ANNUAL REPORT CHECKLIST

for

FISCAL YEAR ENDED:

2012

PROVIDER: Casa Pacifica

FACILITY(IES): Freedom Village

CONTACT PERSON: Barbara Johnston

TELEPHONE NO.: (949) 340-8103

✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

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

- ✓ This cover sheet.
- ✓ Annual Provider Fee in the amount of: $ 8,984.00
  - ✓ If applicable, late fee in the amount of: $______
- ✓ Certification by the provider's chief *executive* officer that:
  - ✓ The reports are correct to the best of his/her knowledge.
  - ✓ Each continuing care contract form in use or offered to new residents has been approved by the Department.
  - ✓ The provider is maintaining the required liquid reserve and refund reserve, if applicable.
- ✓ Evidence of the provider's fidelity bond.
- ✓ The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ✓ The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon, including Form 1-1 and 1-2 and Form 7-1)
- ✓ The provider's "Continuing Care Retirement Community Disclosure Statement" for **each** community. (4 copies total)

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report. (~~4 copies total~~) (Original + 3copies)

Freedom Village

Continuing Care Retirement Living

April 30, 2013

RECEIVED
MAY 1 1
CONTINUING CARE
CONTRACTS BRANCH

Department of Social Services
Continuing Care Contracts Program
744 P Street, M/S 17-90
Sacramento, CA 95814

RE: Casa Pacifica, dba Freedom Village

Enclosed is the 2012 annual report for Freedom Village. As Chief Executive Officer, I certify to the following:

1. That the annual report and any amendments thereto are correct to the best of my knowledge,

2. That each continuing care contract in use for new residents has been approved by the Department,

3. Freedom Village is maintaining the required liquid reserves,

4. A line of credit exists to cover the agreed amount of the refund reserve requirement under the Health and Safety Code Section 1793c.

Sincerely,

Tom Stringer

Tom Stringer
Chief Executive Officer
Freedom Village

TS/js

23442 El Toro Rd. • Lake Forest, CA 92630
Telephone **(949) 472-4700** • Fax (949) 587-9711
Lic. # 300606831 COA 143 • www.freedomvillage.org

FREED-2 OP ID: MW

ACORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 04/26/2013

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
Robert Bell Ins. Brokers Inc.
5256 S. Mission Rd. Suite 1006
Bonsall, CA 92003
Michael Bell

Phone: 800-426-2634
Fax: 760-631-5983

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

RECEIVED

INSURED
Casa Pacifica DBA: Freedom Village, Freedom Properties Hemet LLC, DBA:
The Village HealthCare Center
Tom Stringer
27122B Paseo Espada, Ste 1024
San Juan Capistrano, CA 92675

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Columbia Casualty Company	31127
INSURER B : Continental Insurance Co.	35289
INSURER C : State Compensation Ins. Fund	35076
INSURER D :	
INSURER E :	
INSURER F :	

HEALTH CARE CONTRACTS BRANCH

COVERAGES

CERTIFICATE NUMBER: 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 X COMMERCIAL GENERAL LIABILITY X CLAIMS-MADE [ ] OCCUR X Professional Liab GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [ ] LOC			4022531770 4022531770	06/15/2012 06/15/2012	06/15/2013 06/15/2013	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$ 1,000,000 $ 100,000 $ 5,000 $ 1,000,000 $ 3,000,000 $ 3,000,000 $ 1,000,000
B	AUTOMOBILE LIABILITY [ ] ANY AUTO X ALL OWNED AUTOS [ ] SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			4022531767	06/15/2012	06/15/2013	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $ $
A	X UMBRELLA LIAB [ ] OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION $ 10,000			4022531798	06/15/2012	06/15/2013	EACH OCCURRENCE AGGREGATE	$ 4,000,000 $ 4,000,000 $
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A		163518012	04/01/2012	04/01/2013	WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
B	Property Section			4022531770	06/15/2012	06/15/2013	BLDG& BPP BUS INCOM	78,937,800 6,691,200

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

CERTIFICATE HOLDER

State of CA Health & Welfare
Agency, Office of Satewide
Health Planning & Development
1800 9th Street
Sacramento, CA 96814

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
Michael Bell

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	247
[2]	Number at end of fiscal year	232
[3]	Total Lines 1 and 2	479
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	239.5
	All Residents	
[6]	Number at beginning of fiscal year	319
[7]	Number at end of fiscal year	308
[8]	Total Lines 6 and 7	627
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	313.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	0.76

FORM 1-2
ANNUAL PROVIDER FEE

Line				TOTAL
[1]		Total Operating Expenses (including debt service)		$12,987,429
	[a]	Depreciation	$1,228,146	
	[b]	Debt Service (Interest Only)		
[2]		Subtotal (add Line 1a and 1b)		$1,228,146
[3]		Subtract Line 2 from Line 1 and enter result.		$11,759,283
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)		76%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$8,983,567
				x .001
[6]		**Total Amount Due** (multiply Line 5 by .001)		$8,984

