RECEIVED
CONTINUING CARE CONTRACTS BRANCH

ANNUAL REPORT CHECKLIST
for
FISCAL YEAR ENDED:
2012

PROVIDER: Southern California Presbyterian Homes dba be.group

FACILITY(IES): Windsor, Regents Point, Westminster Gardens, Redwood Terrace, Whitesands La Jolla, Regents Point

CONTACT PERSON: David Pierce, VP Finance & CFO

TELEPHONE NO.: (818) 247-0420 x708 **EMAIL:** dave.pierce@thebegroup.org

✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

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

✓ This cover sheet.

✓ Annual Provider Fee in the amount of: $ 52,030

✓ 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.

✓ The provider's "Continuing Care Retirement Community Disclosure Statement" for **each** community. (3 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. (3 copies total)

be.group

516 BURCHETT ST.
GLENDALE. CA 91203
818 247 0420 F 818 247 3871
THEBEGROUP.ORG

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

To the best of my knowledge and belief, I certify that the information included in the Annual Report to the Department of Social Services, included as supplemental schedules to the audited financial statements of Southern California Presbyterian Homes (SCPH), DBA be.group as of April 2013, for the year ended 2012, is correct.

Each continuing Care Contract form in use for new residents of be.group communities has been approved by the Department of Social Services.

I further certify that reserves for Prepaid Continuing Care Contracts and Refund Reserves are not applicable to be.group, and that based on our computations, we are within that statutory reserve requirement. The provider is maintaining the required liquid reserve and refund reserve.

John H. Cochrane, III
President & Chief Executive Officer
be.group

April 29, 2013
Dated

CERTIFICATE OF LIABILITY INSURANCE

ACORD

DATE (MM/DD/YYYY): 09/12/2012 11:40

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
Barney & Barney LLC
CA Insurance Lic: 0C03950
9171 Towne Centre Drive, Suite 500
San Diego, CA 92122
858-457-3414

CONTACT NAME: Jim Gonzales
PHONE (A/C, No, Ext): (858) 550-1147 **FAX (A/C, No):**
E-MAIL ADDRESS: jimg@barneyandbarney.com

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : Great American Insurance Company	16691
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
Southern California Presbyterian Homes; be.group
516 Burchett St.
Glendale, CA 91203
Client # 53864

COVERAGES

CERTIFICATE NUMBER: 503910 **MST NUMBER:** 24478 **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	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE / OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY / PRO-JECT / LOC						EACH OCCURRENCE	$
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$
							MED EXP (Any one person)	$
							PERSONAL & ADV INJURY	$
							GENERAL AGGREGATE	$
							PRODUCTS - COMP/OP AGG	$
								$
	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS / SCHEDULED AUTOS HIRED AUTOS / NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident)	$
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED / RETENTION $						EACH OCCURRENCE	$
							AGGREGATE	$
								$
	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					WC STATU-TORY LIMITS / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$
A	Crime			SAA559460009	9/1/2012	9/1/2013	Employee Dishonesty $5,000,000 Limit Deductible $50,000 Clients' Property $100,000 Limit; Ded. $10,000	

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

Covered locations include: Regents Point; Redwood Terrace; Royal Oaks Manor; White Sands of La Jolla; Windsor Manor; Westminster Gardens; and Twelve Oaks Lodge

CERTIFICATE HOLDER

Department of Social Services

Community Care Licensing - MS 19-50
744 P Street
Sacramento, CA 95814

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

Jim Gonzales

Subject

Southern California Presbyterian Homes and Affiliates

(dba be.group)

Combined Financial Statements as of and
for the Years Ended December 31, 2012 and 2011,
Supplemental Combining Schedules as of and
for the Year Ended December 31, 2012, and
Independent Auditors' Report

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

TABLE OF CONTENTS

Deloitte.

Deloitte & Touche LLP
Suite 200
350 South Grand Avenue
Los Angeles, CA 90071-3462
USA

Tel: +1 213 688 0800
Fax: +1 213 688 0100
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southern California Presbyterian Homes (dba be.group):

We have audited the accompanying combined financial statements of Southern California Presbyterian Homes and Affiliates (dba be.group) ("be.group"), all of which are under common ownership and common management, which comprise the combined balance sheets as of December 31, 2012 and 2011, the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to be.group's preparation and fair presentation of the combined 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 be.group'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of be.group as of December 31, 2012 and 2011, and the results of its operations, its changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Combining Schedules

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental combining schedules for 2012 on pages 35–40 are presented for the purpose of additional analysis of the combined financial statements rather than to present the financial position, results of operations, and cash flows of the individual locations, and are not a required part of the basic combined financial statements. These supplemental combining schedules are the responsibility of be.group's management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2012 combined financial statements. Such supplemental combining schedules have been subjected to the auditing procedures applied in our audit of the combined 2012 financial statements and certain additional procedures, including comparing and reconciling such supplemental combining schedules directly to the underlying accounting and other records used to prepare the combined 2012 financial statements or to the combined 2012 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such supplemental combining schedules are fairly stated in all material respects in relation to the combined 2012 financial statements as a whole.

Deloitte & Touche LLP

April 29, 2013

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 2012 AND 2011
(In thousands)

ASSETS	2012	2011
CASH AND CASH EQUIVALENTS	$ 3,387	$ 3,346
INVESTMENTS (Notes 5 and 10)	56,470	43,412
INVESTMENTS DESIGNATED FOR THE HOMESHIP FUND (Notes 5 and 10)	1,278	1,194
ACCOUNTS RECEIVABLE — Net of estimated allowances for doubtful accounts of $273 and $225 as of December 31, 2012 and 2011, respectively (Notes 11 and 12)	6,786	3,889
NOTES RECEIVABLE		43
PREPAID EXPENSES	1,477	1,681
ASSETS WHOSE USE IS LIMITED (Notes 5, 6, and 10)	18,664	13,480
INVESTMENTS HELD FOR RESTRICTED PURPOSES (Notes 5 and 10)	13,311	12,415
FACILITIES — Net (Note 7)	167,852	177,069
ASSETS HELD FOR SALE (Note 3)	904	1,339
ADVANCES TO AFFORDABLE HOUSING PROJECTS (Note 12)	1,856	1,977
PREPAID BOND INSURANCE AND ISSUANCE COSTS (Note 8)	3,183	3,363
OTHER ASSETS (Note 14)	1,528	1,557
TOTAL	$276,696	$264,765

(Continued)

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 2012 AND 2011
(In thousands)

LIABILITIES AND NET ASSETS	2012	2011
LIABILITIES:		
Accounts payable	$ 3,410	$ 2,905
Accrued expenses	7,128	5,581
Deposits from applicants for residency	891	751
Accrued liabilities (Note 11)	6,815	4,540
Accrued pension expense (Note 9)	14,741	15,875
Deferred revenue from entrance fees subject to refund (Note 3)	46,173	45,447
Deferred revenue from entrance fees (Note 3)	48,483	47,407
Long-term debt (Notes 8 and 10)	138,614	140,456
Life income obligations to beneficiaries under charitable trust agreements	1,415	1,189
Total liabilities	267,670	264,151
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET (DEFICIT) ASSETS (Note 4):		
Unrestricted	(4,906)	(12,022)
Temporarily restricted	9,172	7,888
Permanently restricted	4,760	4,748
Total net assets	9,026	614
TOTAL	$276,696	$264,765

See notes to combined financial statements.

(Concluded)

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
REVENUES AND OTHER SUPPORT:		
Resident services fees	$74,959	$72,746
Amortization of entrance fees (Note 3)	14,452	13,980
Management fees (Note 12)	1,629	1,502
Net assets released from restrictions	1,033	726
Total revenues and other support	92,073	88,954
EXPENSES (Note 13):		
Medical services	22,422	20,871
Dietary	14,442	14,111
Plant	9,454	9,385
Housekeeping	4,140	4,009
Resident activities	4,003	3,775
Marketing	5,427	5,620
General and administrative	16,001	15,505
Depreciation and amortization	10,463	10,318
Leases and rentals	365	348
Interest — operations (Note 8)	8,463	8,556
Insurance	1,047	1,202
Total expenses	96,227	93,700
LOSS FROM OPERATIONS	(4,154)	(4,746)
OTHER GAINS (LOSSES):		
Unrestricted contributions	16	467
Investment income (Note 5)	1,309	1,867
Change in unrealized gain (loss) on trading securities — net	1,724	(964)
Impairment loss — goodwill and related intangibles (Note 3)		(2,385)
Impairment loss — assets held for sale (Note 3)		(832)
Other income	662	199
Total other gains (losses) — net	3,711	(1,648)
DEFICIENCY OF REVENUES AND OTHER SUPPORT OVER EXPENSES, AND OTHER GAINS (LOSSES)	(443)	(6,394)
DISCONTINUED OPERATIONS (Note 3):		
Loss from discontinued operations	(871)	(709)
Gain from sale of discontinued facility	8,269	
Total gain (loss) from discontinued operations — net	7,398	(709)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SUPPORT OVER EXPENSES, OTHER GAINS (LOSSES), AND DISCONTINUED OPERATIONS	$ 6,955	$ (7,103)

See notes to combined financial statements.

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
UNRESTRICTED NET DEFICIT:		
Excess (deficiency) of revenues and other support over expenses, other gains (losses), and discontinued operations	$6,955	$ (7,103)
Net assets released from restrictions — acquisition of facilities	189	752
Pension related changes other than net periodic pension cost (Note 9)	107	(5,086)
Transfer to temporarily restricted net assets	(135)	(2)
Increase (decrease) in unrestricted net deficit	7,116	(11,439)
TEMPORARILY RESTRICTED NET ASSETS:		
Gifts and bequests	1,635	1,317
Investment income (Note 5)	440	288
Unrealized gain (loss) — marketable securities — net	238	(176)
Change in value of split-interest agreements	194	125
Net assets distributed to donors under trust agreements	(103)	(101)
Net assets distributed to affordable housing projects	(33)	(7)
Net assets released for acquisition of facilities	(189)	(752)
Net assets released for other specific purposes	(846)	(602)
Net assets released for benevolence	(187)	(125)
Transfer from unrestricted net assets	135	2
Increase (decrease) in temporarily restricted net assets	1,284	(31)
PERMANENTLY RESTRICTED NET ASSETS — Gifts and bequests	12	114
INCREASE (DECREASE) IN NET ASSETS	8,412	(11,356)
NET ASSETS — Beginning of year	614	11,970
NET ASSETS — End of year	$9,026	$ 614

See notes to combined financial statements.

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from residents and third-party payors	$ 77,211	$ 76,801
Proceeds from entrance fees	19,399	16,362
Other receipts from operations	2,291	1,707
Unrestricted contributions	16	467
Investment income	1,309	1,867
Proceeds from temporarily restricted contributions:		
Investment income	440	288
Gifts and bequests	1,829	1,442
Cash paid to employees and suppliers	(78,259)	(80,380)
Interest paid — net of bond amortization	(8,672)	(8,768)
Net cash provided by operating activities	15,564	9,786
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of facilities	(7,289)	(8,674)
Proceeds from sale of property	1,339	
Proceeds from sale of discontinued facility	13,005	
Purchase of assets whose use is limited	(5,184)	(816)
Sale of assets whose use is limited		231
Purchase of investments	(26,695)	(20,281)
Sale of investments	14,619	23,437
Advances to Affordable Housing projects	121	(379)
Net cash used in investing activities	(10,084)	(6,482)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash refunds of entrance fees and deposits	(3,506)	(2,104)
Contributions restricted for long-term investment	12	114
Proceeds from issuance of long-term debt	47	151
Payments of long-term debt	(1,889)	(1,788)
Cash paid under charitable remainder trust agreements	(103)	(101)
Net cash used in financing activities	(5,439)	(3,728)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41	(424)
CASH AND CASH EQUIVALENTS — Beginning of year	3,346	3,770
CASH AND CASH EQUIVALENTS — End of year	$ 3,387	$ 3,346

(Continued)

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands)

	2012	2011
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 8,412	$ (11,356)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Proceeds from entrance fees	19,399	16,362
Amortization of entrance fees	(14,452)	(13,980)
Contributions restricted for long-term investment	(12)	(114)
Amounts distributed to donors under trust agreements	103	101
Change in value of split-interest agreements	194	125
Change in value of obligation to beneficiaries	226	119
Unrealized (gain) loss on investments	(1,962)	1,140
Depreciation and amortization	10,746	10,595
Gain on sale of discontinued operations	(8,269)	
Pension related changes other than net periodic pension cost	(107)	5,086
Impairment loss — goodwill and related intangibles		2,149
Impairment loss — assets held for sale		832
Change in:		
Accounts receivable	(2,493)	34
Prepaid expenses and other assets	52	(326)
Accounts payable	792	(214)
Accrued expenses	2,935	(767)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 15,564	$ 9,786
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 8,672	$ 8,768
Facilities acquisitions in accounts payable	$ 392	$ 680

See notes to combined financial statements.

(Concluded)

1. MISSION STATEMENT

Southern California Presbyterian Homes and Affiliates (dba be.group) ("be.group") is dedicated to providing quality housing, health, and support services to its residents, primarily older adults of all faiths, that enrich the physical, social, and spiritual dimensions of their lives. be.group is also committed to acting as a resource for the communities in which it operates.

A part of be.group's mission is to provide resources to the broader community. This mission is fulfilled by providing information and referral services for elder care, family support groups, training and mentoring of college interns, community education seminars, meeting space and refreshments for community organizations, financial and staff support in community fairs, and polling sites in facilities for elections. In addition to other activities for the greater community benefit, be.group's staff members donate their time and services to several community organizations that promote be.group's mission.

2. OPERATIONS

Southern California Presbyterian Homes, a California nonprofit public-benefit corporation, including four continuing care retirement communities of Royal Oaks Manor, White Sands, Windsor Manor, and Regents Point, together with its controlled affiliates, Redwood Senior Homes and Services (RSHS), Kirkwood Assisted Living Residence at Orange ("Kirkwood Orange"), Kirkwood Assisted Living Residence at Glendale ("Kirkwood Glendale"), Redding Assisted Living Corporation ("Kirkwood Redding"), Presbyterian Homes and Services of the West (PHW), Community Care for Adults (CCA), Twelve Oaks Lodge, Westminster Gardens, and Palmer House LP ("Palmer House"), owns and operates retirement communities, freestanding assisted living communities, and adult day centers, primarily in Southern California. Residents of the retirement communities receive residence, service, and care in exchange for an entrance fee and a monthly fee, which is redetermined annually. In addition, residents of the skilled nursing facilities are charged for the costs of medical services provided. The communities include approximately 855 residential units, 374 personal care beds, and 232 skilled nursing beds. be.group also provides a range of long-term care services that are affordable to low- and moderate-income seniors. These services include adult day social care, adult day health care, and on-site outpatient therapy. be.group has a home care service ("Home Care") that offers assistance with shopping, transportation, and various other customer needs. Home Care customers are charged an hourly rate. be.group provides management services to 1,819 units of subsidized housing under Housing and Urban Development (HUD) agreements. These facilities are not included in these combined financial statements (see Note 12).

Effective December 28, 2012, be.group signed an agreement to sell its Redwood Town Court facility to an unrelated party (see Note 3).

Effective April 26, 2011, Southern California Presbyterian Homes and Affiliates began doing business as be.group.

Southern California Presbyterian Homes Foundation (the "Foundation") is a not-for-profit organization that is committed to building financial support from gifts for be.group. The resources received and managed by the Foundation are directed to be.group to provide housing and support service that will enhance the physical, social, and spiritual well-being of the residents who reside within the communities.

Southern California Presbyterian Homes, the Foundation, RSHS, Kirkwood Orange, Kirkwood Glendale, Kirkwood Redding, PHW, CCA, Twelve Oaks Lodge, Westminster Gardens, and Palmer House are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, no provision for federal income tax has been recorded in the accompanying combined financial statements. All entities have received favorable determination letters from the Internal Revenue Service indicating that they qualify for tax-exempt status. They are also exempt from California franchise taxes and real and personal property taxes, exclusive of special assessments and voter-approved assessments.

