RECEIVED
JUL 30 2013
CONTINUING CARE
CONTRACTS BRANCH

July 29, 2013

Allison Nakatomi
Department of Social Services
744 "P" Street, M. S. 10-90
Sacramento, CA 95814

Re: Annual Report of Odd Fellows Home of California, dba
Saratoga Retirement Community and
The Meadows of Napa Valley
Certification by Chairman of the Board

Dear Allison:

Enclosed you will find the following compliance items for the fiscal year ending March 31, 2013 for the Odd Fellows Home of California.

1. Annual report checklist
2. Checks for the annual provider fee for Saratoga Retirement Community and The Meadows of Napa Valley totaling $12,026.12
3. Certificate of the Chairman of the Board
4. Resident population Form 1-1
5. Insurance policies
6. Direct method Cash Flow Certificate
7. Audited Financial Statement and Auditors Opinion with direct method cash flow
8. Audited Reserve Reports
9. Annual Disclosure Statement
10. Adjustments in monthly care fees form 7-1
11. Assumptions & selected statistics from the 2012/2013 Budget

Sincerely,

Chairman of the Board
Odd Fellows Home of California

14500 Fruitvale Avenue, Saratoga, CA 95070 • (408) 741-7100 • www.saratogaretirement.org
An IOOF Community • RCFE# 435201057 • PCOA# 211

ANNUAL REPORT
CHECKLIST
FOR
FISCAL YEAR ENDED: March 31, 2013

RECEIVED
JUL 30 2013
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CONTRACTS BRANCH

PROVIDER: **Odd Fellows Home of California**

FACILITY(IES): **Saratoga Retirement Community and The Meadows of Napa Valley**

CONTACT PERSON: Anita Tucker

TELEPHONE NO.: (541) 857-7624

****

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

[X] This cover sheet.

[X] Annual Provider Fee in the amount of: $ 12,026.12

[X] Certification by the provider's chief executive officer that:

- [X] The reports are correct to the best of his/her knowledge.
- [X] Each continuing care contract form in use or offered to new residents has been approved by the Department.
- [X] The Provider is maintaining the required liquid reserve and refund reserve.

[X] Evidence of the provider's fidelity bond.

[X] The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.

[X] The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.

[X] The provider's "Continuing Care Retirement Community Disclosure Statement" for each community.

Saratoga
RETIREMENT
COMMUNITY

RECEIVED
JUL 30 2013
CONTINUING CARE
CONTRACTS BRANCH

July 26, 2013

Allison Nakatomi
Department of Social Services
744 "P" Street, M. S. 10-90
Sacramento, CA 95814

Re: Annual Report of Odd Fellows Home of California, dba
Saratoga Retirement Community and
The Meadows of Napa Valley
Certification by Chairman of the Board

The annual report and any amendments thereto are correct to the best of my knowledge.

To the best of my knowledge every continuing care contract form in use or offered to new residents has been approved by the Department of Social Services.

As of July 26, 2013 Odd Fellows Home of California is maintaining the required liquid reserve and refund reserve.

Sincerely,

Chairman of the Board
Odd Fellows Home of California

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	204
[2]	Number at end of fiscal year	211
[3]	Total Lines 1 and 2	415
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x 0.50
[5]	Mean number of continuing care residents	207.5
	All Residents	
[6]	Number at beginning of fiscal year	356
[7]	Number at end of fiscal year	362
[8]	Total Lines 5 and 6	718
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x 0.50
[10]	Mean number of all residents	359
[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).	0.58

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses		29,686,473
[a]	Depreciation	4,318,843	
[b]	Debt Service (Interest Only)	4,993,516	
[2]	Subtotal (add Line 1a and 1b)		9,312,360
[3]	Subtract Line 2 from Line 1 and enter result.		20,374,113
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		0.58
[5]	Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4)		11,776,124
			x 0.001
[6]	**Total Amount Due** (multiply Line 5 by .0005)		11,776.12

Provider: **Odd Fellows Home of California**
Community: **Saratoga Retirement Community**

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	0
[2]	Number at end of fiscal year	0
[3]	Total Lines 1 and 2	0
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x 0.50
[5]	Mean number of continuing care residents	0
	All Residents	
[6]	Number at beginning of fiscal year	293
[7]	Number at end of fiscal year	307
[8]	Total Lines 5 and 6	600
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x 0.50
[10]	Mean number of all residents	300
[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).	0.00

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses		18,134,591
[a]	Depreciation	2,155,805	
[b]	Debt Service (Interest Only)	723,702	
[2]	Subtotal (add Line 1a and 1b)		2,879,507
[3]	Subtract Line 2 from Line 1 and enter result.		15,255,084
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		0.00
[5]	Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4)		-
[6]	**Total Amount Due** (multiply Line 5 by .0005)		x 250.00