PROVIDER: Casa Pacifica
COMMUNITY: Freedom Village

Continuing Care Retirement Community
Disclosure Statement
General Information

RECEIVED MAY 01 2013

FACILITY NAME: Freedom Village
ADDRESS: 23442 El Toro Rd, Lake Forest, CA ZIP CODE: 92630 PHONE: 949-472-4700
FACILITY OWNER: Casa Pacifica FACILITY OPERATOR: Freedom Management Company
RELATED FACILITIES: The Village RELIGIOUS AFFILIATION: None
YEAR OPENED: 1987 NO. OF ACRES: 8.8 MULTI-STORY: X SINGLE STORY: ___ BOTH: ___
MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 2.5

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	9	ASSISTED LIVING	66
APARTMENTS – 1 BDRM	124	SKILLED NURSING	52
APARTMENTS – 2 BDRM	123	SPECIAL CARE	
COTTAGES/HOUSES	--	DESCRIBE SPECIAL CARE:	
% OCCUPANCY AT YEAR END	75%		

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: ________

RANGE OF ENTRANCE FEES: $78,000 TO $263,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐Y ☒N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 25% discount or flat rate for all days after the first 120

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: None OTHER: ________

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	☐	☒
BILLIARD ROOM	☒	☐
BOWLING GREEN	☐	☐
CARD ROOMS	☒	☐
CHAPEL	☒	☐
COFFEE SHOP	☐	☒
CRAFT ROOMS	☒	☐
EXERCISE ROOM	☒	☐
GOLF COURSE ACCESS	☐	☐
LIBRARY	☒	☐
PUTTING GREEN	☒	☐
SHUFFLEBOARD	☐	☐
SPA	☒	☐
SWIMMING POOL-INDOOR	☐	☐
SWIMMING POOL-OUTDOOR	☒	☐
TENNIS COURT	☐	☐
WORKSHOP	☐	☐
OTHER________	☐	☐

SERVICES AVAILABLE

	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING TIMES/MONTH	4x	
NUMBER OF MEALS/DAY	1	
SPECIAL DIETS AVAILABLE	YES	
24-HOUR EMERGENCY RESPONSE	☒	☐
ACTIVITIES PROGRAM	☒	☐
ALL UTILITIES EXCEPT PHONE	☒	☐
APARTMENT MAINTENANCE	☒	☐
CABLE TV	☒	☐
LINENS FURNISHED	☒	☐
LINENS LAUNDERED	☒	☐
MEDICATION MANAGEMENT	☐	☒
NURSING/WELLNESS CLINIC	☒	☐
PERSONAL NURSING/HOME CARE	☐	☒
TRANSPORTATION-PERSONAL	☒	☐
TRANSPORTATION-PREARRANGED	☒	☐
OTHER TRANSP. PERSONAL	☐	☒
	☐	☐

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.

SINGLE-SITE FACILITY
FINANCIAL DISCLOSURE STATEMENT

PROVIDER NAME: Casa Pacifica

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$12,505,284	$12,275,731	$12,844,707	$12,872,931
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	-10,551,092	-11,075,107	-11,181,609	-11,705,613
NET INCOME FROM OPERATIONS	$1,954,192	$1,200,624	$1,662,461	$1,167,318
LESS INTEREST EXPENSE	-4,290	-20,455	-45,513	-53,670
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	24,563	13,489	3,658	2,948
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	1,974,465	1,193,658	1,620,606	1,116,596
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$1,362,962	$1,614,802	$1,479,267	$1,308,110

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
FV of CA Trust	17,500,000	0%	01/01/1989	03/31/2038	40 years

FINANCIAL RATIOS (see next page for ratio formulas)

	2009	2010	2011	2012
DEBT TO ASSET RATIO	96%	99%	99%	105%
OPERATING RATIO	84%	90%	87%	91%
DEBT SERVICE COVERAGE RATIO	491%	416%	431%	340%
DAYS CASH-ON-HAND RATIO	91	41	87	56

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	1,835	1.0	1,818	2.9	2,424	2.9	1,903
ONE BEDROOM	2,307	1.0	2,404	2.9	2,329	2.9	2,543
TWO BEDROOM	2,914	1.0	2,945	2.9	3,039	2.9	3,169
COTTAGE/HOUSE							
ASSISTED LIVING	4,685	2.0	4,780	2.0	4,876	2.0	4,974
SKILLED NURSING-DAILY	250	2.0	255	2.0	260	1.9	265
SPECIAL CARE							

COMMENTS FROM PROVIDER: Freedom Village's Resident Master Trust has a permanent first trust deed against the Retirement Center. Of the $17.50 million recorded on the books as a Note Payable to the trust, approximately $7.99 million is refundable to residents. Therefore the true liabilities against Casa Pacifica total approximately $7.99 million and represent a debt to asset ratio = 45%.