As of December 31, 2012, be.group's unrestricted net assets are in a deficit position. This has resulted from the downturn in the economy, which has impacted the occupancy rates at certain facilities, resulted in poor returns on the investment portfolio, and has increased the defined benefit plan's unfunded status. Management has taken steps to date and has developed future plans to address this issue. As of the year ended December 31, 2012, management has downsized the home office staff, including hiring freezes for certain positions, has curtailed the defined benefit plan, and has implemented a rebranding strategy for the organization. Management also continues to evaluate and monitor the operational performance of each facility. Based on the steps management has taken to date, as well as the future impact of those steps, management has concluded that the going concern assumption is appropriate for these combined financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The combined financial statements include the accounts of Southern California Presbyterian Homes and its controlled affiliates, the Foundation, RSHS, Kirkwood Orange, Kirkwood Glendale, Kirkwood Redding, PHW, CCA, Twelve Oaks Lodge, Westminster Gardens, and Palmer House. All significant intercompany balances and transactions have been eliminated in combination.

Discontinued Operations — Effective December 28, 2012, be.group signed an agreement to sell its Redwood Town Court facility, with a net book value of $4,500,000, to an unrelated party with no significant continued involvement, for $13,685,000, exclusive of selling costs, for a gain of $8,269,000. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 205-20, *Presentation of Financial Statements — Discontinued Operations*, current and prior period results from operations are reported in discontinued operations in the combined statements of operations. Unless otherwise indicated, all disclosures and amounts in the notes to combined financial statements relate to be.group's continuing operations.

In January 2013, be.group made an additional payment of $4,840,000 on the long-term debt held associated with RSHS Series 2002 serial bonds as a result of the sale of Redwood Town Court. Funds are held in assets whose use is limited in the combined balance sheets as of December 31, 2012. Long-term debt of $3,200,000 and $3,247,000 is recorded in the combining balance sheets related to Redwood Town Court as of December 31, 2012 and 2011.

Balance sheet and statement of operation summary information for Redwood Town Court as of and for the years ended December 31, 2012 and 2011, is included in the following table:

	2012		2011
Balance sheets:			
Total assets	$ 11,490	*	$ 4,136
Total liabilities	3,690		3,750
Total unrestricted net assets	7,800		386
Statements of operations:			
Total revenues and other support	$ 4,274		$ 4,104
Total expenses	5,152		5,055
Total other (losses) gains — net	7		242
Deficiency of revenues and other support over expenses and other (losses) gains:	$ (871)		$ (709)

* Total assets for Redwood Town Court as of the year ended December 31, 2012, include intercompany balances to account for the gain on sale of discontinued operations as well as assets whose use is limited used to pay long-term debt. Amounts eliminate in combination.

Use of Estimates — The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 combined financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Performance Indicator — be.group considers the deficiency of revenues and other support over expenses, and other gains (losses) to be its performance indicator. Deficiency of revenues and other support over expenses, and other gains (losses) includes all changes in unrestricted net assets, except for results of discontinued operations, net assets released from restrictions for acquisition of facilities, pension-related changes other than net periodic pension costs, and transfers to temporarily restricted net assets.

Cash and Cash Equivalents — be.group considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash and cash equivalents.

Investments — Investments consist principally of investments purchased by be.group, various donated investments, and charitable remainder trusts for which be.group has been designated as trustee. Investments are carried at fair value, which approximates current trading value, in the combined balance sheets. The cost of securities sold is based on the specific identification method. Investment income (including realized gains and losses on investments, interest, and dividends) and unrealized gains and losses on investments are included in nonoperating income, unless restricted by donor or law.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts in the accompanying combined financial statements.

Split-Interest Agreements — The following instruments are recorded as income or net assets at the present value of be.group's beneficiary interest:

Charitable Remainder Trusts — be.group has been designated as trustee for several charitable remainder trusts. The Foundation administers these trusts. The trust agreements generally require be.group to make payments to beneficiaries based on stipulated interest rates, which ranged from 6.5% to 9% in both 2012 and 2011, applied to the fair market value of the trust assets determined annually or at inception of the trust. Assets are invested in government securities, certificates of deposit, mutual funds, stocks, and bonds. Upon the death of the beneficiaries, or other termination of the trusts as defined in the trust agreement, the remaining trust assets become contributions to be.group, as stipulated in the trust agreements. All charitable remainder trust assets are included in the accompanying combined balance sheets under investments and are considered to be temporarily restricted. The assets are recorded at their fair value when received and a liability is recorded for the present value of the estimated future payments. The difference between the fair value of the assets and the present value of the estimated future payments is recorded as temporarily restricted contributions at the date of the agreement.

Charitable Gift Annuities — Donors have contributed assets to be.group in exchange for a promise by be.group to pay a fixed amount for a specified period of time to the donor or to individuals or organizations designated by the donor. Under the terms of such agreements, no trust exists, as the assets received are held by, and the annual liability is an obligation of, be.group. Discount rates ranged from 1.0% to 1.6% and 1.4% to 3.0% in 2012 and 2011, respectively, and the liability is based upon the 2012 and 2011 Internal Revenue Service group annuity table.

Trusts Held by a Third Party — be.group is named as beneficiary of and, in certain instances, receives income from trusts administered by organizations other than be.group. Under the terms of the trust agreements, be.group has the irrevocable right to receive all or a portion of the income earned on the trust assets, either in perpetuity or for the life of the trust. be.group does not control the assets held by an outside trust. be.group recognizes its interest in the trusts as either a temporarily or permanently restricted long-term receivable and a contribution based on the fair value of the trust assets which were contributed by the donor.

Assets Whose Use is Limited — These assets are segregated and limited as to use by outside third parties, other than a donor or a grantor, and are primarily designated for the acquisition, construction, or installation of ongoing capital improvements. Debt reserve funds of the various bond issues are also included in assets whose use is limited. These assets primarily consist of cash deposits and investments in mutual funds and corporate and U.S. government debt obligations with maturities of generally less than five years.

Facilities — Facilities are stated at cost, net of accumulated depreciation. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Depreciation is computed using a straight-line method based on the following estimated useful lives:

Land improvements	10–15 years
Buildings and improvements	7–40 years
Vehicles, furniture, and equipment	5–20 years

Assets Held for Sale — be.group's Board of Directors (the "Board") approved a resolution to sell an operating facility to unrelated parties. Management evaluated the accounting treatment of the land and building based on FASB ASC 360, *Property, Plant, and Equipment*, and classified the land and buildings as held for sale effective December 31, 2012. No impairment loss has been recorded in the combined statements of operations for the year ended December 31, 2012, as the fair value exceeds the net book value of the land and buildings. The carrying amount of the asset classified as held for sale included in the combined balance sheets and accounted for at the lower of cost or fair value is $904,000 as of December 31, 2012.

In 2011, be.group entered into negotiations to sell land and the associated building to unrelated parties, with the sale being completed in 2012. An impairment loss of $832,000 was recorded in the combined statements of operations for the year ended December 31, 2011, as the net book value of the land and building exceeded the fair value. Proceeds from the sale of $1,339,000 (equal to the carrying amount of the assets classified as held for sale at December 31, 2011) were recorded for the year ended December 31, 2012. No gain or loss was recorded on the sale for the year ended December 31, 2012.

Intangible Assets — Intangible assets consist primarily of the excess of cost over the fair value of net assets acquired ("goodwill"). In 1997, goodwill was recognized related to RSHS based on the excess of the purchase price paid over the fair value of the net assets acquired from Redwood Senior Services Corporation (RSSC) and recorded as goodwill and related intangibles in the combined balance sheets. In accordance with FASB ASC 350-20, *Intangibles — Goodwill and Other — Goodwill*, as well as FASB Accounting Standards Update (ASU) No. 2011-08, *Intangibles — Goodwill and Other (Topic 350): Testing Goodwill for Impairment,* which was early adopted by management as of December 31, 2011, the goodwill impairment analysis is a two-step test. The first step, used to identify potential impairment, involves comparing RSHS' estimated fair value to its carrying value, including goodwill. If the estimated fair value exceeds the carrying value, goodwill is considered not to be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure for actual impairment, if any exists.

Management performed an impairment analysis of goodwill as of December 31, 2011, and concluded based on qualitative considerations that goodwill was more likely than not impaired. In accordance with ASU 2011-08, continued losses and net deficit position led to the second step of the impairment test. Continued losses and growing deficit in 2011 suggested that the carrying value of goodwill of $2,149,000 was more likely than not permanently impaired and not recoverable. As a result, management recorded $2,149,000 of net impairment losses in the combined statements of operations as of December 31, 2011. Net impairment loss in 2011 is composed of gross amount of goodwill of $5,974,000 and accumulated amortization of $3,825,000. No further impairment losses are expected in future years.

Long-Lived Assets — In accordance with FASB ASC 360, long-lived assets are evaluated for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The evaluation includes comparing the estimated future net cash flows associated with the assets to the assets' carrying amount to determine whether impairment has occurred. If such assets are deemed impaired, an impairment loss equal to the amount by which the carrying amount exceeds the estimated fair value of the assets is recognized. If quoted market prices for the assets are not available, the fair value is calculated using the present value of estimated expected future net cash flows. The cash flow calculations are based on management's best estimates, using appropriate assumptions and projections at the date of the combined financial statements. An impairment loss of $832,000 has been recorded in the combined statements of operations for the year ended December 31, 2011, as discussed above. No impairment losses were recorded for the year ended December 31, 2012.

Prepaid Bond Insurance and Issuance Costs — Costs incurred upon the funding of the various bond issues are being amortized over the terms of the bonds using the effective interest method.

Deferred Revenue from Entrance Fees Subject to Refund — Under the resident contracts, a portion of the entrance fee is refundable for up to five years. The aggregate amount of entrance fees subject to refund as of December 31, 2012 and 2011, is approximately $46,173,000 and $45,447,000, respectively.

Entrance fees subject to refund and actual refunds disbursed as of December 31, 2012, are as follows (in thousands):

Years Ended December 31	Entrance Fees Subject to Refund as of December 31	Actual Refunds Disbursed for Years Ended December 31
2012	$46,173	$3,506
2011	45,447	2,104
2010	47,150	2,703
2009	47,329	4,034
2008	46,662	3,608

Entrance Fees — Fees paid by a resident upon entering into a continuing care retirement community contract, net of entrance fees subject to refund, are recorded as deferred revenue from entrance fees and are amortized to income using a straight-line method over the estimated remaining life expectancy of the resident.

The change in entrance fees for the fiscal years 2012 and 2011 is as follows (in thousands):

	2012	2011
Entrance fees — January 1:		
Refundable fees	$ 45,447	$ 47,150
Deferred revenue	47,407	45,454
Subtotal	92,854	92,604
Add — new entrance fees	19,760	16,334
Less:		
Amortization	(10,212)	(10,591)
Termination	(4,240)	(3,389)
Refunds	(3,506)	(2,104)
Total	$ 94,656	$ 92,854
Entrance fees — December 31:		
Refundable fees	$ 46,173	$ 45,447
Deferred revenue	48,483	47,407
Total	$ 94,656	$ 92,854

Resident Service Fees — Resident service fees are recorded net of the provision for contractual allowances. The contractual allowance represents the difference between established rates and per diem reimbursement. On a basis of historical experience, a significant portion of uninsured residents are able to pay for the services rendered. Thus, a significant provision for bad debts related to uninsured residents in the period the services are provided is not recorded. Management, on a quarterly basis, reviews related accounts aged over 30 days to determine if accounts are collectable or should be further evaluated.

Obligation to Provide Future Services — be.group calculates the present value of the net cost of future services and use of facilities to be provided to current residents (the "estimated obligation") and compares that amount with the balance of deferred revenue from entrance fees. If the estimated obligation exceeds the deferred revenue from entrance fees, a liability is recorded with the corresponding charge to income. As of December 31, 2012 and 2011, the estimated obligation was less than the balance of deferred revenue from entrance fees and, therefore, no obligation to provide future services was recorded. The obligation was calculated assuming 4% inflation rate and a discount rate of 6% at December 31, 2012 and 2011.

Donor-Restricted Contributions — Unconditional promises to give cash and other assets to be.group are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions have been met. Gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the combined statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying combined financial statements. Temporarily restricted net assets are composed of be.group's interest in various charitable remainder trusts and unexpended restricted contributions. All such assets are included in the combined balance sheets under investments or other assets.

Recent Accounting Pronouncements — In July 2012, the FASB issued ASU No. 2012-01, *Health Care Entities (Topic 954): Continuing Care Retirement Communities — Refundable Advance Fees*. The objective of this update is to clarify the reporting for refundable advance fees received by continuing care retirement communities. The update clarifies that an entity should classify an advance fee as deferred revenue when a continuing care retirement community has a resident contract that provides for payment of the refundable advance fee upon reoccupancy by a subsequent resident, which is limited to the proceeds of reoccupancy. Refundable advance fees that are contingent upon reoccupancy by a subsequent resident, but are not limited to the proceeds of reoccupancy, should be accounted for and reported as a liability. The provisions of FASB ASU 2012-01 are applicable for be.group effective January 1, 2014, and are not expected to have a material impact on be.group's combined financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which further amends ASC 820, *Fair Value Measurement*. FASB ASU No. 2011-04 provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU clarifies the application of existing fair value measurement and disclosure requirements and requires additional disclosures about fair value measurements. The guidance was effective for be.group beginning January 1, 2012, and did not have a material impact on be.group's combined financial statements due to the composition of investments held.

4. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2012 and 2011, are available for the following purposes (in thousands):

	2012	2011
Donor restrictions (primarily restricted for capital improvements and specific operational activities)	$ 5,994	$ 5,004
Resident care — restricted for benevolence activities	1,838	1,632
Charitable remainder trusts	1,340	1,252
Total temporarily restricted net assets	$ 9,172	$ 7,888

Benevolence Activities — Under the terms of a majority of the residents' agreements, be.group is not required to maintain those residents who are unable to pay their entire monthly resident service fees; however, such residents have generally remained in the facilities. Funds to support these residents are derived from benevolence contributions, public aid, and monies designated by the Board. When residents are in need of financial assistance, such funds are provided first through contributions restricted for benevolence and then through the Board-designated benevolence reserve, if available.

Fees paid from donor contributions restricted for benevolence are recorded as a release of temporarily restricted net assets and transferred to unrestricted revenue in the combined statements of operations as they are used. When a facility depletes its funds restricted for benevolence, be.group generally provides additional benevolence.

A summary of benevolence activity for the years ended December 31, 2012 and 2011, is as follows (in thousands):

	2012	2011
Beginning balance for funds restricted for resident care	$ 1,632	$ 1,064
Benevolence donations	249	287
Interest earned — including unrealized gain or loss	144	406
Funds expended for resident care	(187)	(125)
Ending balance for funds restricted for resident care	$ 1,838	$ 1,632

be.group's endowment consists of approximately eight individual funds established for various purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

be.group has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, be.group classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, be.group considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of be.group
- The investment policies of be.group

The changes in donor-restricted endowment net assets for the years ended December 31, 2012 and 2011, are as follows (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets — January 1, 2011	$ -	$ 869	$ 4,634	$ 5,503
Investment return:				
Investment income		135		135
Unrealized loss		(48)		(48)
Total net investment return	-	87	-	87
Contributions	-	-	114	114
Endowment net assets — December 31, 2011	-	956	4,748	5,704
Investment return:				
Investment income		231		231
Unrealized gain		120		120
Total net investment return	-	351	-	351
Contributions	-	-	12	12
Endowment net assets — December 31, 2012	$ -	$ 1,307	$ 4,760	$ 6,067

The description of the amounts classified as permanently restricted net assets as of December 31, 2012 and 2011, are as follows (in thousands):

	2012	2011
Permanently restricted net assets — the portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	$ 4,760	$ 4,748
Total endowment funds classified as permanently restricted net assets	$ 4,760	$ 4,748
Temporarily restricted net assets — the portion of perpetual endowment funds subject to a time restriction under SPMIFA — with purpose restrictions	$ 1,307	$ 956
Total endowment funds classified as temporarily restricted net assets	$ 1,307	$ 956

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires be.group to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2012 and 2011.

be.group has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. be.group expects its endowment funds, over time, to provide an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, be.group relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). be.group targets a diversified asset allocation that places a greater emphasis on fixed-income-based investments to achieve its long-term return objectives within prudent risk constraints.

