increase necessary to balance the budget by drawing on operating reserves by 1% again in 2012.

Approximately 1% of the proposed 2012 rate increase is committed to wage increases for staff. However, any change in individual compensation will be based on merit and the need to bring wages more in line with industry standards. There will be no "across the board" increases.

This budget also fully funds the reserve for capital improvements and equipment, consistent with the formal Replacement Reserve Study. The balance of the increase and utilization of reserves is necessary to meet the increased costs of insurance, utilities, food, supplies and the natural growth in repairs and maintenance associated with our building and grounds growing another year older.

Enclosed with this letter are the specific elements which make up your bill for your condo. Note that the only element which has an increase is the Service Fee. The Leasehold Payment, the Homeowners' Association Dues, and the Medicare Supplemental and Long Term Care premiums (if applicable) remain the same. This means the actual, out-of-pocket, each month will increase by less than 3.9%.

Also enclosed with this letter is the Membership Agreement Exhibit B, Incidental Charges for 2012 and a report showing a six year history on the monthly fees.

Please contact me if you have questions or if you would like to discuss your specific circumstances.

Thank you,

Marianne Nannestad
Executive Director



THE PENINSULA REGENT

6 Year Rate History

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Base Monthly Fee						
A	2,150	2,215	2,277	2,340	2,375	2,468
B/C	2,480	2,554	2,626	2,698	2,738	2,845
D/E	2,910	2,997	3,081	3,166	3,213	3,339
F/G/H	3,310	3,409	3,504	3,600	3,654	3,797
2nd Person	1,240	1,277	1,313	1,349	1,369	1,423
Assisted Membership	3,047	3,139	3,227	3,316	3,366	3,497
HOA Dues	25	25	25	30	30	30
Change from Previous Year						
A	2.5%	3.0%	2.8%	2.8%	1.5%	3.9%
B/C	2.5%	3.0%	2.8%	2.7%	1.5%	3.9%
D/E	2.6%	3.0%	2.8%	2.8%	1.5%	3.9%
F/G/H	2.7%	3.0%	2.8%	2.7%	1.5%	3.9%
2nd Person	2.7%	3.0%	2.8%	2.7%	1.5%	3.9%
Assisted Membership	3.1%	3.0%	2.8%	2.8%	1.5%	3.9%
HOA Dues	25.0%	0.0%	0.0%	20.0%	0.0%	0.0%

Voluntary Group Insurance Premiums

Medicare Supplemental (closed to new enrollments)	286	286	271	271	271	271
Long Term Care	207	207	195	195	195	195

Fixed Leasehold Payment (also called Sustaining Fee)

	100-150	100-150	100-150	100-150	100-150	100-150
(set on move-in, remains constant through-out occupancy, per person)						