SINGLE-SITE FACILITY
FINANCIAL DISCLOSURE STATEMENT

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.

CASA PACIFICA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2012

WITH INDEPENDENT AUDITORS' REPORT

CASA PACIFICA
TABLE OF CONTENTS
DECEMBER 31, 2012

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

To the Partners of
Casa Pacifica
Lake Forest, California

We have audited the accompanying financial statements of Casa Pacifica (a California general partnership) (the "Partnership"), which comprise the balance sheet as of December 31, 2012, and the related statements of operations, changes in partners' equity (deficit), and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements 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 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 auditors' 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 Partnership'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 Partnership'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 qualified audit opinion.

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893
Offices located in Orange and San Diego Counties

Basis for Qualified Opinion

As more fully described in Note H to the financial statements, the Partnership recognizes income from deferred entrance fees when the funds are constructively received. For the year ended December 31, 2012, this revenue recognition method results in a conservative presentation of income and equity. In our opinion, accounting principles generally accepted in the United States of America require that a deferred entrance fee be amortized to income over future periods based on the estimated life expectancy of the resident. If the financial statements were corrected for that departure from accounting principles, assets would increase by approximately $9,801,000, liabilities would increase by approximately $7,571,000, beginning partners' deficit would decrease by approximately $198,000, and revenue from resident services, including deferred entrance fees and nonrefundable advance fees, would increase by approximately $2,032,000.

Qualified Opinion

In our opinion, except for the effects of recognition of deferred entrance fees as income upon constructive receipt of payment as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Casa Pacifica as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

White Nelson Diehl Evans LLP

Irvine, California
April 25, 2013

CASA PACIFICA
BALANCE SHEET
DECEMBER 31, 2012

ASSETS

Current Assets:		
Cash And Cash Equivalents	$	939,536
Accounts Receivable		968,260
Inventories		173,932
Prepaid Expenses		224,473
Investments		480,427
Total Current Assets		2,786,628
Property And Equipment:		
Land		5,705,268
Building And Improvements		19,112,407
Machinery And Equipment		3,986,160
Furniture And Fixtures		7,026,745
Vehicles		227,679
Total Property And Equipment, At Cost		36,058,259
Less: Accumulated Depreciation		(21,687,144)
Property And Equipment, At Net Book Value		14,371,115
Other Assets:		
Receivables From Residents		376,502
Note Receivable From Related Party		300,000
Total Other Assets		676,502
Total Assets	$	17,834,245

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

CASA PACIFICA
BALANCE SHEET (CONTINUED)
DECEMBER 31, 2012

LIABILITIES AND PARTNERS' EQUITY (DEFICIT)

Current Liabilities:	
Accounts Payable	$ 305,952
Accrued Expenses	1,086,204
Current Portion Of Note Payable To Master Trust	730,000
Total Current Liabilities	2,122,156
Long-Term Liabilities:	
Note Payable	1,100,000
Note Payable To Master Trust, Net Of Current Portion	17,500,000
Notes Payable To Related Parties	700,000
Due To Non-Contracted Residents	77,185
Total Long-Term Liabilities	19,377,185
Total Liabilities	21,499,341
Deferred Revenue	4,732
Partners' Equity (Deficit)	(3,669,828)
Total Liabilities And Partners' Equity (Deficit)	$ 17,834,245

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

CASA PACIFICA
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2012

Revenues:	
Resident Services, Including Deferred Entrance Fees And Non-Refundable Advance Fees Of $1,308,110	$ 7,896,180
Patient Services, Net	8,372,328
Miscellaneous Revenue	158,137
Total Revenues	16,426,645
Caregiver And Ancillary Service Costs	2,245,604
Net Revenues	14,181,041
Operating Expenses:	
Resident Care	2,684,438
Dietary	2,256,399
Housekeeping	668,721
Plant Facility Operating Costs	1,715,928
General And Administrative Expenses	4,433,797
Depreciation	1,228,146
Total Operating Expenses	12,987,429
Income From Operations	1,193,612
Other Income (Expense):	
Interest Expense	(53,670)
Interest Income	2,948
Total Other Income (Expense)	(50,722)
Net Income	$ 1,142,890

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

CASA PACIFICA
STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
YEAR ENDED DECEMBER 31, 2012

Balance At December 31, 2011	$	(2,687,718)
Net Income		1,142,890
Distributions To Partners		(2,125,000)
Balance At December 31, 2012	$	(3,669,828)