Over the long term, be.group expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with be.group's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

5. INVESTMENTS

The composition of investments stated at fair market value as of December 31, 2012 and 2011, is as follows (in thousands):

	2012	2011
Investments:		
Cash equivalents	$21,156	$ 8,973
Mutual funds	22,405	6,181
Certificates of deposit	237	16,471
Government obligations	14,439	12,695
Corporate bonds	31,213	13,918
Equities	104	12,181
Other	169	82
Total investments	89,723	70,501
Less:		
Investment designated for Homeship Fund	1,278	1,194
Assets whose use is limited	18,664	13,480
Investments held for restricted purposes	13,311	12,415
Total unrestricted investments	$56,470	$43,412

Investments held for restricted purposes consist of donated funds designated as of December 31, 2012 and 2011, for the following purposes (in thousands):

	2012	2011
Permanently restricted for benevolence	$ 4,203	$ 3,925
Temporarily restricted for benevolence	1,838	1,632
Restricted for other specific purposes	7,270	6,858
Total investments held for restricted purposes	$13,311	$12,415

The composition of investment income at December 31, 2012 and 2011, is as follows (in thousands):

	2012	2011
Interest and dividend income	$1,815	$1,899
Net realized gains	88	440
Investment expense	(154)	(184)
Investment income	$1,749	$2,155
Unrestricted investment income	$1,309	$1,867
Temporarily restricted investment income	440	288
Total investment income	$1,749	$2,155

6. ASSETS WHOSE USE IS LIMITED

The composition of assets whose use is limited by revenue bonds, as of December 31, 2012 and 2011, is as follows (in thousands):

	2012	2011
Cash and cash equivalents	$ 9,597	$ 6,718
Investments — primarily certificates of deposit and bonds	9,067	6,762
Total assets whose use is limited	$ 18,664	$ 13,480

The above funds as of December 31, 2012 and 2011, are reserved for the following purposes (in thousands):

	2012	2011
Debt reserves	$ 17,067	$ 11,917
Principal, sinking fund, interest reserves, and others	1,597	1,563
Total assets whose use is limited	$ 18,664	$ 13,480

7. FACILITIES

Facilities as of December 31, 2012 and 2011, consist of the following (in thousands):

	2012	2011
Land and improvements	$ 13,873	$ 14,086
Buildings and improvements	257,093	259,348
Vehicles, furniture, and equipment	32,674	32,465
Construction in process	3,143	3,994
Total facilities	306,783	309,893
Accumulated depreciation	(138,931)	(132,824)
Total facilities — net	$ 167,852	$ 177,069

8. LONG-TERM DEBT

Long-term debt as of December 31, 2012 and 2011, consists of the following (in thousands):

	2012	2011
Fixed Rate Revenue Bonds:		
Series 1999 (Kirkwood Orange)	$ 4,659	$ 4,823
Series 2001 (Kirkwood Redding)	2,019	2,076
Series 2002 (RSHS)	15,905	16,271
Series 2006 (White Sands/Westminster Gardens)	41,328	41,715
Series 2009 (SCPH)	73,702	74,617
Trust deed note payable (City of Glendale) — 0% interest through December 2065	1,001	954
Total long-term debt	$ 138,614	$ 140,456

The Fixed Rate Revenue Bonds — Series 1999 (Kirkwood Orange) consist of $1,760,000 serial bonds, bearing interest at the rate of 5.40%, payable in 2019, with mandatory sinking fund payments ranging from $165,000 in 2012 to $240,000 in 2019. There is also $3,225,000 of serial bonds, bearing interest at the rate of 5.45%, payable in 2029, with mandatory sinking fund payments ranging from $250,000 in 2020 to $405,000 in 2029, net of the unamortized discount of $6,000 and $7,000 as of December 31, 2012 and 2011, respectively.

Series 2001 (Kirkwood Redding) consist of $55,000 of serial bonds, bearing interest at the rate of 4.30%, payable in 2011. The bonds also consist of $2,110,000 of serial bonds, bearing interest at the rate of 5.25%, payable in installments ranging from $60,000 in 2012 to $320,000 in 2031, net of unamortized discount of $31,000 and $34,000 as of December 31, 2012 and 2011, respectively.

Series 2002 (RSHS) consist of $1,125,000 of serial bonds, bearing interest at the rate of 5.50%, payable in 2013, with payments ranging from $355,000 in 2011 to $395,000 in 2013, with be.group paying $375,000 in mandatory sinking fund payments in 2012; $5,545,000 of serial bonds, bearing interest at the rate of 6%, payable in 2023, with mandatory sinking fund payments from $420,000 in 2014 to $710,000 in 2023; and $10,090,000 bearing interest at the rate of 6.125%, payable in 2032, with mandatory sinking fund payments ranging from $755,000 in 2024 to $2,590,000 in 2032, net of unamortized discount of $125,000 and $134,000 as of December 31, 2012 and 2011, respectively.

In January 2013, be.group made additional payments on the Series 2002 serial bonds in the amount of $4,840,000 as a result of the sale of the Redwood Town Court facility. As of December 31, 2012, funds are held in assets whose use is limited in the combined balance sheets.

Series 2006 (White Sands/Westminster Gardens) consist of annual installments of $350,000 and $370,000 in 2011 and 2012, respectively, at an interest rate of 4.50% for a total of $720,000; $1,670,000 bearing interest at the rate of 4.50%, payable in 2016, with sinking fund payments ranging from $395,000 in 2013 to $440,000 in 2016; $5,920,000 bearing interest at the rate of 4.75% due in 2026, with sinking fund payments ranging from $470,000 in 2017 to $735,000 in 2026; and $33,430,000 bearing interest at the rate of 4.875%, with sinking fund payments of $765,000 in 2027 to $5,620,000 in 2036, net of unamortized premium of $556,000 and unamortized discount of $248,000 as of December 31, 2012. As of December 31, 2011, the net unamortized premium and unamortized discount was $586,000 and $261,000, respectively.

In August 2009, be.group issued $77,805,000 of Fixed Rate Revenue Bonds. The Fixed Rate Revenue Bonds — Series 2009 (Southern California Presbyterian Homes) consist of $4,035,000 bearing interest of 5.25% payable in 2014, with mandatory sinking fund payments ranging from $940,000 and $985,000 in 2011 and 2012, respectively, to $1,085,000 in 2014; $6,455,000 bearing interest at a rate of 6.25% payable in 2019 with mandatory sinking fund payments from $1,145,000 in 2015 to $1,445,000 in 2019; $8,780,000 bearing interest at a rate of 6.625%, payable in 2024 with mandatory sinking fund payments ranging from $1,545,000 in 2020 to $1,985,000 in 2024; $12,145,000 bearing interest at the rate of 7% payable in 2029 with mandatory sinking fund payments ranging from $2,115,000 in 2025 to $2,765,000 in 2029; and $45,610,000 bearing interest at a rate of 7.25% payable in 2041 with mandatory sinking fund payments ranging from $365,000 in 2030 to $9,370,000 in 2041, net of amortized discount of $1,398,000 and $1,468,000 as of December 31, 2012 and 2011, respectively.

be.group is required to maintain a ratio of income available for debt service, as defined, of at least 1.15 under the Series 1999 and 2001 bonds, and 1.25 under the Series 2002, 2006, and 2009 bonds. be.group is also required to maintain a cash balance of 60 days of unrestricted cash on hand under the Series 1999 and 2001 bonds, 100 days of unrestricted cash on hand under the Series 2002 and 2006 bonds, and 125 days of unrestricted cash on hand under the Series 2009 bonds.

The aggregate amounts maturing under long-term obligations, including mandatory bond redemptions, in each of the next five years at December 31, 2012, are as follows (in thousands):

Years Ending December 31	
2013	$ 6,890
2014	2,165
2015	2,275
2016	2,405
2017	2,545
Thereafter	123,586
Total principal maturities	139,866
Less net unamortized discount	1,252
Total long-term debt	$ 138,614

9. RETIREMENT PLANS

be.group has a defined benefit retirement plan (the "Plan"), which, prior to the Plan being frozen, provided retirement benefits through a noncontributory defined benefit retirement plan for substantially all full-time employees. On October 22, 2009, the Board of be.group froze the Plan, whereby effective October 31, 2009, further accrual of benefits ceased for participants in the Plan. be.group has no immediate plans to terminate the Plan.

Prior to October 31, 2009, the benefits were based upon years of service and the employee's compensation during the years of employment. be.group's funding policy, at a minimum, was to contribute amounts to the plan sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus additional amounts deemed to be appropriate.

The Plan assets are invested in U.S. government debt obligations, fixed-income investments, and equity securities whose values are subject to fluctuations of the securities markets. Prior to the curtailment, changes in these values attributable to the differences between actual and assumed returns on plan assets were deferred as unrecognized gains or losses and were included in the determination of the net pension expense over time.

A summary of the components of net periodic pension cost as of the date of the actuarial valuation for the years ended December 31, 2012 and 2011, is as follows (in thousands):

	2012	2011
Changes in projected benefit obligation:		
Projected benefit obligation — January 1	$ 41,812	$ 36,800
Service cost		
Interest cost	1,868	1,959
Benefits paid	(1,497)	(2,081)
Actuarial loss	2,898	5,134
Projected benefit obligation — December 31	45,081	41,812
Changes in plan assets:		
Fair value of plan assets — January 1	25,937	26,186
Actual return on plan assets	2,917	448
Employer contributions	3,131	1,581
Expenses	(148)	(197)
Benefits paid	(1,497)	(2,081)
Fair value of plan assets — December 31	30,340	25,937
Funded status	(14,741)	(15,875)
Accrued benefit cost	$ (14,741)	$ (15,875)
Accumulated benefit obligation	$ (45,081)	$ (41,812)
Amounts recognized in the combined statements of financial position — accrued pension liability	$ 14,741	$ 15,875
Components of net periodic benefit cost:		
Service cost	$ -	$ -
Interest cost	1,868	1,959
Expected return on plan assets	(1,804)	(1,748)
Net loss amortization	2,040	1,545
Net benefit cost	$ 2,104	$ 1,756
Amounts recognized in unrestricted net assets:		
Prior service cost	$ -	$ -
Net actuarial loss	21,113	21,220
Total charge to unrestricted net assets	$ 21,113	$ 21,220

Weighted-average assumptions used to determine benefit obligations as of December 31, 2012 and 2011, are as follows:

	2012	2011
Discount rate	4.07 %	4.63 %
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost as of December 31, 2012 and 2011, are as follows:

	2012	2011
Discount rate	4.63 %	5.50 %
Expected long-term rate of return on plan assets	6.75 %	6.75 %
Rate of compensation increase	N/A	N/A

be.group determines the estimates of expected long-term rate of return on assets. These estimates are primarily driven by actual historical asset class returns and advice from external actuarial firms, while incorporating specific asset class risk factors. For the fiscal years ended December 31, 2012 and 2011, the expected long-term rate of return used in determining net periodic pension cost was 6.75%.

The pension plan invests primarily in asset categories to permit conservative investments with minimal risk of loss of principal. The pension plan invests in asset categories that provide diversification benefits and are easily measured. Maximum and minimum holding ranges for each of these asset categories are set by the investment committee and defined in an investment policy. The current target allocations for equity and fixed income are between 45% and 55% for the year ended December 31, 2012. Actual asset allocation within these approved ranges is based on a variety of economic and market conditions and consideration of specific asset category risk. To assess the plan's investment performance, a long-term asset allocation policy benchmark has been established.

be.group estimates it will contribute approximately $970,000 to the pension plan during the fiscal year ending December 31, 2013. be.group estimates that benefit payments will be paid over the next 10 years as follows (in thousands):

Years Ending December 31	
2013	$ 1,312
2014	1,430
2015	1,577
2016	1,691
2017	1,789
2018–2022	10,688

Actuarial losses of $2,076,000 related to the pension plan are expected to be recognized as a component of the net periodic pension cost during the year ending December 31, 2013. Management has included the net periodic pension cost in be.group's 2013 operating budget.

Certain former and active key employees are receiving or will receive deferred compensation payments under a salary continuation agreement. Payments begin at age 65 or are made at reduced amounts if the employee leaves early, but after 10 years of service. The present value of the obligation under this agreement is accrued over the expected term of employment. The accrued deferred compensation balance was $1,192,000 and $1,324,000 at December 31, 2012 and 2011, respectively, and is included in accrued liabilities in the combined balance sheets.

In addition to the benefit plans above, effective May 16, 2010, be.group maintains a 403(b) plan for the benefit of its employees. Under the 403(b) plan, employees are eligible to defer a percentage of their salaries, up to the maximum amount allowed by the Internal Revenue Service. Additional deferrals are permitted for employees who reach age 50 or will attain age 50 before the end of the calendar year. be.group matches up to 3% of employee contributions for participating employees. Contribution expense was $620,000 for the year ended December 31, 2011. be.group temporarily suspended the employer matching contribution effective September 1, 2011.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject be.group to concentrations of credit risk consist primarily of accounts receivable and related resident service fee revenues where the services provided are subject to payment from third-party payors. The mix of these receivables and revenues (excluding the impact from discontinued operations) as of December 31, 2012 and 2011, was as follows:

	2012	2011
Accounts receivable:		
Medicare	18 %	20 %
Medi-Cal	24	20
Commercial	12	11
Self-payors	45	46
Other payors	1	3
Total	100 %	100 %
Resident service fees:		
Medicare	18 %	21 %
Medi-Cal	21	21
Commercial	1	1
Self-payors	57	56
Other payors	3	1
Total	100 %	100 %

The estimated fair value of financial instruments has been determined by be.group using available market information and appropriate methodologies; however, considerable judgment is required in interpreting market data to develop these estimates. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that be.group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of certain financial instruments:

Cash and Cash Equivalents — Cash and cash equivalents consist principally of investments in short-term, interest-bearing instruments, and are carried at cost, plus accrued interest, which approximates fair value.

Accounts and Notes Receivable — Accounts and notes receivable consist principally of short-term receivables from third-party payors, which approximate fair value.

Pledges Receivable — The fair value of pledges receivable, after allowances for uncollectible pledges, was determined by discounting the expected future cash flows by a risk-free rate of return for similar terms of pledges receivable. Pledges receivable are included in accounts receivable in the combined balance sheets.

Advances to Affordable Housing Projects — As advances are specifically negotiated and are not readily marketable, it is not practicable to estimate the fair value of these assets.

Accounts Payable — Accounts payable consists principally of short-term payables to third parties, which approximate fair value.

Split-Interest Agreements — Trusts held by third parties consist of numerous arrangements in which a donor establishes and funds a trust administered by an organization other than be.group. These trusts are recorded at the fair value of the net assets contributed to the trust for which be.group has a beneficial interest.

Long-Term Debt — The fair value of be.group's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to be.group for debt of the same remaining maturities. The fair value of be.group's other notes and mortgages payable as of December 31, 2012 and 2011, is as follows (in thousands):

	Carrying Value	Fair Value
2012	$ 138,614	$ 150,698
2011	140,456	142,428

Assets measured and reported at fair value using level inputs, as defined by FASB ASC 820, are classified and disclosed in one of the following categories:

Level 1 — Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 — Pricing inputs are based on significant observable market inputs, such as quoted prices for similar assets in active markets or quoted prices for similar or identical assets in not active markets, or other market observable inputs.

Level 3 — Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

The following is a description of valuation inputs and techniques that be.group utilizes to fair value each major category of investments in accordance with ASC 820:

Money Market Funds — Money market funds are cash equivalents invested in short-term debt securities and are regulated under the Investment Company Act of 1940. Money market funds have observable inputs, but are not actively traded and are classified as Level 2.

Mutual Funds — Mutual funds registered with the Securities and Exchange Commission as mutual funds under the Investment Company Act of 1940 are valued based on quoted market prices, which represent the net asset value of shares, and are categorized as Level 1.

Certificates of Deposit — Certificates of deposit represent time deposits that bear a maturity date and a fixed interest rate. Certificates of deposit do have observable market inputs, but are not actively traded and are classified as Level 2.

Fixed Income (U.S. Treasury Securities) — U.S. Treasury securities are valued based on prices provided by third-party vendors that obtain feeds from a number of live data sources, including active market makers and interdealer brokers. To the extent that the values are actively quoted, values are categorized as Level 1.

Fixed Income (Municipal and Federal Government Agency Bonds) — Municipal and Federal government agency bonds are valued using inputs and techniques, which include identification of similar issues and market activity. To the extent that these inputs are observable and timely, values are categorized as Level 2.