Provider: **Odd Fellows Home of California**
Community: **Meadows of Napa Valley**

RECEIVED
JUL 30 2013
CONTINUING CONTRACTS BRANCH

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/31/2012

PRODUCER
Caring Communities Shared Services LTD
1850 W. Winchester Road
Suite 109
Libertyville IL 60048

THIS CERTIFICATION IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Pacific Retirement Services Inc.
Odd Fellows Home of California d/b/a
Saratoga Retirement Community
14500 Fruitvale Avenue
Saratoga CA 95070

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Caring Communities, A Reciprocal RRG	12373
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY X CLAIMS MADE ☐ OCCUR X Professional Liability X Retro Date 04/01/2002 GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY ☐ PRO-JECT ☐ LOC	CCRRRG-0015-13	01/01/2013	01/01/2014	EACH OCCURRENCE	$ 1,000,000.00
						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000.00
						MED EXP (Any one person)	$ -
						PERSONAL & ADV INJURY	$ 1,000,000.00
						GENERAL AGGREGATE	$ 3,000,000.00
						PRODUCTS - COMP/OP AGG	$ incl
						SIR Per Claim	$ 50,000.00
		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)	$
		GARAGE LIABILITY ☐ ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS / UMBRELLA LIABILITY ☐ OCCUR X CLAIMS MADE ☐ DEDUCTIBLE ☐ RETENTION $	CCRRRG-0015-13 *Sublimits apply	01/01/2013	01/01/2014	EACH OCCURRENCE	$ 10,000,000.00
						AGGREGATE	$ 15,000,000.00
						*AUTO	$ 10,000,000.00
						*EMP BEN	$ 5,000,000.00
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N ☐ (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS ☐ OTH-ER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
A		OTHER EXCESS PROFESSIONAL LIABILITY FL, LA, AR SUBLIMIT	CCRRRG-0015-13	01/01/2013	01/01/2014	$2,000,000 EACH OCCURRENCE $2,000,000 AGGREGATE (INCLUDED IN EXCESS LMTS ABOVE)	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
12/31/2012 12:31:36

CERTIFICATE HOLDER

Saratoga Retirement Community
14500 Fruitvale Avenue
Saratoga CA 95070

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

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IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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).

DISCLAIMER

This Certificate of Insurance does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

RECEIVED JUL 30 2013 CONTINUING CONTRACTS

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/31/2012

PRODUCER
Caring Communities Shared Services LTD
1850 W. Winchester Road
Suite 109
Libertyville IL 60048

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INSURER A: Caring Communities, A Reciprocal RRG	12373
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

INSURED Pacific Retirement Services Inc.
Odd Fellows Home Of California d/b/a
The Meadows of Napa Valley
1800 Atrium Parkway
Napa CA 94559

COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

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						DAMAGE TO RENTED PREMISES (Ea occurrence)	$ 300,000.00
						MED EXP (Any one person)	$ -
						PERSONAL & ADV INJURY	$ 1,000,000.00
						GENERAL AGGREGATE	$ 3,000,000.00
						PRODUCTS - COMP/OP AGG	$ incl
						SIR Per Claim	$ 50,000.00
		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)	$
		GARAGE LIABILITY ☐ ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						AGG	$
A		EXCESS / UMBRELLA LIABILITY ☐ OCCUR X CLAIMS MADE ☐ DEDUCTIBLE ☐ RETENTION $	CCRRRG-0015-13 *Sublimits apply	01/01/2013	01/01/2014	EACH OCCURRENCE	$ 10,000,000.00
						AGGREGATE	$ 15,000,000.00
						*AUTO	$ 10,000,000.00
						*EMP BEN	$ 5,000,000.00
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N ☐ (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS ☐ OTH-ER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
A		OTHER EXCESS PROFESSIONAL LIABILITY FL, LA, AR SUBLIMIT	CCRRRG-0015-13	01/01/2013	01/01/2014	$2,000,000 EACH OCCURRENCE $2,000,000 AGGREGATE (INCLUDED IN EXCESS LMTS ABOVE)	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
12/31/2012 12:31:49

CERTIFICATE HOLDER

The Meadows of Napa Valley
1800 Atrium Parkway
Napa CA 94559

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

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Saratoga
RETIREMENT
COMMUNITY

RECEIVED
JUL 30 2013
CONTINUING CARE
CONTRACTS BRANCH

July 26, 2013

Allison Nakatomi
Department of Social Services
744 "P" Street, M.S. 10-90
Sacramento, CA 95814

RE: Direct Method Cash Flow

Dear Allison:

I certify that the Direct Method Cash Flow that is attached has been reviewed by our auditors, Moss Adams, LLP. They have assured us that they found it to be accurately stated.