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

CASA PACIFICA
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

Operating Activities:	
Cash Received From Residents	$ 11,321,505
Interest Income	2,948
Reimbursements For Services To Non-Residents	5,419,006
Cash Paid To Suppliers And Employees	(14,027,372)
Interest Paid	(53,670)
Net Cash Provided By Operating Activities	2,662,417
Cash Flows From Investing Activities:	
Purchase Of Property And Equipment	(1,496,157)
Note Receivable From Related Party	(300,000)
Additional Amount Contributed To Investments	(301,096)
Net Cash Used In Investing Activities	(2,097,253)
Cash Flows From Financing Activities:	
Proceeds From Note Payable	1,100,000
Proceeds From Notes Payable To Related Parties	100,000
Payments On Notes Payable To Related Parties	(100,000)
Payments On Note Payable To Master Trust	(730,000)
Distributions To Partners	(2,125,000)
Net Cash Used In Financing Activities	(1,755,000)
Net Decrease In Cash And Cash Equivalents	(1,189,836)
Cash And Cash Equivalents, Beginning Of Year	2,129,372
Cash And Cash Equivalents, End Of Year	$ 939,536

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

CASA PACIFICA
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2012

Reconciliation Of Net Income To Cash Provided By Operating Activities:		
Net Income	$	1,142,890
Non-Cash Items Included In Net Income:		
Depreciation		1,228,146
Change In Allowance For Doubtful Accounts		(100,000)
Deferred Revenue		(1,835)
Changes In:		
Accounts Receivable		332,348
Inventories		757
Prepaid Expenses		(65,510)
Receivables From Residents		1,009
Accounts Payable		(64,746)
Accrued Expenses		135,758
Due To Non-Contracted Residents		53,600
Net Cash Provided By Operating Activities	$	2,662,417

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

NOTE A: Nature Of Business And Summary Of Significant Accounting Policies

(1) Nature Of Business - Casa Pacifica is a California general partnership which owns and operates a continuing care retirement community known as Freedom Village.

Freedom Village provides permanent living, assisted living, skilled nursing, and other ancillary services through the operation of a retirement facility (the "Retirement Center") which includes 256 residential units and a health care facility (the "Health Care Center") which includes 118 beds.

(2) Financial Statement Presentation - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), with the exception of the effects of recognition of deferred entrance fees as discussed in Note H.

(3) Cash And Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents include time deposits, certificates of deposit, and all highly-liquid debt instruments with original maturities of three months or less. Certificates of deposit with original maturities in excess of three months are considered investments and classified as short-term or long-term based on the respective required holding period.

(4) Accounts Receivable - Accounts receivable consist of amounts due from residents, occupants, or third-party payers for monthly service fees, skilled nursing services, assisted living services and other ancillary services. These services and fees are primarily due on a net 30 day term. Accounts for which no payments have been received are contacted after 60 days and customary collection efforts are taken. Accounts receivable are periodically evaluated for collectability based on past credit history with residents, occupants, or third-party payers and their current financial condition. After six months of unsatisfactory contact, the Partnership writes off what they believe will be uncollectible after obtaining approval from management.

The Partnership provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. An allowance was not deemed necessary at December 31, 2012.

(5) Inventories - Inventories consist of food, service ware, linen and other necessary supplies. These inventories are valued at the lower of cost or market on a first-in, first-out basis.

NOTE A: Nature Of Business And Summary Of Significant Accounting Policies - (Continued)

(6) Property And Equipment - Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over estimated useful lives of 5 to 40 years. Depreciation is computed using the straight-line method for financial purposes and accelerated methods for income tax purposes. Depreciation expense for the year ended December 31, 2012, totaled $1,228,146.

At December 31, 2012, fully depreciated property improvements and equipment totaled $5,946,893 and are still in use.

(7) Long-Lived Assets - The Partnership accounts for impairment and disposition of long-lived assets in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 360-10, "*Property, Plant, and Equipment*". FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of value of such assets for the year ended December 31, 2012.

(8) Receivables From Residents - Residents, who entered the Retirement Center prior to June 1993, are provided up to 360 days of health care at no additional charge ("free days"). A resident may use 22 free days of health care during a 90-day period. The cost of days in excess of the 22 free days of health care used is charged to the resident. The residents are allowed to accrue the additional cost over their monthly service fee against their refundable deferred entrance fee. Accrued receivables are due and paid upon termination of the resident's occupancy.

(9) Income Taxes - The Partnership is not taxed on its income. The taxable income is reportable by each of the partners.

(10) Revenue And Expenses - In accordance with the Residence Agreement, future monthly fees due from residents for maintenance and operating expenses may be adjusted with appropriate notice as specified in the individual agreements.