Fixed Income (U.S. and Non-U.S. Corporate Bonds) — Investment-grade bonds are valued using inputs and techniques, which include third-party pricing vendors, dealer quotations, and recently executed transactions in securities of the issuer or comparable issuers. Adjustments to individual bonds can be applied to recognize trading difference compared to other bonds issued by the same issuer. Values for high-yield bonds are based primarily on pricing vendors and dealer quotations from relevant market makers. The dealer quotations received are supported by credit analysis of the issuer that takes into consideration credit-quality assessments, daily trading activity, and the activity of the underlying equities, listed bonds, and sector-specific trends. To the extent that these inputs are observable and timely, the values are categorized as Level 2.

Equity (U.S. and Non-U.S. Equity) — Equity securities that are actively traded on a securities exchange are valued based on quoted prices from the applicable exchange and are categorized as Level 1.

The information about assets and liabilities measured at fair value on a recurring basis and the fair value hierarchy of the valuation techniques utilized by management to determine such fair value as of December 31, 2012 and 2011, is as follows (in thousands):

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value:				
Cash equivalents:				
Other cash equivalents	$ (333)	$ -	$ -	$ (333)
Money market funds		21,489		21,489
Mutual funds:				
Equity	16,699			16,699
Fixed income	5,706			5,706
Certificates of deposit		237		237
Fixed income:				
Municipal bonds		3,436		3,436
U.S. Treasury securities	4,320			4,320
Federal government agency bonds		6,683		6,683
U.S. corporate bonds		31,213		31,213
Non-U.S. corporate bonds				-
Equity:				
U.S. equity securities	104			104
Non-U.S. equity securities				-
Other	87		82	169
Total assets at fair value	$26,583	$63,058	$ 82	$89,723

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets at fair value:				
Cash equivalents:				
Other cash equivalents	$ 191	$ -	$ -	$ 191
Money market funds		8,782		8,782
Mutual funds:				
Equity	5,213			5,213
Fixed income	968			968
Certificates of deposit		16,471		16,471
Fixed income:				
Municipal bonds		3,311		3,311
U.S. Treasury securities	4,629			4,629
Federal government agency bonds		4,755		4,755
U.S. corporate bonds		10,803		10,803
Non-U.S. corporate bonds		3,115		3,115
Equity:				
U.S. equity securities	11,454			11,454
Non-U.S. equity securities	727			727
Other			82	82
Total assets at fair value	$23,182	$47,237	$ 82	$70,501

be.group had no transfers between Level 1 and Level 2 of assets or liabilities measured at fair value on a recurring basis during the years ended December 31, 2012 and 2011. In determining when transfers between levels are recognized, be.group's policy is to recognize the transfers based on the actual date of the event or change in circumstances that caused the transfer.

The information about assets of the Plan measured at fair value in accordance with FASB ASC 715, *Compensation — Retirement Benefits*, and the fair value hierarchy of the valuation techniques utilized by management to determine such fair value as of December 31, 2012 and 2011, is as follows (in thousands):

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Plan assets at fair value:				
Separate investment accounts with underlying mutual fund investments:				
Equity	$ -	$ 13,636	$ -	$ 13,636
Fixed income		16,704		16,704
Total plan assets at fair value	$ -	$ 30,340	$ -	$ 30,340

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Plan assets at fair value:				
Separate investment accounts with underlying mutual fund investments:				
Equity	$ -	$ 11,588	$ -	$ 11,588
Fixed income		14,349		14,349
Total plan assets at fair value	$ -	$ 25,937	$ -	$ 25,937

be.group had no transfers between Level 1 and Level 2 of assets or liabilities measured at fair value on a recurring basis during the years ended December 31, 2012 and 2011. In determining when transfers between levels are recognized, be.group's policy is to recognize the transfers based on the actual date of the event or change in circumstances that caused the transfer.

11. COMMITMENTS AND CONTINGENCIES

be.group self-insures for workers' compensation up to a maximum of $850,000 per occurrence. Claims above this amount are insured by a third party up to an additional $1,000,000. Estimates are made of potential claims and amounts are accrued accordingly. Estimated claims are $3,903,000 and $2,888,000 as of December 31, 2012 and 2011, respectively, and are included in accrued liabilities in the accompanying combined balance sheets. be.group also self-insures for automobile physical damage losses and unemployment claims.

Effective January 1, 2012, be.group self-insures for employee health benefits for eligible full-time active employees up to a maximum of $125,000 for each claimant. Claims above this amount are insured by a third party for an unlimited amount. be.group is insured by a third party at a minimum annual aggregate attachment point of $5,700,000 for the benefit period, which includes claims incurred from January 1, 2012 through December 31, 2012, and paid from January 1, 2012 through March 31, 2013. Based on claims incurred through December 31, 2012, estimated liability for claims incurred but not reported of $1,602,000 are included in accrued liabilities in the accompanying combined balance sheets, with $930,000 in accounts receivable for estimated reinsurance recoverable amounts. Reinsurance recoverable amounts for claims reported and reinsured by third parties of $595,000 are included in accounts receivable in the accompanying combined balance sheets. be.group purchases professional liability insurance under a claims-made-basis policy (see Note 14).

be.group is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on be.group's combined financial statements.

Financial instruments that potentially subject be.group to concentrations of credit consist principally of cash and cash equivalents and receivables. be.group places its cash and cash equivalents into several financial institutions. be.group's customer base consists of a large number of customers. be.group performs credit evaluations and writes off uncollectible amounts as they become known.

be.group is committed under noncancelable facility and equipment operating leases with minimum annual payments as of December 31, 2012, as follows (in thousands):

Years Ending December 31	
2013	$ 339
2014	167
2015	120
2016	88
2017	35
Total	$ 749

Rental expense was approximately $365,000 and $360,000 for the years ended December 31, 2012 and 2011, respectively.

Palmer House and the City of Glendale entered into a ground lease for real property at 549-605 Palmer Avenue, Glendale, California, commencing on December 31, 2007, for a term of 39 years. A net minimum rent payment of $42,000 is payable annually on March 30. On November 15, 2010, Palmer House and the City of Glendale entered into an agreement to modify the ground lease. The annual minimum rent shall be one dollar as long as Palmer House is in full compliance with the ground lease and various covenants.

Health Reform — On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act into law, and then, on March 30, 2010, President Obama signed into law the Health Care and Education Affordability Reconciliation Act of 2010 (collectively, "health insurance reform"). Management is evaluating the effect that health insurance reform may have on its combined financial position and changes in net assets.

Income Taxes — During the years ended December 31, 2012 and 2011, be.group did not recognize any liability for unrecognized tax contingencies.

12. TRANSACTIONS WITH AFFORDABLE HOUSING PROJECTS

Several California nonprofit public benefit corporations have been formed by be.group to operate housing facilities ("Affordable Housing") managed by be.group and controlled by HUD for low- and moderate-income elderly or disabled persons. The Affordable Housing projects are stand-alone entities and are not included within the combined financial statements of be.group. Advances to Affordable Housing projects are noninterest bearing and were made to partially finance the construction of the facilities. be.group had advanced approximately $1,419,000 and $1,977,000 as of December 31, 2012 and 2011, respectively, to projects that are in various stages of construction. It is expected that the advances will be repaid upon the termination of the Housing Assistance Payment Contracts with HUD. Management fees earned from these projects were $1,384,000 and $1,281,000 in 2012 and 2011, respectively. As of December 31, 2012 and 2011, be.group also has current receivables due from the related entities of $1,005,000 and $596,000, respectively, which are included in accounts receivable in the accompanying combined balance sheets.

The combined unaudited financial information as of and for the years ended September 30, 2012 and 2011, of the Affordable Housing projects is as follows (in thousands):

	Unaudited	
	2012	2011
Assets:		
Cash and receivables — other	$ 10,306	$ 9,832
Facilities — net	129,533	106,690
Total assets	$ 139,839	$ 116,522
Liabilities and net fund deficit:		
Liabilities — primarily long-term debt	$ 152,319	$ 127,075
Fund deficits	(12,480)	(10,553)
Total liabilities and net fund deficit	$ 139,839	$ 116,522
Selected financial data — revenues	$ 15,340	$ 14,070
Change in net deficit before depreciation	$ 2,260	$ 2,000
Depreciation	(4,187)	(3,642)
Total change in net deficit	$ (1,927)	$ (1,642)

be.group has management agreements with additional nonprofit entities to manage their low-income, subsidized, and sponsored housing facilities. Management fees earned from these agreements were approximately $40,000 in each of 2012 and 2011.

13. FUNCTIONAL EXPENSES BY PROGRAM

Functional expenses by program (excluding the impact from discontinued operations) for the years ended December 31, 2012 and 2011, are as follows (in thousands):

	2012					
	Residential	Assisted Living	Skilled Nursing	Home Office and Foundation	Home Care	Combined Total
Expenses:						
Medical services	$ 3,124	$ 5,272	$ 12,014	$ -	$ 2,012	$ 22,422
Dietary	9,571	3,313	1,506		52	14,442
Plant	7,188	1,452	573	150	91	9,454
Housekeeping	2,336	709	1,095			4,140
Resident activities	2,294	598	677		434	4,003
Marketing	3,626	699	201	891	10	5,427
General and administrative	7,305	1,996	1,181	4,760	759	16,001
Depreciation and amortization	8,451	1,025	647	293	47	10,463
Leases and rentals	109	56	5	181	14	365
Interest — operations	7,263	689	470		41	8,463
Insurance	798	143	75		31	1,047
Total expenses	$ 52,065	$ 15,952	$ 18,444	$ 6,275	$ 3,491	$ 96,227

	2011					
	Residential	Assisted Living	Skilled Nursing	Home Office and Foundation	Home Care	Combined Total
Expenses:						
Medical services	$ 2,837	$ 4,852	$ 11,379	$ -	$ 1,803	$ 20,871
Dietary	9,350	3,223	1,484		54	14,111
Plant	7,176	1,437	567	122	83	9,385
Housekeeping	2,261	669	1,079			4,009
Resident activities	2,129	594	622		430	3,775
Marketing	3,226	691	171	1,517	15	5,620
General and administrative	6,985	1,944	1,120	4,715	741	15,505
Depreciation and amortization	8,284	997	634	357	46	10,318
Leases and rentals	121	53	4	157	13	348
Interest — operations	7,335	704	475		42	8,556
Insurance	928	158	86		30	1,202
Total expenses	$ 50,632	$ 15,322	$ 17,621	$ 6,868	$ 3,257	$ 93,700

14. OTHER ASSETS

Effective January 1, 2002, be.group entered into a contractual agreement to form Caring Communities Insurance Company (CCIC), a self-insurance administrator, which, through its risk-sharing provisions, provided insurance coverage for professional and comprehensive general liability exposure. CCIC is a multiorganization insurance company for long-term care organizations incorporated under the laws of the Cayman Islands.

CCIC provided claims-made insurance coverage using a combination of self-insured retentions and excess commercial insurance coverage. CCIC engaged the services of a professional actuarial consultant for the determination of premiums to be assessed to participants under the plan of coverage. As a self-insurance administrator, CCIC enabled risk sharing among participating long-term care organizations. The participants are required to pay assessed premiums and are subject to a per-claim self-insured retention.

Effective January 1, 2008, CCIC became a wholly owned subsidiary of Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), and the insurance policies have been solely written by CCrRRG since then. Insurance expense under the CCrRRG programs amounted to $817,000 and $804,000 in 2012 and 2011, respectively. be.group's investment in CCrRRG was $535,000 as of December 31, 2012 and 2011, which is included in other assets in the accompanying combined balance sheets.

Effective January 1, 2008, Caring Communities Shared Services (CCSS) became a wholly owned subsidiary of CCrRRG. Caring Communities Health Insurance Program (CCHIP), a division of CCSS, assisted in the negotiation of contracts related to be.group's self-insured employee health benefits (see Note 11). John Cochrane, President and CEO of be.group, is on the board of directors of both CCrRRG and CCHIP.

15. SUBSEQUENT EVENTS

be.group has evaluated subsequent events through April 29, 2013, the date the combined financial statements were available to be issued.

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SUPPLEMENTAL COMBINING SCHEDULES

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINING BALANCE SHEETS (BY LOCATION) FOR ADDITIONAL INFORMATION
AS OF DECEMBER 31, 2012
(In thousands)

ASSETS	Royal Oaks Manor	White Sands	Windsor Manor	Regents Point	Home Care	Home Office	Redwood Terrace	Redwood Town Court	Redwood Elderlink	Westminster Gardens	Kirkwood Orange	Kirkwood Glendale	Kirkwood Redding	CCA	Twelve Oaks Lodge	Palmer House	PHW	SCPH Foundation	Eliminations	Combined
CASH AND CASH EQUIVALENTS	$ (39)	$ (99)	$ (13)	$ (110)	$ -	$ 2,997	$ (98)	$ (49)	$ (32)	$ (7)	$ 474	$ -	$ 322	$ -	$ (2)	$ 63	$ -	$ (20)	$ -	$ 3,387
INVESTMENTS	2,691	5,437	1,155	7,526		31,654	35			590					72			7,310		56,470
INVESTMENTS DESIGNATED FOR THE HOMESHIP FUND																		1,278		1,278
ACCOUNTS RECEIVABLE — Net	126	207	535	994	123	3,824	626	(19)	318	25	36		3	879	26			136	(1,053)	6,786
NOTES RECEIVABLE																				-
PREPAID EXPENSES	169	206	106	195	10	448	136	46	35	58	19		22		22	2		3		1,477
ASSETS WHOSE USE IS LIMITED		4,269				7,074	6,392				554		185			190				18,664
INVESTMENTS HELD FOR RESTRICTED PURPOSES																		13,311		13,311
FACILITIES — Net	28,779	71,014	5,036	26,663	2	4,814	12,921		948	9,812	4,627		2,485			751				167,852
ASSETS HELD FOR SALE															904					904
ADVANCES TO AFFORDABLE HOUSING PROJECTS						2,550	5												(699)	1,856
PREPAID BOND INSURANCE AND ISSUANCE COSTS		343				2,321	245				150		124							3,183
GOODWILL AND RELATED INTANGIBLES — Net																				-
OTHER ASSETS						2,053												19	(544)	1,528
INTERCOMPANY	19,306	13,277	2,276	46,610	470	(84,476)	(6,363)	11,512	(2,023)	6,004	(246)	(2,705)	(2,437)	(879)	(978)			(227)	879	-
TOTAL	$51,032	$94,654	$9,095	$81,878	$605	$(26,741)	$13,899	$11,490	$ (754)	$16,482	$5,614	$(2,705)	$ 704	$ -	$ 44	$1,006	$ -	$21,810	$(1,417)	$276,696

(Continued)

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINING BALANCE SHEETS (BY LOCATION) FOR ADDITIONAL INFORMATION
AS OF DECEMBER 31, 2012
(In thousands)

LIABILITIES AND NET ASSETS (DEFICIT)	Royal Oaks Manor	White Sands	Windsor Manor	Regents Point	Home Care	Home Office	Redwood Terrace	Redwood Town Court	Redwood Elderlink	Westminster Gardens	Kirkwood Orange	Kirkwood Glendale	Kirkwood Redding	CCA	Twelve Oaks Lodge	Palmer House	PHW	SCPH Foundation	Eliminations	Combined
LIABILITIES:																				
Accounts payable	$ 286	$ 781	$ 191	$ 549	$ 37	$ 635	$ 307	$ 132	$ 31	$ 173	$ 79	$ -	$ 19	$ -	$ 66	$ 38	$ -	$ 86	$ -	$ 3,410
Accrued expenses	229	373	130	392	10	5,049	595	96	18	109	56		236		9				(174)	7,128
Deposits from applicants for residency	73	490	3	192		8	79			31	1					14				891
Accrued liabilities	1,160	1,177	564	1,616	37	1,594	511	(98)	(110)	297	61	2	(192)		70	150		126	(150)	6,815
Accrued pension expense	6,210	5,360	3,312	7,901	196	(10,485)	736	360	154	482	208		128		87			92		14,741
Deferred revenue from entrance fees subject to refund	11,442	11,528	1,249	16,432			2,963			2,559										46,173
Deferred revenue from entrance fees	9,103	17,005	1,077	13,470			4,194			3,634										48,483
Long-term debt	22,421	64,921	1,662	16,230		3,041	12,044	3,200	661	6,756	4,659		2,563			1,000			(544)	138,614
Life income obligations to beneficiaries under charitable trust agreements																		1,415		1,415
Total liabilities	50,924	101,635	8,188	56,782	280	(158)	21,429	3,690	754	14,041	5,064	2	2,754	-	232	1,202	-	1,719	(868)	267,670
COMMITMENTS AND CONTINGENCIES																				
NET ASSETS (DEFICIT):																				
Unrestricted	108	(6,981)	907	25,096	325	(26,583)	(7,530)	7,800	(1,508)	2,441	550	(2,707)	(2,050)		(188)	(196)		5,901	(291)	(4,906)
Temporarily restricted																		9,430	(258)	9,172
Permanently restricted																		4,760		4,760
Total net assets (deficit)	108	(6,981)	907	25,096	325	(26,583)	(7,530)	7,800	(1,508)	2,441	550	(2,707)	(2,050)	-	(188)	(196)	-	20,091	(549)	9,026
TOTAL	$51,032	$ 94,654	$9,095	$81,878	$605	$(26,741)	$13,899	$11,490	$ (754)	$16,482	$5,614	$(2,705)	$ 704	$ -	$ 44	$1,006	$ -	$21,810	$(1,417)	$276,696