(11) Revenue Recognition - Revenue from resident and patient services is accounted for on the accrual basis of accounting as earned. See Note H for a description of the revenue recognition policy of deferred entrance fees.

Net patient services revenue is reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered. Revenue from third-party payers is calculated based on specified rates per agreement.

NOTE A: Nature Of Business And Summary Of Significant Accounting Policies - (Continued)

(11) Revenue Recognition - (Continued)

The difference between charges generated by third-party program patients and the estimated amounts to be received is reflected as provision for contractual discounts as shown below:

Gross Patient Charges	$ 10,702,291
Provision For Contractual Discounts	(2,329,963)
Patient Services, Net	$ 8,372,328

(12) Advertising And Promotional Costs - Advertising and promotional costs are charged to operations when incurred. For the year ended December 31, 2012, advertising and promotional costs and related expenses totaled $562,513 and are included in general and administrative expenses in the accompanying statement of operations.

(13) Use Of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE B: Concentrations, Risks, And Uncertainties - The Partnership maintains cash balances at several banks. At December 31, 2012, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 for interest bearing accounts and unlimited insurance for non-interest bearing accounts. At December 31, 2012, the Partnership's uninsured cash balances at these institutions totaled $696,026. Effective January 1, 2013, funds in non-interest bearing accounts will no longer receive unlimited insurance, and will be FDIC insured up to $250,000 at each institution.

Prior to actual occupancy by the resident, a contribution referred to as a Loan Deposit is required to be deposited with the Master Trust pursuant to a residency agreement (the "Resident Agreement"). Under the Resident Agreement, the contribution received will be refundable under the following terms and conditions:

NOTE B: **Concentrations, Risks, And Uncertainties** - (Continued)

a. Cancellation During The Trial Residence Period - Under California law, there is a probationary period of 90 days after the date of the signed agreement during which either the Partnership or the resident may cancel the agreement with or without cause. Death of the resident during the period will cancel the agreement. In the event of cancellation, the resident shall be entitled to a refund in accordance with California law which states that the Partnership may deduct from the contribution amount a reasonable fee to cover costs and any charges incurred but not paid.

b. Cancellation After 90 Days And Before 2 Years - A resident may cancel his or her agreement at any time after the trial residence period for any reason by giving the Partnership 90 days written notice. Death of the resident will cancel the agreement. However, if an agreement applies to more than one resident, it will remain in effect after the death of one of the residents and be adjusted as described in the agreement. The Partnership may cancel the agreement at any time after the trial residence period for good cause, upon 90 days written notice to the resident. Examples of good cause are defined in the agreement.

   Upon termination of the agreement, during the period from 90 days to 2 years of occupancy, the resident or his or her estate will be entitled to a repayment of either all of their Loan Deposit, less any charges incurred but not paid, or the Loan Deposit less a pre-determined percentage per month of occupancy and any charges incurred but not paid, as determined by the terms and conditions of the individual agreements.

c. Cancellation After 2 Years - The criteria for cancellation after 2 years is the same as the criteria described above for cancellation after 90 days and before 2 years. If termination occurs after 2 years, the resident or his or her estate may be entitled to all or a portion of his or her Loan Deposit, less any charges incurred but not paid, or may not be entitled to any portion of the Loan Deposit, as determined per the terms and conditions of the individual agreements.

Additionally, the Partnership offers rental apartments and private healthcare to nonresidents. Upon entrance into the facility, each occupant is required to pay a deposit to be fully refunded or applied to the last month's fees. At December 31, 2012, the balance due to non-contracted residents totaled $77,185.

CASA PACIFICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE C: **Prepaid Expenses** - Prepaid expenses at December 31, 2012, consist of the following:

Prepaid Insurance	$ 141,724
Prepaid Property Taxes	13,823
Other	68,926
Total Prepaid Expenses	$ 224,473

NOTE D: **Investments** - As of December 31, 2012, the Partnership holds certificates of deposit with one bank in the amount of $480,427, with maturities through December 2013. The cash is held in custody by the issuing bank and is restricted as to withdrawal or use only for workers' compensation claims. Interest income from these investments is paid to the Partnership. The certificates of deposit have been included in the accompanying balance sheet as investments and are recorded at cost.

NOTE E: **Receivables From Residents** - Pursuant to the terms discussed in Note A (8), the Partnership has receivables due from residents associated with past healthcare services provided. At December 31, 2012, resident receivables related to past healthcare services totaled $376,502.

NOTE F: **Accrued Expenses** - Accrued expenses at December 31, 2012, consist of the following:

Accrued Salaries And Wages	$ 271,966
Accrued Payroll Taxes	43,805
Accrued Vacation	160,433
Workers' Compensation Reserve	512,324
Accrued Insurance	97,676
Total Accrued Expenses	$ 1,086,204

NOTE G: **Line Of Credit** - The Partnership has an unsecured revolving line of credit with a bank whereby the Partnership may borrow a maximum of $1,500,000 with an interest rate at the bank's reference rate but no less than 4.00 percent per annum. At December 31, 2012, there was no balance outstanding under this line of credit. The line expires in September 2013 and is guaranteed by all partners of the Partnership.

The Partnership has agreed to certain covenants with the bank in connection with the line of credit and a term loan as mentioned in Note I. As of December 31, 2012, the Partnership was in compliance with respect to the covenants.

NOTE H: **Note Payable To Master Trust And Trust Arrangement** - The residents of Freedom Village established a trust fund for the purpose of providing permanent financing, operating capital and statutory reserves for the benefit of the Retirement Center. The residents sign a Joinder in Master Trust Agreement, joining in and becoming grantors under a Master Trust Agreement between the trustee and the grantors. At December 31, 2012, the Master Trust note payable balance outstanding was $18,230,000.

In addition, each grantor upon execution of a Joinder in Master Trust Agreement must deposit with the trustee the contribution amount required of such grantor as set forth in the Residence Agreement and the Deposit Subscription Agreement.

The grantors deposit the required contribution amount into the trust and acknowledge in a Commitment Letter that the trustee of the Master Trust is directed to transfer all of the funds in the form of an interest-free loan to the Partnership for the purpose of providing permanent financing and operating capital for the Retirement Center. This loan is secured by the following:

a. A first priority deed of trust on Freedom Village Retirement Center's real property and improvements.

b. A security agreement creating a fast security interest in all of the improvements, fixtures and personal property associated and used in connection with Freedom Village Retirement Center.

c. An assignment of rents, leases, profits and contracts including, but not limited to, any residence agreement and any management agreements entered into in conjunction with the operation of Freedom Village Retirement Center.

The security shall also include any after-acquired collateral, as well as any insurance proceeds recovered for the loss of any property serving as collateral for this loan.

Upon the resale of a resident's unit, any proceeds over and above the departing resident's loan balance remaining in the trust after admission of a new resident may be loaned to the Partnership. The total loans to the Partnership shall not exceed the lesser of $28,000,000 or 80 percent of the appraised value of the property.

Payments of principal are made on an annual basis and are calculated based on a forty-year loan amortization with the final payment due March 31, 2038. The Partnership is required to make minimum annual principal payments of approximately $730,000 for each of the next five years. A resident's balance is repaid upon termination of the Residence Agreement.

NOTE H: **Note Payable To Master Trust And Trust Arrangement** - (Continued)

In accordance with the Joinder in Master Trust Agreement, the residents request and direct that all principal payments received be paid directly to the Partnership for the benefit of the resident. The purpose of this provision is to effectuate partial payment of the deferred entrance fee amount owed by the resident to the Partnership under the Residence Agreement. The deferred entrance fee is included in the accompanying statement of operations as deferred entrance fees and non-refundable advance fees.

The Master Trust also distributes to the Partnership any excess funds that are not invested in the form of an interest-free loan to the Partnership. Distributions of this kind also serve to effectuate partial payment of the deferred entrance fee amount owed by the resident to the Partnership under the Residence Agreement.

These fees are included in the accompanying statement of operations as deferred entrance fees and non-refundable advance fees.

Since the Partnership received an unsecured promise from the residents to pay the deferred entrance fee at the termination of the agreement, the fee does not become due until all the other services required to be rendered under the contract have, in fact, been fulfilled. Upon termination of the Residence Agreement, the grantor or his/her estate instructs the Master Trust to distribute the balance of the grantor's Loan Deposit, partially to the grantor and partially to the Partnership, as a deferred entrance fee. The amount of the fee constructively received by the Partnership is, at that time, recognized as income and is considered a net payment upon termination. These fees are included in the accompanying statement of operations as deferred entrance fees and non-refundable advance fees.

Deferred entrance fees and non-refundable advance fees for the year ended December 31, 2012, consist of the following:

Annual Principal Payment	$ 730,000
Deferred Entrance Fees	578,110
Total Deferred Entrance Fees And Non Refundable Advance Fees	$ 1,308,110

Accounting principles generally accepted in the United States of America require that a deferred entrance fee be amortized to income over future periods based on the estimated life expectancy of the resident. As described in the preceding paragraphs, the Partnership recognizes income from deferred entrance fees upon constructive receipt of payment or on the cash basis method which is not in accordance with accounting principles generally accepted in the United States of America.