(Concluded)

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINING STATEMENTS OF OPERATIONS (BY LOCATION) FOR ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands)

	Royal Oaks Manor	White Sands	Windsor Manor	Regents Point	Home Care	Home Office	Redwood Terrace	Redwood Town Court	Redwood Elderlink	Westminster Gardens	Kirkwood Orange	Kirkwood Glendale	Kirkwood Redding	CCA	Twelve Oaks Lodge	Palmer House	PHW	SCPH Foundation	Eliminations	Combined
REVENUES AND OTHER SUPPORT:																				
Resident services fees	$ 11,850	$ 13,074	$ 6,851	$ 16,542	$ 1,490	$ 875	$ 10,527	$ -	$ 1,840	$ 4,975	$ 3,194	$ -	$ 1,852	$ -	$ 1,725	$ 174	$ -	$ -	$ -	$ 74,959
Amortization of entrance fees	2,951	4,390	482	4,324			1,539			766										14,452
Management fees						7,443													(5,814)	1,629
Net assets released from restrictions	193	274	51	156	1	2	131		138	41	6		6		24			10		1,033
Total revenues and other support	14,994	17,738	7,384	21,022	1,481	8,320	12,197	-	1,978	5,782	3,200	-	1,858	-	1,749	174	-	10	(5,814)	92,073
EXPENSES																				
Medical services	2,563	2,851	1,909	5,679	1,009		4,425		1,003	1,021	968		585		409					22,422
Dietary	2,642	3,185	1,449	3,401			1,659		52	713	523		348		470					14,442
Plant	1,645	1,868	855	1,998		150	1,211		91	935	211		125		306	59				9,454
Housekeeping	602	861	375	1,130			683			164	102		87		136					4,140
Resident activities	590	879	345	786			526		434	201	107		56		78	1				4,003
Marketing	726	762	547	919		891	670		10	450	234		132		86					5,427
General and administrative	2,076	2,574	1,190	2,335	320	8,472	1,818		510	853	432		279		290	28		638	(5,814)	16,001
Depreciation and amortization	1,759	3,141	507	2,195	1	293	1,010		46	1,042	164		144		99	62				10,463
Leases and rentals	9	32	11	22		181	39		14	6	15		34		2					365
Interest — operations	1,681	3,890	125	1,217			754		41	388	257		110							8,463
Insurance	188	215	84	221	1		134		30	87	24		23		33	7				1,047
Total expenses	14,481	20,258	7,397	19,903	1,331	9,987	12,929	-	2,231	5,860	3,037	-	1,923	-	1,909	157	-	638	(5,814)	96,227
GAIN (LOSS) FROM OPERATIONS	513	(2,520)	(13)	1,119	150	(1,667)	(732)	-	(253)	(78)	163	-	(65)	-	(160)	17	-	(628)	-	(4,154)
OTHER GAINS (LOSSES):																				
Unrestricted contributions																		16		16
Investment income	108	200	23	176		446	28		22	20	5				3			278		1,309
Change in unrealized gains and losses on trading securities — net		(27)				1,440	(45)			17	(3)				(1)			343		1,724
Impairment loss — goodwill and related intangibles																				
Impairment loss — assets held for sale																				
Other income (loss)	8	270		1		(293)	8		3	4	7		9		18	2		625		662
Total other gains (losses)	116	443	23	177	-	1,593	(9)	-	25	41	9	-	9	-	20	2	-	1,262	-	3,711
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SUPPORT OVER EXPENSES, AND OTHER GAINS (LOSSES)	629	(2,077)	10	1,296	150	(74)	(741)	-	(228)	(37)	172	-	(56)	-	(140)	19	-	634	-	(443)
DISCONTINUED OPERATIONS:																				
Loss from discontinued operations								(871)												(871)
Gain from sale of discontinued facility								8,269												8,269
Total gain from discontinued operations — net	-	-	-	-	-	-	-	7,398	-	-	-	-	-	-	-	-	-	-	-	7,398
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SUPPORT OVER EXPENSES, OTHER GAINS (LOSSES), AND DISCONTINUED OPERATIONS	$ 629	$ (2,077)	$ 10	$ 1,296	$ 150	$ (74)	$ (741)	$ 7,398	$ (228)	$ (37)	$ 172	$ -	$ (56)	$ -	$ (140)	$ 19	$ -	$ 634	$ -	$ 6,955

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINING STATEMENTS OF CHANGES IN NET ASSETS (BY LOCATION) FOR ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands)

	Royal Oaks Manor	White Sands	Windsor Manor	Regents Point	Home Care	Home Office	Redwood Terrace	Redwood Town Court	Redwood Elderlink	Westminster Gardens	Kirkwood Orange	Kirkwood Glendale	Kirkwood Redding	CCA	Twelve Oaks Lodge	Palmer House	PHW	SCPH Foundation	Elimination	Combined
UNRESTRICTED NET DEFICIT:																				
Excess (deficiency) of revenues and other support over expenses, other gains (losses), and discontinued operations	$ 629	$ (2,077)	$ 10	$ 1,296	$ 150	$ (74)	$ (741)	$7,398	$ (228)	$ (37)	$ 172	$ -	$ (56)	$ -	$(140)	$ 19	$ -	$ 634	$ -	$6,955
Net assets released from restrictions — acquisition of facilities		22					38	16	3	110										189
Pension related changes other than net periodic pension cost						107														107
Current year transfers of unrestricted assets																				
Transfer to temporarily restricted fund				1														(136)		(135)
Increase (decrease) in unrestricted net deficit	629	(2,055)	10	1,297	150	33	(703)	7,414	(225)	73	172	-	(56)	-	(140)	19	-	498	-	7,116
TEMPORARILY RESTRICTED NET ASSETS:																				
Gifts and bequests																		1,635		1,635
Investment income																		440		440
Unrealized gains — marketable securities — net																		238		238
Change in value of split-interest agreements																		194		194
Net assets distributed to donors under trust agreements																		(103)		(103)
Net assets distributed to affordable housing projects																		(33)		(33)
Net assets released for acquisition of facilities																		(189)		(189)
Net assets released for other specific purposes																		(846)		(846)
Net assets released for benevolence																		(187)		(187)
Transfer from unrestricted fund																		135		135
Increase in temporarily restricted net assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,284	-	1,284
PERMANENTLY RESTRICTED NET ASSETS — Gifts and bequests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12	-	12
INCREASE (DECREASE) IN NET ASSETS	629	(2,055)	10	1,297	150	33	(703)	7,414	(225)	73	172	-	(56)	-	(140)	19	-	1,794	-	8,412
NET ASSETS (DEFICIT) — Beginning of year	(521)	(4,926)	897	23,799	175	(26,616)	(6,827)	386	(1,283)	2,368	378	(2,707)	(1,994)		(48)	(215)		18,297	(549)	614
NET ASSETS (DEFICIT) — End of year	$ 108	$ (6,981)	$907	$25,096	$ 325	$(26,583)	$ (7,530)	$7,800	$ (1,508)	$2,441	$ 550	$ (2,707)	$ (2,050)	$ -	$(188)	$(196)	$ -	$20,091	$ (549)	$9,026

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINING STATEMENTS OF CASH FLOWS (BY LOCATION) FOR ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands)

	Royal Oaks Manor	White Sands	Windsor Manor	Regents Point	Home Care	Home Office	Redwood Terrace	Redwood Town Court	Redwood Elderlink	Westminster Gardens	Kirkwood Orange	Kirkwood Glendale	Kirkwood Redding	CCA	Twelve Oaks Lodge	Palmer House	PHW	SCPH Foundation	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES:																				
Cash received from residents and third-party payors	$ 11,870	$ 13,030	$ 6,629	$ 16,325	$ 1,460	$ (1,212)	$ 10,312	$ 4,403	$ 1,873	$ 4,995	$ 3,169	$ -	$ 1,858	$ -	$ 1,721	$ 174	$ -	$ 604	$ -	$ 77,211
Proceeds from entrance fees	4,767	5,431	699	5,904			1,698			900										19,399
Other receipts (distributions) from operations	8	270		1		7,150	8		3	4	7		9		18	2		625	(5,814)	2,291
Unrestricted contributions																		16		16
Investment income	108	200	23	176		446	28		22	20	5				3			278		1,309
Proceeds from temporarily restricted contributions:																				
Investment income																		440		440
Gifts and bequests																		1,829		1,829
Cash paid to employees and suppliers	(10,369)	(12,076)	(6,480)	(15,719)	(1,244)	(9,412)	(10,729)	(4,706)	(2,115)	(4,239)	(2,590)	(1)	(1,780)		(1,781)	(144)		(688)	5,814	(78,259)
Interest paid — net of bond amortization	(1,681)	(3,891)	(125)	(1,217)		(6)	(756)	(199)	(41)	(388)	(258)		(110)							(8,672)
Net foundation transfers	193	274	51	157	1	2	131		138	41	6		6		24			(1,024)		-
Net cash provided by (used in) operating activities	4,896	3,238	797	5,627	217	(3,032)	692	(502)	(120)	1,333	339	(1)	(17)	-	(15)	32	-	2,080	-	15,564
CASH FLOWS FROM INVESTING ACTIVITIES:																				
Acquisition of facilities	(771)	(1,798)	(281)	(1,396)	(2)	(137)	(1,044)	(986)	(4)	(602)	(48)		(29)		(171)	(20)				(7,289)
Proceeds from sale of property						1,339														1,339
Proceeds from sale of discontinued facility								13,005												13,005
Purchase of assets whose use is limited		(3)				(369)	(4,795)				(4)					(13)				(5,184)
Sale of assets whose use is limited											0									
Purchase of investments	(494)	(990)	(212)	(1,382)		(17,005)	(45)		(161)	(108)	(3)				(2)			(6,293)		(26,695)
Sale of investments	633	1,240	272	1,774		5,610			161	136								4,793		14,619
Intercompany	(3,100)	653	(517)	(3,927)	(208)	13,317	6,054	(11,515)	140	(628)	(101)	1	121		198			(488)		
Advances to Affordable Housing projects						121														121
Net cash (used in) provided by investing activities	(3,732)	(898)	(738)	(4,931)	(210)	2,876	170	504	136	(1,203)	(156)	1	92	-	25	(33)	-	(1,988)	-	(10,084)
CASH FLOWS FROM FINANCING ACTIVITIES:																				
Cash refunds of entrance fees and deposits	(804)	(1,511)	(18)	(545)			(570)			(58)										(3,506)
Contributions restricted for long-term investment																		12		12
Proceeds from issuance of long-term debt																47				47
Payments of long-term debt	(294)	(713)	(22)	(213)		11	(308)	(47)	(10)	(71)	(164)		(58)							(1,889)
Cash paid under charitable remainder trust agreements																		(103)		(103)
Net cash (used in) provided by financing activities	(1,098)	(2,224)	(40)	(758)	-	11	(878)	(47)	(10)	(129)	(164)	-	(58)	-	-	47	-	(91)	-	(5,439)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66	116	19	(62)	7	(145)	(16)	(45)	6	2	19	-	17	-	10	46	-	1	-	41
CASH AND CASH EQUIVALENTS — Beginning of year	(105)	(215)	(32)	(48)	(7)	3,142	(82)	(4)	(38)	(9)	455		305		(12)	17		(21)		3,346
CASH AND CASH EQUIVALENTS — End of year	$ (39)	$ (99)	$ (13)	$ (110)	$ -	$ 2,997	$ (98)	$ (49)	$ (32)	$ (7)	$ 474	$ -	$ 322	$ -	$ (2)	$ 63	$ -	$ (20)	$ -	$ 3,387

(Continued)

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

COMBINING STATEMENTS OF CASH FLOWS (BY LOCATION) FOR ADDITIONAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2012
(In thousands)

	Royal Oaks Manor	White Sands	Windsor Manor	Regents Point	Home Care	Home Office	Redwood Terrace	Redwood Town Court	Redwood Elderlink	Westminster Gardens	Kirkwood Orange	Kirkwood Glendale	Kirkwood Redding	CCA	Twelve Oaks Lodge	Palmer House	PHW	SCPH Foundation	Eliminations	Combined
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:																				
Increase (decrease) in net assets	$ 629	$ (2,055)	$ 10	$ 1,297	$150	$ 33	$ (703)	$ 7,414	$(225)	$ 73	$ 172	$ -	$ (56)	$ -	$ (140)	$ 19	$ -	$ 1,794	$ -	$ 8,412
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:																				
Proceeds from entrance fees	4,767	5,431	699	5,904			1,698			900										19,399
Amortization of entrance fees	(2,951)	(4,390)	(482)	(4,324)			(1,539)			(766)										(14,452)
Contributions restricted for long-term investment																		(12)		(12)
Amounts distributed under trust agreements																		103		103
Change in value of split-interest agreements																		194		194
Change in value of obligation to beneficiaries																		226		226
Unrealized gains (losses) on investments		27				(1,440)	45			(17)	3				1			(581)		(1,962)
Foundation transfers		(22)					(38)	(16)	(3)	(110)								189		-
Depreciation and amortization	1,759	3,141	507	2,195	1	293	1,010	283	46	1,042	164		144		99	62				10,746
Gain on sale of discontinued operations								(8,269)												(8,269)
Pension related changes other than net periodic pension costs						(107)														(107)
Impairment expense — goodwill and related intangibles																				-
Impairment expense — assets held for sale																				-
Change in:																				-
Accounts receivable	69	(24)	(201)	(173)	(19)	(2,397)	(147)	47	20	28	(31)		5		(8)			338		(2,493)
Prepaid expenses and other assets	(49)	(20)	(21)	(44)	(1)	310	(68)	83	13	(8)	6		1		4			(154)		52
Intercompany																				-
Accounts payable	152	411	2	(97)	37	263	25	1		8	(11)		(17)		(7)	(50)		75		792
Accrued expenses	520	739	283	869	49	13	409	(45)	29	183	36	(1)	(94)		36	1		(92)		2,935
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 4,896	$ 3,238	$ 797	$ 5,627	$217	$ (3,032)	$ 692	$ (502)	$(120)	$ 1,333	$ 339	$ (1)	$ (17)	$ -	$ (15)	$ 32	$ -	$ 2,080	$ -	$ 15,564
SUPPLEMENTAL CASH FLOW INFORMATION:																				
Cash paid during the year for interest	$ 1,681	$ 3,891	$ 125	$ 1,217	$ -	$ 6	$ 756	$ 199	$ 41	$ 388	$ 258	$ -	$ 110	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,672
Facilities acquisitions in accounts payable	$ 5	$ 30	$ 4	$ 156	$ -	$ 62	$ 40	$ 41	$-	$ 42	$ 6	$ -	$ 6	$ -	$ -	$ -	$ -	$ -	$ -	$ 392

(Concluded)

Southern California Presbyterian Homes and Affiliates

(dba be.group)

Continuing Care Reserve Report Schedules for the Year Ended December 31, 2012, and Independent Auditors' Report

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES AND AFFILIATES
(dba be.group)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Southern California Presbyterian Homes (dba be.group)

We have audited the accompanying continuing care reserve report schedules of Southern California Presbyterian Homes and Affiliates (dba be.group) (be.group), as listed in the accompanying table of contents, as of and for the year ended December 31, 2012, and the related notes (the "Schedules").

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of these Schedules in accordance with the financial reporting provisions of the California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Schedules based on our audit. 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 audit to obtain reasonable assurance about whether the Schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to be.group's preparation and fair presentation of the Schedules 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 be.group'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 Schedules.