NOTE I: **Note Payable** - At December 31, 2012, the Partnership has available a term loan for the purposes of remodeling improvements. The loan provides for up to $5,000,000 of borrowings, with interest accruing at the prime rate, or 3.25% at December 31, 2012, payable monthly. The loan is collateralized by certain real property of the Partnership. The outstanding balance on the note totaled $1,100,000 at December 31, 2012. Beginning on October 2, 2014, the interest rate changes to the then Five Year Treasury Note Rate plus a margin of 2.9%, and on November 2, 2014, 59 consecutive monthly payments of principal and interest commence based on an amortization schedule equal to 300 months, with a balloon payment required on or before the maturity date of October 2, 2019.

NOTE J: **Commitments And Contingencies**

(1) Obligation To Provide Future Services - The Partnership annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of monthly service fees and revenue from deferred entrance fees based upon the cash basis method. If the present value of the net cost of future services and use of facilities exceeds the present value of the future cash inflows from the monthly service fees and revenue from deferred entrance fees, a liability is recorded. Using a discount rate of 8 percent, the anticipated revenues are estimated to exceed the anticipated cost of future services by $12,074,976 for the year ended December 31, 2012. Therefore, no liability was accrued.

The obligation of the Partnership to provide future health services will probably increase as some residents experience financial difficulties and are unable to pay 100 percent for their health care charges. Management has identified seven residents experiencing financial difficulties. Management has reasonably estimated that the Partnership's total future revenues might be reduced by $912,078 over 6.5 years, the residents' average life expectancy.

(2) Maintenance Contracts - At December 31, 2012, the Company has elevator maintenance contracts requiring monthly payments of $1,753 through November 2016.

(3) Reservations And Designations - At December 31, 2012, there are no cash reserves maintained for contingencies or accumulated for specific projects or purposes.

(4) Litigation - The Partnership experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

NOTE K: **Related Party Transactions** - Freedom Properties West, an affiliate, functions as the management company of the Partnership under a formal management agreement. Under the agreement, the Partnership pays Freedom Properties West compensation equal to five percent of the gross monthly receipts of the Partnership's operation and deferred entrance fees. There are also other factors which may affect the calculation of the management fees. Included in accounts payable in the accompanying balance sheet is $59,243, representing management fees due to Freedom Properties West at December 31, 2012. Management fees expensed during 2012 in the amount of $680,743 are included in general and administrative expenses in the accompanying statement of operations.

In January 2011, the Partnership entered into unsecured note payable agreements with three partners totaling $400,000, which are included in notes payable to related parties in the accompanying balance sheet. Interest accrues at a rate of 6.0 percent per annum and is payable monthly. No principal payments could be made for one year following the inception of the notes. Except by mutual agreement, principal payments of a maximum of either $2,500 or $5,000 per month as specified in the agreements may be made between January 1, 2012 and January 1, 2013. After January 1, 2013, the remaining unpaid balance can be paid in part or full in minimum amounts of $2,500 without penalty. Any payments made during a month will be deemed to have been made on the last day of that month for purposes of calculating interest due. All unpaid principal shall be paid on or before January 31, 2015.

In October 2009, the Partnership entered into unsecured note payable agreements with certain partners totaling $300,000, which are included in notes payable to related parties in the accompanying balance sheet. Interest accrues at a rate of 6.0 percent per annum and is payable monthly. No principal payments could be made for one year following the inception of the notes. Except by mutual agreement, principal payments of a maximum of $4,000 per month may be made between October 1, 2010 and October 1, 2012. After November 1, 2010, the remaining unpaid balance can be paid in part or full in minimum amounts of $4,000 without penalty. Any payments made during a month will be deemed to have been made on the last day of that month for purposes of calculating interest due. All unpaid principal shall be paid on or before October 1, 2014.

The interest expense paid to the partners during the year ended December 31, 2012, was $42,000 and is included in interest expense in the accompanying statement of operations.

NOTE K: **Related Party Transactions** - (Continued)

The Partnership also shares certain expenses with a commonly-owned company. At December 31, 2012, the Partnership had a net current receivable from this company for certain shared expenses totaling $25,512, which is included in accounts receivable in the accompanying balance sheet.

Additionally, the Partnership had a long-term note receivable from the commonly-owned company for certain remodeling expenses, totaling $300,000. Interest is earned at 3.25% per annum and is paid monthly. The note receivable becomes due on or before January 31, 2018, and is included in note receivable from related party in the accompanying balance sheet.

NOTE M: **Employee Benefit Plan** - The Partnership sponsors a qualified 401(k) plan for all eligible employees. Employees may contribute a percentage of their compensation up to the maximum amounts prescribed by law, with the employer matching a discretionary contribution equal to a percentage of the amount of the employee deferral as determined each year by the employer. Also, the Partnership may make a discretionary profit sharing contribution as determined each year by the employer. There were no employer matching or profit sharing contributions for the year ended December 31, 2012. Plan administrative expenses totaled $983 for the year ended December 31, 2012, and are included in general and administrative expenses in the accompanying statement of operations.