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 Schedules referred to above present fairly, in all material respects, the continuing care liquid reserve requirements of be.group as of and for the year ended December 31, 2012, in accordance with the financial reporting provisions of California Health and Safety Code 1792, as described in Note 3 to the Schedules.

Basis of Accounting

We draw attention to Note 3 of the Schedules, which describes the basis of accounting. As described in Note 3 to the Schedules, the Schedules are prepared by be.group on the basis of the financial reporting provisions of California Health and Safety Code 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of be.group and for filing with the California Department of Social Services and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

April 29, 2013

1. MISSION STATEMENT

Southern California Presbyterian Homes and Affiliates (dba be.group) ("be.group") is dedicated to providing quality housing, health, and support services to its residents, primarily older adults of all faiths that enrich the physical, social, and spiritual dimensions of their lives. be.group is also committed to acting as a resource for the communities in which it operates.

2. OPERATIONS

Southern California Presbyterian Homes, a California nonprofit public benefit corporation, together with its controlled affiliates, Redwood Senior Homes and Services, Kirkwood Assisted Living Residence at Orange, Kirkwood Assisted Living Residence at Glendale, Redding Assisted Living Corporation, Presbyterian Homes of the West, Community Care for Adults, Twelve Oaks Lodge, Westminster Gardens, and Palmer House LP, owns and operates retirement communities, freestanding assisted living communities, and adult day centers, primarily in Southern California. Residents of the retirement communities receive residence, service, and care in exchange for an entrance fee and a monthly fee, which is redetermined annually. In addition, residents of the skilled nursing facilities are charged for the costs of medical services provided. The communities include approximately 855 residential units, 374 personal care beds, and 232 skilled nursing beds.

be.group also provides a range of long-term care services that are affordable to low- and moderate-income seniors. These services include adult day social care, adult day health care, and on-site outpatient therapy. be.group has a home care service that offers assistance with shopping, transportation, and various other customer needs. Home care customers are charged an hourly rate. be.group also provides management services to 1,819 units of subsidized housing.

Effective April 26, 2011, Southern California Presbyterian Homes and Affiliates began doing business as be.group.

3. CONTINUING CARE RESERVE REPORT SCHEDULES

The California Health and Safety Code Section 1792 requires continuing care contract providers to establish and maintain statutory and refund reserves to ensure financial resources will be available to fulfill contractual obligations to residents. The continuing care reserve report schedules (the "Schedules"), which calculate liquid reserve requirements, are prepared in accordance with the *Annual Report Instructions* provided by the State of California Department of Social Services. The Schedules are required to be submitted annually to the State of California Department of Social Services within four months of year-end. The facilities that are continuing care contract providers, and thus have schedules included herein, are Royal Oaks Manor, White Sands of La Jolla, Windsor Manor, Regents Point, Redwood Terrace, and Westminster Gardens.

4. LONG-TERM DEBT OBLIGATIONS

The following is a schedule of the total combined long-term debt obligations of be.group:

Long-Term Debt Obligation	Date Incurred	Description	Facility	Balance as of December 31, 2012 (Thousands)
1	5/1/1999	Fixed Rate Revenue Bonds — Series 1999	Kirkwood Orange	$ 4,659
2	10/1/2001	Fixed Rate Revenue Bonds — Series 2001	Kirkwood Redding	2,019
3	12/1/2002	Fixed Rate Revenue Bonds — Series 2002	Redwood Senior Homes and Services	15,905
4	12/27/2006	Fixed Rate Revenue Bonds — Series 2006	White Sands and Westminster Gardens	41,328
5	12/31/2007	Trust deed note payable (City of Glendale) — 0% interest through December 2065	Palmer House LP	1,001
6	8/15/2009	Fixed Rate Revenue Bonds — Series 2009	SCPH	73,702

* * * * * *

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)

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	05/01/99	$ 165,000	$ 256,898	$	$ 421,898
2	10/01/01	60,000	110,480		170,480
3	12/01/02	375,000	994,298		1,369,298
4	12/27/06	370,000	2,192,998		2,562,998
5	08/15/09	985,000	5,107,448		6,092,448
TOTAL		$1,955,000	$8,662,122	$	$10,617,122

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

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

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)

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

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

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

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

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)

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

Line		Total
1	Total from Form 5-1 bottom of Column (e)	$10,617,122
2	Total from Form 5-2 bottom of Column (e)	
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	32,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE	$10,649,122

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)
ROYAL OAKS MANOR

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts
1	Total operating expenses from financial statements	$14,481,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	1,681,000
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	1,722,000
	d. Amortization	37,000
	e. Revenues received during the fiscal year for services to persons who did not have continuing care contract	1,493,552
	f. Extraordinary expenses approved by the Department	
3	Total deductions	4,933,552
4	Net operating expenses	9,547,448
5	Divide Line 4 by 365 and enter the result.	26,157
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	$ 1,961,804

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)
WHITE SANDS OF LA JOLLA

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts
1	Total operating expenses from financial statements	$20,258,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	3,890,000
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	3,076,000
	d. Amortization	65,000
	e. Revenues received during the fiscal year for services to persons who did not have continuing care contract	3,413,648
	f. Extraordinary expenses approved by the Department	
3	Total deductions	10,444,648
4	Net operating expenses	9,813,352
5	Divide Line 4 by 365 and enter the result.	26,886
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	$ 2,016,442

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)
WINDSOR MANOR

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts
1	Total operating expenses from financial statements	$ 7,397,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	125,000
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	505,000
	d. Amortization	2,000
	e. Revenues received during the fiscal year for services to persons who did not have continuing care contract	3,895,908
	f. Extraordinary expenses approved by the Department	
3	Total deductions	4,527,908
4	Net operating expenses	2,869,092
5	Divide Line 4 by 365 and enter the result.	7,861
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	$ 589,539

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)
REGENTS POINT

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts
1	Total operating expenses from financial statements	$ 19,903,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	1,217,000
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	2,168,000
	d. Amortization	27,000
	e. Revenues received during the fiscal year for services to persons who did not have continuing care contract	3,088,670
	f. Extraordinary expenses approved by the Department	
3	Total deductions	6,500,670
4	Net operating expenses	13,402,330
5	Divide Line 4 by 365 and enter the result.	36,719
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	$ 2,753,903

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)
REDWOOD TERRACE

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts
1	Total operating expenses from financial statements	$ 12,929,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	754,000
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	995,000
	d. Amortization	15,000
	e. Revenues received during the fiscal year for services to persons who did not have continuing care contract	6,767,867
	f. Extraordinary expenses approved by the Department	
3	Total deductions	8,531,867
4	Net operating expenses	4,397,133
5	Divide Line 4 by 365 and enter the result.	12,047
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	$ 903,520

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)
WESTMINSTER GARDENS

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts
1	Total operating expenses from financial statements	$ 5,860,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	388,000
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	1,038,000
	d. Amortization	4,000
	e. Revenues received during the fiscal year for services to persons who did not have continuing care contract	1,027,708
	f. Extraordinary expenses approved by the Department	
3	Total deductions	2,457,708
4	Net operating expenses	3,402,292
5	Divide Line 4 by 365 and enter the result.	9,321
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	$ 699,101

SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
(dba be.group)

FORM 5-5
ANNUAL RESERVE CERTIFICATION

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 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	$10,649,122
[2]	Operating Expense Reserve Amount	8,924,309
[3]	Total Liquid Reserve amount	$19,573,431

Qualifying assets 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 Equivalent	$ 1,693,500		$ 1,693,500
[5]	Investment Securities	28,874,000		28,874,000
[6]	Equity Securities			
[7]	Unused/Available Lines of Credit			
[8]	Unused/Available Letters of Credit			
[9]	Debt Service Reserve	12,227,000		
[10]	Other:			
	(describe qualifying asset)			
	Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	42,794,500	[12]	30,567,500
	Reserve Obligation Amount: [13]	10,649,122	[14]	8,924,309
	Surplus/(Deficiency): [15]	$32,145,378	[16]	$21,643,191

Signature:

(Authorized Representative)

Date:

Vice President of Finance and CFO
(Title)

Continuing Care Retirement Community
Disclosure Statement
General Information

04/30/2013

FACILITY NAME: Royal Oaks
ADDRESS: 1763 Royal Oaks Dr. North Bradbury, CA ZIP CODE: 91010 PHONE: 626-359-9371
PROVIDER NAME: SoCal Presbyterian Homes FACILITY OPERATOR: SoCal Presbyterian Homes
RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: None
YEAR OPENED: 1959 NO. OF ACRES: 18.5 MULTI-STORY: ☐ SINGLE STORY: ☐ BOTH: ☑
MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 4

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	22	ASSISTED LIVING	26
APARTMENTS – 1 BDRM	60	SKILLED NURSING	48
APARTMENTS – 2 BDRM	66	SPECIAL CARE	0
COTTAGES/HOUSES	16	DESCRIBE SPECIAL CARE:	
% OCCUPANCY AT YEAR END	85%		

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: $ 54,000 TO $ 490,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

ENTRY REQUIREMENTS: MIN. AGE: 60 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	2	Yes
NUMBER OF MEALS/DAY	1/3	Yes
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 ______	☐	☐

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: Southern California Presbyterian Homes dba be.group

CCRCs	LOCATION (City, State)	PHONE (with area code)
Redwood Terrace	Escondido, CA	760-747-4306
Regents Point	Irvine, CA	949-854-9500
Royal Oaks	Bradbury, CA	626-359-9371
White Sands La Jolla	La Jolla, CA	858-454-4201
Windsor	Glendale, CA	818-244-7219
Westminster Gardens	Duarte, CA	626-358-2569

MULTI-LEVEL RETIREMENT COMMUNITIES

Kirkwood Orange	Orange, CA	714-282-1409
Kirkwood Redding	Redding, CA	530-241-2900
Twelve Oaks	La Crescenta, CA	818-249-3361

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: ______

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$75,055	$78,655	$80,945	$78,930
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$74,582	$75,342	$79,401	$77,301
NET INCOME FROM OPERATIONS	$473	$3,313	$1,544	$1,629
LESS INTEREST EXPENSE	-$8,050	-$8,863	-$8,759	-$8,463
PLUS CONTRIBUTIONS	$262	$261	$467	$16
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,420	$1,036	-$759	$2,386
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$5,895	-$4,253	-$7,507	-$4,432
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$16,036	$15,570	$14,230	$16,254

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
RSHS Fixed Rate Bonds	$15,905,000	5.50	12/01/02	12/01/29	30
Kirkwood Orange Bonds	$4,659,000	4.85	05/01/99	05/01/29	30
Kirkwood Redding Bonds	$2,019,000	4.30	10/01/01	10/01/31	30
White Sands Bonds	$41,328,000	4.50	12/19/06	12/16/36	30
SCPH 2009 Bonds	$73,702,000	5.25	08/15/09	11/15/41	30

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50th Percentile *(optional)*	2010	2011	2012
DEBT TO ASSET RATIO		51.32	52.31	47.61
OPERATING RATIO		106.77	108.64	107.75
DEBT SERVICE COVERAGE RATIO		2.08	1.63	1.75
DAYS CASH-ON-HAND RATIO		229.32	198.53	260.18

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	$1,906	2.9%	$1,962	2.9%	$2,019	1.9%	$2,057
ONE BEDROOM	$2,967	2.9%	$3,053	2.9%	$3,142	1.9%	$3,202
TWO BEDROOM	$4,190	2.9%	$4,312	2.9%	$4,437	1.9%	$4,521
COTTAGE/HOUSE	4359	2.9%	$4,485	2.9%	$4,615	1.9%	$4,703
ASSISTED LIVING	$4,599	2.9%	$4,732	2.9%	$4,869	2.9%	$5,010
SKILLED NURSING	$6,360	2.9%	$6,544	2.9%	$6,738	2.9%	$6,933
SPECIAL CARE		0.0%		0.0%		0.0%	

COMMENTS FROM PROVIDER: ______

PROVIDER NAME: Southern California Presbyterian Homes dba be.group

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
―――――――――――――
Total Assets

OPERATING RATIO

Total Operating Expenses
-- Depreciation Expense
-- Amortization Expense
―――――――――――――
Total Operating Revenues
-- Amortization of Deferred Revenue

DEBT SERVICE COVERAGE RATIO

Total Excess of Revenues over Expenses
+ Interest, Depreciation,
and Amortization Expenses
-- Amortization of Deferred Revenue
+ Net Proceeds from Entrance Fees
―――――――――――――
Annual Debt Service

DAYS CASH ON HAND RATIO

Unrestricted Current Cash
And Investments
+ Unrestricted Non-Current Cash
and Investments
―――――――――――――
(Operating Expenses – Depreciation
- 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.

04/30/2013

Continuing Care Retirement Community
Disclosure Statement
General Information

FACILITY NAME: White Sands La Jolla

ADDRESS: 7450 Olivetas Ave. La Jolla, CA ZIP CODE: 92037 PHONE: 858-454-4201

PROVIDER NAME: SoCal Presbyterian Homes FACILITY OPERATOR: SoCal Presbyterian Homes

RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: None

YEAR OPENED: 1956 NO. OF ACRES: 8.5 MULTI-STORY: [ ] SINGLE STORY: [ ] BOTH: [x]

MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 4

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	47	ASSISTED LIVING	26
APARTMENTS – 1 BDRM	53	SKILLED NURSING	38
APARTMENTS – 2 BDRM	67	SPECIAL CARE	10
COTTAGES/HOUSES		DESCRIBE SPECIAL CARE:	Memory
% OCCUPANCY AT YEAR END	91%		

TYPE OF OWNERSHIP: [x] NOT FOR PROFIT [ ] FOR PROFIT [ ] ACCREDITED: [ ] Y [x] N BY: ________

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

REFUND PROVISIONS (Check all that apply): [ ] 90% [x] 75% [ ] 50% [x] PRORATED TO 0% [x] OTHER: ________

RANGE OF ENTRANCE FEES: $ 60,000 TO $ 900,000 **LONG-TERM CARE INSURANCE REQUIRED?** [ ] Y [x] N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

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

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	[x]	[x]
BILLIARD ROOM	[x]	[ ]
BOWLING GREEN	[ ]	[ ]
CARD ROOMS	[x]	[ ]
CHAPEL	[x]	[ ]
COFFEE SHOP	[ ]	[ ]
CRAFT ROOMS	[x]	[ ]
EXERCISE ROOM	[x]	[ ]
GOLF COURSE ACCESS	[ ]	[ ]
LIBRARY	[x]	[ ]
PUTTING GREEN	[ ]	[ ]
SHUFFLEBOARD	[ ]	[ ]
SPA	[x]	[ ]
SWIMMING POOL-INDOOR	[ ]	[ ]
SWIMMING POOL-OUTDOOR	[x]	[ ]
TENNIS COURT	[ ]	[ ]
WORKSHOP	[x]	[ ]
OTHER Comp Lab, Art Studio	[x]	[ ]

SERVICES AVAILABLE

	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING TIMES/MONTH	2	Yes
NUMBER OF MEALS/DAY	3	Guests
SPECIAL DIETS AVAILABLE	Yes	
24-HOUR EMERGENCY RESPONSE	[x]	[ ]
ACTIVITIES PROGRAM	[x]	[ ]
ALL UTILITIES EXCEPT PHONE	[x]	[ ]
APARTMENT MAINTENANCE	[x]	[ ]
CABLE TV	[x]	[ ]
LINENS FURNISHED	[ ]	[x]
LINENS LAUNDERED	[ ]	[x]
MEDICATION MANAGEMENT	[x]	[x]
NURSING/WELLNESS CLINIC	[x]	[ ]
PERSONAL NURSING/HOME CARE	[ ]	[x]
TRANSPORTATION-PERSONAL	[ ]	[x]
TRANSPORTATION-PREARRANGED	[ ]	[ ]
OTHER ________	[ ]	[ ]

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: Southern California Presbyterian Homes dba be.group

CCRCs	LOCATION (City, State)	PHONE (with area code)
Redwood Terrace	Escondido, CA	760-747-4306
Regents Point	Irvine, CA	949-854-9500
Royal Oaks	Bradbury, CA	626-359-9371
White Sands La Jolla	La Jolla, CA	858-454-4201
Windsor	Glendale, CA	818-244-7219
Westminster Gardens	Duarte, CA	626-358-2569

MULTI-LEVEL RETIREMENT COMMUNITIES

Kirkwood Orange	Orange, CA	714-282-1409
Kirkwood Redding	Redding, CA	530-241-2900
Twelve Oaks	La Crescenta, CA	818-249-3361

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: ____________________

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$75,055	$78,655	$80,945	$78,930
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$74,582	$75,342	$79,401	$77,301
NET INCOME FROM OPERATIONS	$473	$3,313	$1,544	$1,629
LESS INTEREST EXPENSE	-$8,050	-$8,863	-$8,759	-$8,463
PLUS CONTRIBUTIONS	$262	$261	$467	$16
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,420	$1,036	-$759	$2,386
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$5,895	-$4,253	-$7,507	-$4,432
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$16,036	$15,570	$14,230	$16,254

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
RSHS Fixed Rate Bonds	$15,905,000	5.50	12/01/02	12/01/29	30
Kirkwood Orange Bonds	$4,659,000	4.85	05/01/99	05/01/29	30
Kirkwood Redding Bonds	$2,019,000	4.30	10/01/01	10/01/31	30
White Sands Bonds	$41,328,000	4.50	12/19/06	12/16/36	30
SCPH 2009 Bonds	$73,702,000	5.25	08/15/09	11/15/41	30

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50th Percentile *(optional)*	**2010**	**2011**	**2012**
DEBT TO ASSET RATIO		51.32	52.31	47.61
OPERATING RATIO		106.77	108.64	107.75
DEBT SERVICE COVERAGE RATIO		2.08	1.63	1.75
DAYS CASH-ON-HAND RATIO		229.32	198.53	260.18

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	$2,063	2.9%	$2,123	2.9%	$2,185	1.9%	$2,227
ONE BEDROOM	$3,692	2.9%	$3,799	2.9%	$3,909	1.9%	$3,983
TWO BEDROOM	$4,127	2.9%	$4,247	2.9%	$4,370	1.9%	$4,453
COTTAGE/HOUSE		2.9%		2.9%		1.9%	
ASSISTED LIVING	$4,515	2.9%	$4,646	2.9%	$4,781	2.9%	$4,920
SKILLED NURSING	$5,790	2.9%	$5,958	2.9%	$6,131	2.9%	$6,309
SPECIAL CARE	$5,668	2.9%	$5,832	2.9%	$6,001	2.9%	$6,175

COMMENTS FROM PROVIDER: ____________________

PROVIDER NAME: Southern California Presbyterian Homes dba be.group

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.

Continuing Care Retirement Community Disclosure Statement
General Information

04/30/2013

FACILITY NAME: Windsor

ADDRESS: 1230 E. Windsor Rd. Glendale, CA ZIP CODE: 91205 PHONE: 818-244-7219

PROVIDER NAME: SoCal Presbyterian Homes FACILITY OPERATOR: SoCal Presbyterian Homes

RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: None

YEAR OPENED: 1937 NO. OF ACRES: 3 MULTI-STORY: ☐ SINGLE STORY: ☐ BOTH: ☑

MILES TO SHOPPING CTR: 1.5 MILES TO HOSPITAL: 3

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	39	ASSISTED LIVING	39
APARTMENTS – 1 BDRM	31	SKILLED NURSING	28
APARTMENTS – 2 BDRM	2	SPECIAL CARE	0
COTTAGES/HOUSES	2	DESCRIBE SPECIAL CARE:	
% OCCUPANCY AT YEAR END	94%		

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: $ 45,000 TO $ 165,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

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	4	Yes
NUMBER OF MEALS/DAY	3	Guests
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 Sattelite TV	☑	☐

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PROVIDER NAME: Southern California Presbyterian Homes dba be.group

CCRCs	LOCATION (City, State)	PHONE (with area code)
Redwood Terrace	Escondido, CA	760-747-4306
Regents Point	Irvine, CA	949-854-9500
Royal Oaks	Bradbury, CA	626-359-9371
White Sands La Jolla	La Jolla, CA	858-454-4201
Windsor	Glendale, CA	818-244-7219
Westminster Gardens	Duarte, CA	626-358-2569

MULTI-LEVEL RETIREMENT COMMUNITIES

Kirkwood Orange	Orange, CA	714-282-1409
Kirkwood Redding	Redding, CA	530-241-2900
Twelve Oaks	La Crescenta, CA	818-249-3361

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: ______

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS **OPERATING INCOME** (excluding amortization of entrance fee income)	$75,055	$78,655	$80,945	$78,930
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$74,582	$75,342	$79,401	$77,301
NET INCOME FROM OPERATIONS	$473	$3,313	$1,544	$1,629
LESS INTEREST EXPENSE	-$8,050	-$8,863	-$8,759	-$8,463
PLUS CONTRIBUTIONS	$262	$261	$467	$16
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,420	$1,036	-$759	$2,386
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$5,895	-$4,253	-$7,507	-$4,432
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$16,036	$15,570	$14,230	$16,254

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
RSHS Fixed Rate Bonds	$15,905,000	5.50	12/01/02	12/01/29	30
Kirkwood Orange Bonds	$4,659,000	4.85	05/01/99	05/01/29	30
Kirkwood Redding Bonds	$2,019,000	4.30	10/01/01	10/01/31	30
White Sands Bonds	$41,328,000	4.50	12/19/06	12/16/36	30
SCPH 2009 Bonds	$73,702,000	5.25	08/15/09	11/15/41	30

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50th Percentile *(optional)*	2010	2011	2012
DEBT TO ASSET RATIO		51.32	52.31	47.61
OPERATING RATIO		106.77	108.64	107.75
DEBT SERVICE COVERAGE RATIO		2.08	1.63	1.75
DAYS CASH-ON-HAND RATIO		229.32	198.53	260.18

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	$1,880	3.4%	$1,943	2.9%	$1,999	1.9%	$2,037
ONE BEDROOM	$3,273	3.4%	$3,384	2.9%	$3,482	1.9%	$3,548
TWO BEDROOM	$3,812	3.4%	$3,942	2.9%	$4,056	1.9%	$4,133
COTTAGE/HOUSE		0.0%		0.0%		0.0%	
ASSISTED LIVING	$3,971	3.4%	$4,106	2.9%	$4,225	2.9%	$4,348
SKILLED NURSING	$5,730	3.4%	$5,925	2.9%	$6,097	2.9%	$6,274
SPECIAL CARE		0.0%		0.0%		0.0%	

COMMENTS FROM PROVIDER: ______

PROVIDER NAME: Southern California Presbyterian Homes dba be.group

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
―――――――――――――――
Total Assets

OPERATING RATIO

Total Operating Expenses
-- Depreciation Expense
-- Amortization Expense
―――――――――――――――
Total Operating Revenues
-- Amortization of Deferred Revenue

DEBT SERVICE COVERAGE RATIO

Total Excess of Revenues over Expenses
+ Interest, Depreciation,
and Amortization Expenses
-- Amortization of Deferred Revenue
+ Net Proceeds from Entrance Fees
―――――――――――――――
Annual Debt Service

DAYS CASH ON HAND RATIO

Unrestricted Current Cash
And Investments
+ Unrestricted Non-Current Cash
and Investments
―――――――――――――――
(Operating Expenses – Depreciation
- 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.

Continuing Care Retirement Community
Disclosure Statement
General Information

04/30/2013

FACILITY NAME: Regents Point
ADDRESS: 19191 Harvard Ave. Irvine, CA ZIP CODE: 92612 PHONE: 949-854-9500
PROVIDER NAME: SoCal Presbyterian Homes FACILITY OPERATOR: SoCal Presbyterian Homes
RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: None
YEAR OPENED: 1982 NO. OF ACRES: 15 MULTI-STORY: ☐ SINGLE STORY: ☐ BOTH: ☑
MILES TO SHOPPING CTR: 1 block MILES TO HOSPITAL: 3

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	43	ASSISTED LIVING	42
APARTMENTS – 1 BDRM	79	SKILLED NURSING	59
APARTMENTS – 2 BDRM	40	SPECIAL CARE	8
COTTAGES/HOUSES	74	DESCRIBE SPECIAL CARE:	Dementia/Memory
% OCCUPANCY AT YEAR END	93%		

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: $ 95,000 TO $ 550,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

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	2	Yes
NUMBER OF MEALS/DAY	1/3	Guests
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______	☐	☐

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: Southern California Presbyterian Homes dba be.group

CCRCs	LOCATION (City, State)	PHONE (with area code)
Redwood Terrace	Escondido, CA	760-747-4306
Regents Point	Irvine, CA	949-854-9500
Royal Oaks	Bradbury, CA	626-359-9371
White Sands La Jolla	La Jolla, CA	858-454-4201
Windsor	Glendale, CA	818-244-7219
Westminster Gardens	Duarte, CA	626-358-2569

MULTI-LEVEL RETIREMENT COMMUNITIES

Kirkwood Orange	Orange, CA	714-282-1409
Kirkwood Redding	Redding, CA	530-241-2900
Twelve Oaks	La Crescenta, CA	818-249-3361

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: ______

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$75,055	$78,655	$80,945	$78,930
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$74,582	$75,342	$79,401	$77,301
NET INCOME FROM OPERATIONS	$473	$3,313	$1,544	$1,629
LESS INTEREST EXPENSE	-$8,050	-$8,863	-$8,759	-$8,463
PLUS CONTRIBUTIONS	$262	$261	$467	$16
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,420	$1,036	-$759	$2,386
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$5,895	-$4,253	-$7,507	-$4,432
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$16,036	$15,570	$14,230	$16,254

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
RSHS Fixed Rate Bonds	$15,905,000	5.50	12/01/02	12/01/29	30
Kirkwood Orange Bonds	$4,659,000	4.85	05/01/99	05/01/29	30
Kirkwood Redding Bonds	$2,019,000	4.30	10/01/01	10/01/31	30
White Sands Bonds	$41,328,000	4.50	12/19/06	12/16/36	30
SCPH 2009 Bonds	$73,702,000	5.25	08/15/09	11/15/41	30

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50th Percentile *(optional)*	2010	2011	2012
DEBT TO ASSET RATIO		51.32	52.31	47.61
OPERATING RATIO		106.77	108.64	107.75
DEBT SERVICE COVERAGE RATIO		2.08	1.63	1.75
DAYS CASH-ON-HAND RATIO		229.32	198.53	260.18

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	$1,916	3.4%	$1,981	2.9%	$2,038	1.9%	$2,077
ONE BEDROOM	$2,155	3.4%	$2,228	2.9%	$2,293	1.9%	$2,337
TWO BEDROOM	$3,405	3.4%	$3,521	2.9%	$3,623	1.9%	$3,692
COTTAGE/HOUSE	3455	3.4%	$3,572	2.9%	$3,676	1.9%	$3,746
ASSISTED LIVING	$4,467	3.4%	$4,619	2.9%	$4,753	2.9%	$4,891
SKILLED NURSING	$6,660	3.4%	$6,886	2.9%	$7,086	2.9%	$7,291
SPECIAL CARE		0.0%		0.0%		0.0%	

COMMENTS FROM PROVIDER: ______

PROVIDER NAME: Southern California Presbyterian Homes dba be.group

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.

Continuing Care Retirement Community
Disclosure Statement
General Information

04/30/2013

FACILITY NAME: Westminster Gardens
ADDRESS: 1420 Santo Domingo Ave. Duarte, CA ZIP CODE: 91010 PHONE: 626-358-2569
PROVIDER NAME: SoCal Presbyterian Homes FACILITY OPERATOR: SoCal Presbyterian Homes
RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: None
YEAR OPENED: 1950 NO. OF ACRES: 32 MULTI-STORY: ☐ SINGLE STORY: ☐ BOTH: ☑
MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 4

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	0	ASSISTED LIVING	30
APARTMENTS – 1 BDRM	20	SKILLED NURSING	0
APARTMENTS – 2 BDRM	50	SPECIAL CARE	10
COTTAGES/HOUSES	37	DESCRIBE SPECIAL CARE:	Memory
% OCCUPANCY AT YEAR END	92%		

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: $ 54,000 TO $ 205,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

ENTRY REQUIREMENTS: MIN. AGE: 60 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	0/4	Yes
NUMBER OF MEALS/DAY	.67/3	Yes
SPECIAL DIETS AVAILABLE	Yes	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 Garden/Night Watch	☑	☑

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PROVIDER NAME: Southern California Presbyterian Homes dba be.group

CCRCs	LOCATION (City, State)	PHONE (with area code)
Redwood Terrace	Escondido, CA	760-747-4306
Regents Point	Irvine, CA	949-854-9500
Royal Oaks	Bradbury, CA	626-359-9371
White Sands La Jolla	La Jolla, CA	858-454-4201
Windsor	Glendale, CA	818-244-7219
Westminster Gardens	Duarte, CA	626-358-2569

MULTI-LEVEL RETIREMENT COMMUNITIES

Kirkwood Orange	Orange, CA	714-282-1409
Kirkwood Redding	Redding, CA	530-241-2900
Twelve Oaks	La Crescenta, CA	818-249-3361

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: ____________________

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$75,055	$78,655	$80,945	$78,930
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$74,582	$75,342	$79,401	$77,301
NET INCOME FROM OPERATIONS	$473	$3,313	$1,544	$1,629
LESS INTEREST EXPENSE	-$8,050	-$8,863	-$8,759	-$8,463
PLUS CONTRIBUTIONS	$262	$261	$467	$16
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,420	$1,036	-$759	$2,386
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$5,895	-$4,253	-$7,507	-$4,432
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$16,036	$15,570	$14,230	$16,254

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
RSHS Fixed Rate Bonds	$15,905,000	5.50	12/01/02	12/01/29	30
Kirkwood Orange Bonds	$4,659,000	4.85	05/01/99	05/01/29	30
Kirkwood Redding Bonds	$2,019,000	4.30	10/01/01	10/01/31	30
White Sands Bonds	$41,328,000	4.50	12/19/06	12/16/36	30
SCPH 2009 Bonds	$73,702,000	5.25	08/15/09	11/15/41	30

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50th Percentile *(optional)*	2010	2011	2012
DEBT TO ASSET RATIO		51.32	52.31	47.61
OPERATING RATIO		106.77	108.64	107.75
DEBT SERVICE COVERAGE RATIO		2.08	1.63	1.75
DAYS CASH-ON-HAND RATIO		229.32	198.53	260.18

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	$1,974	3.4%	$2,041	2.9%	$2,100	1.9%	$2,140
ONE BEDROOM	$2,468	3.4%	$2,552	2.9%	$2,626	1.9%	$2,676
TWO BEDROOM	$2,935	3.4%	$3,035	2.9%	$3,123	1.9%	$3,182
COTTAGE/HOUSE		0.0%		0.0%		1.9%	
ASSISTED LIVING	$3,187	3.4%	$3,295	2.9%	$3,391	2.9%	$3,489
SKILLED NURSING		0.0%		0.0%		2.9%	
SPECIAL CARE		0.0%		0.0%	$4,822	2.9%	$4,962

COMMENTS FROM PROVIDER: ____________________

PROVIDER NAME: Southern California Presbyterian Homes dba be.group

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.