NOTE N: **Subsequent Events** - Events occurring after December 31, 2012, have been evaluated for possible adjustment to the financial statements or disclosure as of April 25, 2013, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

RECEIVED
MAY 01 2013
CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Partners of
Casa Pacifica
Lake Forest, California

Our report on our audit of the basic financial statements of Casa Pacifica for the year ended December 31, 2012, appears on pages one and two. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying schedules of Form 5-1 through Form 5-5 and Form 7-1 has been prepared for filing with the State of California, Department of Social Services, in accordance with Section 1792 of the California Health and Safety Code, and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, presents fairly in all material respects the continuing care reserve requirements of Casa Pacifica at December 31, 2012, in conformity with the report preparation provisions of the California Health and Safety Code Section 1792.

White Nelson Diehl Evans LLP

Irvine, California
April 25, 2013

2875 Michelle Drive, Suite 300, Irvine, CA 92606 • Tel: 714.978.1300 • Fax: 714.978.7893
Offices located in Orange and San Diego Counties

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	06/01/87	$730,000	$0		$730,000
2	10/01/09		$18,000		$18,000
3	01/04/11		$6,000		$6,000
4	01/04/11		$12,000		$12,000
5	01/04/11		$6,000		$6,000
6					$0
7					$0
8					$0
		TOTAL:	$42,000	$0	$772,000

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

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

PROVIDER: Casa Pacifica

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	10/02/12	$5.473	$2.383	12	$28,600
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$5,473	$2,383	12	$28,600

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

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

PROVIDER: Casa Pacifica

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$772,000
2	Total from Form 5-2 bottom of Column (e)	$28,600
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$800,600

PROVIDER: Casa Pacifica

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$12,987,429
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$5,473	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$1,228,146	
	d.	Amortization	$0	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$5,419,006	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$6,652,625
4		Net Operating Expenses		$6,334,804
5		Divide Line 4 by 365 and enter the result.		$17,356
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$1,301,672

PROVIDER: Casa Pacifica
COMMUNITY: Freedom Village

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Casa Pacifica
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 2012 are as follows:

		Amount
[1]	Debt Service Reserve Amount	$70,600
[2]	Operating Expense Reserve Amount	$1,301,672
[3]	**Total Liquid Reserve Amount:**	$1,372,272

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

	Qualifying Asset Description	Amount (market value at end of quarter) Debt Service Reserve	Operating Reserve
[4]	Cash and Cash Equivalents		$939,536
[5]	Investment Securities		
[6]	Equity Securities		$480,427
[7]	Unused/Available Lines of Credit		$1,500,000
[8]	Unused/Available Letters of Credit		
[9]	Debt Service Reserve		(not applicable)
[10]	Other: Receivables from Residents (see Auditor's Note E) These receivables are amounts due for Healthcare services, secured by the residents' refund from the Master Trust, in turn secured by first trust deed against the Retirement Center of Freedom Village.	$376,502	

		Debt Service Reserve		Operating Reserve
Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11]	$376,502	[12]	$2,919,963
Reserve Obligation Amount:	[13]	$70,600	[14]	$1,301,672
Surplus/(Deficiency):	[15]	$305,902	[16]	$1,618,291

Signature:

(Authorized Representative)

Date: 4/25/2013

Partner/Chief Executive Officer
(Title)

Provider Name:	Casa Pacifica	
Fiscal Year Ended:	12/31/2012	

DSS - Reserve Report - Part of Form 5-5
Description of Reserves under SB 1212

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	939,536	
Line of Credit	1,500,000	Only drawn when necessary.
Other	376,502	Receivables from Residents (see Auditor's Note E). These receivables are amounts due for Healthcare services, secured by the residents' refund from the Master Trust, in turn secured by first trust deed against the Retirement Center of Freedom Village.
Total Qualifying Assets as Filed	2,816,038	

Reservations and Designations: None

Per Capita Cost of Operations Operating Expenses (Form 5-4 line #1)	12,987,429
Mean # of All Residents (Form 1-1 line #10)	314
Per Capita Cost of Operations	41,427

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	**$1,538-$4,920**	**$4,876**	**$7,800**
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	**2.9%**	**2.0%**	**1.9%**

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

[3] Indicate the date the fee increase was implemented: **April, 2012**
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

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

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

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

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

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Casa Pacifica
COMMUNITY: Freedom Village, Lake Forest, California

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES
Supporting Explanation for Line 5

Reasons for increase in monthly service fees:

1. Increase in CPI All Consumers from Oct, 2010 thru Oct, 2011 – 2.8%
2. Increase in CPI Health Care from Oct, 2010 thru Oct, 2011 – 4.5%

PROVIDER: Casa Pacifica
COMMUNITY: Freedom Village, Lake Forest, California