Continuing Care Retirement Community
Disclosure Statement
General Information

04/30/2013

FACILITY NAME: Redwood Terrace
ADDRESS: 710 W.13th Ave. Escondido, CA ZIP CODE: 92025 PHONE: 760-747-4306
PROVIDER NAME: SoCal Presbyterian Homes FACILITY OPERATOR: SoCal Presbyterian Homes
RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION: None
YEAR OPENED: 1978 NO. OF ACRES: 6 MULTI-STORY: ☐ SINGLE STORY: ☐ BOTH: ☑
MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 2

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS - STUDIO	0	ASSISTED LIVING	28
APARTMENTS – 1 BDRM	26	SKILLED NURSING	59beds/53ur
APARTMENTS – 2 BDRM	30	SPECIAL CARE	6units
COTTAGES/HOUSES	43	DESCRIBE SPECIAL CARE:	Memory Care
% OCCUPANCY AT YEAR END	81%		

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: $ 59,000 TO $ 235,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Limited

ENTRY REQUIREMENTS: MIN. AGE: 60 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	2	
NUMBER OF MEALS/DAY	3	
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 ________	☐	☐

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: Southern California Presbyterian Homes dba be.group

CCRCs	LOCATION (City, State)	PHONE (with area code)
Redwood Terrace	Escondido, CA	760-747-4306
Regents Point	Irvine, CA	949-854-9500
Royal Oaks	Bradbury, CA	626-359-9371
White Sands La Jolla	La Jolla, CA	858-454-4201
Windsor	Glendale, CA	818-244-7219
Westminster Gardens	Duarte, CA	626-358-2569

MULTI-LEVEL RETIREMENT COMMUNITIES

Kirkwood Orange	Orange, CA	714-282-1409
Kirkwood Redding	Redding, CA	530-241-2900
Twelve Oaks	La Crescenta, CA	818-249-3361

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: ______

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$75,055	$78,655	$80,945	$78,930
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	$74,582	$75,342	$79,401	$77,301
NET INCOME FROM OPERATIONS	$473	$3,313	$1,544	$1,629
LESS INTEREST EXPENSE	-$8,050	-$8,863	-$8,759	-$8,463
PLUS CONTRIBUTIONS	$262	$261	$467	$16
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$1,420	$1,036	-$759	$2,386
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$5,895	-$4,253	-$7,507	-$4,432
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$16,036	$15,570	$14,230	$16,254

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
RSHS Fixed Rate Bonds	$15,905,000	5.50	12/01/02	12/01/29	30
Kirkwood Orange Bonds	$4,659,000	4.85	05/01/99	05/01/29	30
Kirkwood Redding Bonds	$2,019,000	4.30	10/01/01	10/01/31	30
White Sands Bonds	$41,328,000	4.50	12/19/06	12/16/36	30
SCPH 2009 Bonds	$73,702,000	5.25	08/15/09	11/15/41	30

FINANCIAL RATIOS (see next page for ratio formulas)

	2009 CCAC Medians 50th Percentile *(optional)*	**2010**	**2011**	**2012**
DEBT TO ASSET RATIO		51.32	52.31	47.61
OPERATING RATIO		106.77	108.64	107.75
DEBT SERVICE COVERAGE RATIO		2.08	1.63	1.75
DAYS CASH-ON-HAND RATIO		229.32	198.53	260.18

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2009	%	2010	%	2011	%	2012
STUDIO	$2,000	3.4%	$2,068	2.9%	$2,128	1.9%	$2,168
ONE BEDROOM	$2,133	3.4%	$2,206	2.9%	$2,270	1.9%	$2,313
TWO BEDROOM	$3,139	3.4%	$3,246	2.9%	$3,340	1.9%	$3,403
COTTAGE/HOUSE	3139	3.4%	$3,246	2.9%	$3,340	1.9%	$3,403
ASSISTED LIVING	$3,780	3.4%	$3,909	2.9%	$4,022	2.9%	$4,139
SKILLED NURSING	$8,768	3.4%	$9,066	2.9%	$9,329	2.9%	$9,600
SPECIAL CARE	$4,966	3.4%	$5,135	2.9%	$5,284	2.9%	$5,437

COMMENTS FROM PROVIDER: ______

PROVIDER NAME: Southern California Presbyterian Homes dba be.group

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.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	226
[2]	Number at end of fiscal year	227
[3]	Total Lines 1 and 2	453
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	226.5
	All Residents	
[6]	Number at beginning of fiscal year	245
[7]	Number at end of fiscal year	246
[8]	Total Lines 6 and 7	491
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	245.5
[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).	0.92

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$14,481,000
[a]	Depreciation	$1,722,000	
[b]	Debt Service (Interest Only)	$1,681,000	
[2]	Subtotal (add Line 1a and 1b)		$3,403,000
[3]	Subtract Line 2 from Line 1 and enter result.		$11,078,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		92%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$10,220,640
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$10,221

PROVIDEF SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNI' ROYAL OAKS MANOR

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	208
[2]	Number at end of fiscal year	206
[3]	Total Lines 1 and 2	414
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	207
	All Residents	
[6]	Number at beginning of fiscal year	248
[7]	Number at end of fiscal year	237
[8]	Total Lines 6 and 7	485
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	242.5
[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).	0.85

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$20,258,000
[a]	Depreciation	$3,076,000	
[b]	Debt Service (Interest Only)	$3,891,000	
[2]	Subtotal (add Line 1a and 1b)		$6,967,000
[3]	Subtract Line 2 from Line 1 and enter result.		$13,291,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		85%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$11,345,307
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$11,345

PROVIDER: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNIT WHITE SANDS OF LA JOLLA

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	61
[2]	Number at end of fiscal year	64
[3]	Total Lines 1 and 2	125
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	62.5
	All Residents	
[6]	Number at beginning of fiscal year	135
[7]	Number at end of fiscal year	134
[8]	Total Lines 6 and 7	269
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	134.5
[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).	0.46

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$7,397,000
[a]	Depreciation	$505,000	
[b]	Debt Service (Interest Only)	$125,000	
[2]	Subtotal (add Line 1a and 1b)		$630,000
[3]	Subtract Line 2 from Line 1 and enter result.		$6,767,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		46%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$3,144,517
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$3,145

PROVIDER: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNIT WINDSOR MANOR

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	306
[2]	Number at end of fiscal year	296
[3]	Total Lines 1 and 2	602
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	301
	All Residents	
[6]	Number at beginning of fiscal year	337
[7]	Number at end of fiscal year	335
[8]	Total Lines 6 and 7	672
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	336
[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).	0.90

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$19,903,000
[a]	Depreciation	$2,168,000	
[b]	Debt Service (Interest Only)	$1,217,000	
[2]	Subtotal (add Line 1a and 1b)		$3,385,000
[3]	Subtract Line 2 from Line 1 and enter result.		$16,518,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		90%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$14,797,375
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$14,797

PROVIDER: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNIT REGENTS POINT

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	126
[2]	Number at end of fiscal year	163
[3]	Total Lines 1 and 2	289
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	144.5
	All Residents	
[6]	Number at beginning of fiscal year	176
[7]	Number at end of fiscal year	174
[8]	Total Lines 6 and 7	350
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	175
[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).	0.83

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$12,929,000
[a]	Depreciation	$995,000	
[b]	Debt Service (Interest Only)	$756,000	
[2]	Subtotal (add Line 1a and 1b)		$1,751,000
[3]	Subtract Line 2 from Line 1 and enter result.		$11,178,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		83%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$9,229,834
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$9,230

PROVIDEF SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNI REDWOOD TERRACE

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	132
[2]	Number at end of fiscal year	139
[3]	Total Lines 1 and 2	271
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	135.5
	All Residents	
[6]	Number at beginning of fiscal year	165
[7]	Number at end of fiscal year	200
[8]	Total Lines 6 and 7	365
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	182.5
[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).	0.74

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$5,860,000
[a]	Depreciation	$1,038,000	
[b]	Debt Service (Interest Only)	$388,000	
[2]	Subtotal (add Line 1a and 1b)		$1,426,000
[3]	Subtract Line 2 from Line 1 and enter result.		$4,434,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		74%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$3,292,093
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$3,292

PROVIDEF SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNI WESTMINSTER GARDENS

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)	**$2056-$5614**	**$4776 - $5010**	**$5310- $11550**
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	**1.9%**	**2.9%**	**2.9%**

☐ 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: ________________
(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: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNITY: ROYAL OAKS

be.royal oaks
a be.group community

1763 ROYAL OAKS DRIVE NORTH
BRADBURY, CA 91010
626 359 9371 F 626 357 9723
BEROYALOAKS.ORG

October 28, 2011

Mrs. Joan Armstrong
Royal Oaks

Dear Mrs. Armstrong:

On behalf of the management and staff of be.group, I'd like to thank you for choosing to be a part of the be.group family. We appreciate your confidence in our ability to meet your needs as a resident of Royal Oaks.

As you know, the be.group Board of Directors annually reviews Royal Oaks' operating financial statements and approves a budget for the coming year. As a nonprofit organization, be.group's policy is to set rates for residents that ensure continued delivery of the residential experience you enjoy, safeguard your investment in the community, and assure our ability to meet the needs of those who follow you.

Despite a challenging year in 2011, we've been successful in managing operating costs and capital expenditures while maintaining the high quality of programs and services you've come to expect. As a result, I'm pleased to announce that the be.group Board of Directors has approved a rate adjustment limited to 1.9 percent for residential living and 2.9 percent for assisted living, skilled nursing and memory care, effective Jan. 1, 2012.

Here's how it will affect your fees for 2012:

Current Fee	\$4678
Increase	\$136
Total Fee for 2012	\$4814

This adjustment will be reflected in your January statement. If you have any questions or concerns, I encourage you to talk to your executive director or administrator.

Respectfully,

John H. Cochrane, III
President and CEO

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)	$2227-$5433	$4080-$8245	$6330-$11850
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	1.9%	2.9%	2.9%

☐ 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: ____________
(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: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNITY: WHITE SANDS LA JOLLA

be.white sands la jolla
a be.group community

7450 OLIVETAS AVE.
LA JOLLA, CA 92037
858 454 4201 F 858 450 5298
BEWHITESANDS.ORG

October 28, 2011

Dr. Edmund Ackell
White Sands La Jolla

Dear Dr. Ackell:

On behalf of the management and staff of be.group, I'd like to thank you for choosing to be a part of the be.group family. We appreciate your confidence in our ability to meet your needs as a resident of White Sands La Jolla.

As you know, the be.group Board of Directors annually reviews White Sands' operating financial statements and approves a budget for the coming year. As a nonprofit organization, be.group's policy is to set rates for residents that ensure continued delivery of the residential experience you enjoy, safeguard your investment in the community, and assure our ability to meet the needs of those who follow you.

Despite a challenging year in 2011, we've been successful in managing operating costs and capital expenditures while maintaining the high quality of programs and services you've come to expect. As a result, I'm pleased to announce that the be.group Board of Directors has approved a rate adjustment limited to 1.9 percent for residential living and 2.9 percent for assisted living, skilled nursing and memory care, effective Jan. 1, 2012.

Here's how it will affect your fees for 2012:

	Current	New
Fee	$6001	$6175
Second Person Fee	$	$
Total Fee	$6001	$6175

This adjustment will be reflected in your January statement. If you have any questions or concerns, I encourage you to talk to your executive director or administrator.

Respectfully,

John H. Cochrane, III
President and CEO

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)	$2038-$6734	$4348-$7658	$6270-$10590
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	1.9%	2.9%	2.9%

☐ 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: ____________________
(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: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNITY: WINDSOR

be.windsor
a be.group community

1230 E. WINDSOR RD.
GLENDALE, CA 91205
818 244 7219   F 818 240 3887
BEWINDSOR.ORG

October 28, 2011

Mrs. Mary Arnold
Windsor

Dear Mrs. Arnold:

On behalf of the management and staff of be.group, I'd like to thank you for choosing to be a part of the be.group family. We appreciate your confidence in our ability to meet your needs as a resident of Windsor.

As you know, the be.group Board of Directors annually reviews Windsor's operating financial statements and approves a budget for the coming year. As a nonprofit organization, be.group's policy is to set rates for residents that ensure continued delivery of the residential experience you enjoy, safeguard your investment in the community, and assure our ability to meet the needs of those who follow you.

Despite a challenging year in 2011, we've been successful in managing operating costs and capital expenditures while maintaining the high quality of programs and services you've come to expect. As a result, I'm pleased to announce that the be.group Board of Directors has approved a rate adjustment limited to 1.9 percent for residential living and 2.9 percent for assisted living, skilled nursing and memory care, effective Jan. 1, 2012.

Here's how it will affect your fees for 2012:

Current Fee	$1999
Increase	$58
Total fee for 2011	$2057

This adjustment will be reflected in your January statement. If you have any questions or concerns, I encourage you to talk to your executive director or administrator.

Respectfully,

John H. Cochrane, III
President and CEO

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)	$2077-$4359	$4891-$7032	$7320-$12750
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	1.9%	2.9%	2.9%

☐ 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: ___________________
(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: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNITY: REGENTS POINT

be.regents point
a be.group community

19191 HARVARD AVE.
IRVINE, CA 92612
949 854 9500 F 949 725 9132
BEREGENTSPOINT.ORG

October 28, 2011

Mrs. Jean Aldrich
Regents Point

Dear Mrs. Aldrich:

On behalf of the management and staff of be.group, I'd like to thank you for choosing to be a part of the be.group family. We appreciate your confidence in our ability to meet your needs as a resident of Regents Point.

As you know, the be.group Board of Directors annually reviews Regents Point's operating financial statements and approves a budget for the coming year. As a nonprofit organization, be.group's policy is to set rates for residents that ensure continued delivery of the residential experience you enjoy, safeguard your investment in the community, and assure our ability to meet the needs of those who follow you.

Despite a challenging year in 2011, we've been successful in managing operating costs and capital expenditures while maintaining the high quality of programs and services you've come to expect. As a result, I'm pleased to announce that the be.group Board of Directors has approved a rate adjustment limited to 1.9 percent for residential living and 2.9 percent for assisted living, skilled nursing and memory care, effective Jan. 1, 2012.

Here's how it will affect your fees for 2012:

	Current	New
Fee	$3621	$3690
Second Person Fee	$	$
Total Fee	$3621	$3690

This adjustment will be reflected in your January statement. If you have any questions or concerns, I encourage you to talk to your executive director or administrator.

Respectfully,

John H. Cochrane, III
President and CEO

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)	**\$2150- \$6576**	**\$3417- \$7408**	
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	**1.9%**	**2.9%**	**2.9%**

☐ 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: ____________
(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: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNITY: WESTMINSTER GARDENS

be.westminster gardens
a be.group community

1420 SANTO DOMINGO AVE.
DUARTE, CA 91010
626 358 2569 F 626 358 7566
BEWESTMINSTERGARDENS.ORG

October 28, 2011

Mr. & Mrs. Nelson & Barbara Carter
Westminster Gardens

Dear Mr. & Mrs. Carter:

On behalf of the management and staff of be.group, I'd like to thank you for choosing to be a part of the be.group family. We appreciate your confidence in our ability to meet your needs as a resident of Westminster Gardens.

As you know, the be.group Board of Directors annually reviews Westminster Gardens' operating financial statements and approves a budget for the coming year. As a nonprofit organization, be.group's policy is to set rates for residents that ensure continued delivery of the residential experience you enjoy, safeguard your investment in the community, and assure our ability to meet the needs of those who follow you.

Despite a challenging year in 2011, we've been successful in managing operating costs and capital expenditures while maintaining the high quality of programs and services you've come to expect. As a result, I'm pleased to announce that the be.group Board of Directors has approved a rate adjustment limited to 1.9 percent for residential living and 2.9 percent for assisted living, skilled nursing and memory care, effective Jan. 1, 2012.

Here's how it will affect your fees for 2012:

	Current	New
Fee	$3254	$3316
Second Person Fee	$324	$330
Additional Credits	$	$
Board of Pension Subsidy	$	$
Total Fee	$3578	$3646

This adjustment will be reflected in your January statement. If you have any questions or concerns, I encourage you to talk to your executive director or administrator.

Respectfully,

John H. Cochrane, III
President and CEO

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)	\$2168-\$5094	\$3492-\$5462	\$5105-\$10080
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	1.9%	2.9%	2.9%

☐ 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: ___________________
(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: SOUTHERN CALIFORNIA PRESBYTERIAN HOMES
COMMUNITY: REDWOOD TERRACE

be.redwood terrace
a be.group community

710 W. 13TH AVE.
ESCONDIDO, CA 92025
760 747 4306 F 760 480 2759
BETHEREDWOODS.ORG

October 28, 2011

Mrs. Lillian Adams
Redwood Terrace

Dear Mrs. Adams:

On behalf of the management and staff of be.group, I'd like to thank you for choosing to be a part of the be.group family. We appreciate your confidence in our ability to meet your needs as a resident of Redwood Terrace.

As you know, the be.group Board of Directors annually reviews Redwood Terrace's operating financial statements and approves a budget for the coming year. As a nonprofit organization, be.group's policy is to set rates for residents that ensure continued delivery of the residential experience you enjoy, safeguard your investment in the community, and assure our ability to meet the needs of those who follow you.

Despite a challenging year in 2011, we've been successful in managing operating costs and capital expenditures while maintaining the high quality of programs and services you've come to expect. As a result, I'm pleased to announce that the be.group Board of Directors has approved a rate adjustment limited to 1.9 percent for residential living and 2.9 percent for assisted living, skilled nursing and memory care, effective Jan. 1, 2012.

Here's how it will affect your fees for 2012:

Current Fee	$4022
Increase	$117
Total fee for 2012	$4139

This adjustment will be reflected in your January statement. If you have any questions or concerns, I encourage you to talk to your executive director or administrator.

Respectfully,

John H. Cochrane, III
President and CEO