Sincerely,

Chairman of the Board
Odd Fellows Home of California

RECEIVED
JUL 2013
CONTINUING CARE
CONTRACTS BRANCH

Report of Independent Auditors and
Financial Statements with
Supplementary Information

Odd Fellows Home of California

March 31, 2013 and 2012

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Odd Fellows Home of California

Report on Financial Statements

We have audited the accompanying financial statements of Odd Fellows Home of California, which comprise the statements of financial position as of March 31, 2013 and 2012, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Odd Fellows Home of California as of March 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedules of statements of activities by location, presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

San Francisco, California
July 29, 2013

FINANCIAL STATEMENTS

ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF FINANCIAL POSITION
March 31, 2013 and 2012

	2013	2012
ASSETS		
Current assets		
Cash & cash equivalents	$ 5,350,081	$ 1,136,068
Short term investments	32,330,478	30,046,361
Assets limited as to use	6,775,593	3,528,675
Accounts receivable, net	3,178,309	3,178,741
Due from Grand Lodge Endowment Fund	34,000	46,173
Supplies and other prepaid expenses	929,819	1,070,339
Total current assets	48,598,280	39,006,357
Assets limited as to use, net of amount required for current liabilities	7,096,059	10,080,906
Property and equipment, net	112,268,453	115,902,540
Other assets		
Debt issuance and deferred financing costs, net	4,911,755	3,986,620
Long-term investments	262,645	384,527
Total other assets	5,174,400	4,371,147
	$ 173,137,192	$ 169,360,950
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 4,495,269	$ 7,244,139
Accrued interest payable	2,058,485	1,894,603
Current portion of long-term debt	1,150,000	3,945,000
Refundable deposits	987,303	699,700
Total current liabilities	8,691,057	13,783,442
Long-term debt, less current portion	108,405,505	102,464,454
Deferred revenue from entrance fees	54,188,592	49,197,121
Total liabilities	171,285,154	165,445,017
Net assets		
Unrestricted	1,046,922	3,164,732
Temporarily restricted	720,811	666,896
Permanently restricted	84,305	84,305
Total net assets	1,852,038	3,915,933
	$ 173,137,192	$ 169,360,950

See accompanying notes.

ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended March 31, 2013 and 2012

	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues:		
Service fees	$ 24,652,297	$ 23,737,946
Health center revenue, net	17,190,049	17,348,176
Entrance fees earned	4,263,605	3,889,636
Endowment fund income	420,172	438,267
Contributions	143,332	48,193
Investment income	1,169,231	3,578,988
Other revenue	702,692	651,859
Total revenues	48,541,378	49,693,065
Net assets released from restrictions	42,333	28,449
Total revenue, gains, and support	48,583,711	49,721,514
Expenses:		
Program expenses:		
Dietary services	7,183,018	7,098,481
Facility services and utilities	6,990,683	7,099,794
Health and social services	14,459,866	14,962,408
General and administrative:		
Administrative and marketing	6,755,137	7,069,671
Interest	5,717,218	5,910,024
Bond fees and insurance	188,971	588,192
Depreciation	6,474,648	6,322,055
Loss on disposal of property and equipment	51,523	99,586
Total expenses	47,821,064	49,150,211
Operating income	762,647	571,303
Nonoperating loss:		
Unrealized change in value of investments	1,034,533	(2,242,093)
Loss on extinguishment of debt	(3,914,988)	-
Total nonoperating loss	(2,880,455)	(2,242,093)
Decrease in unrestricted net assets	(2,117,808)	(1,670,790)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	55,478	64,029
Investment income	11,981	29,634
Unrealized change in value of investments	28,787	(32,976)
Net assets released from restrictions	(42,333)	(28,449)
Increase in temporarily restricted net assets	53,913	32,238
DECREASE IN NET ASSETS	(2,063,895)	(1,638,552)
Net assets, beginning of year	3,915,933	5,554,485
Net assets, end of year	$ 1,852,038	$ 3,915,933

See accompanying notes.

ODD FELLOWS HOME OF CALIFORNIA
STATEMENTS OF CASH FLOWS
Years Ended March 31, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 42,130,380	$ 41,080,682
Advanced fees received	2,126,300	2,115,139
Other operating cash receipts	702,694	651,860
Cash paid to employees and suppliers	(37,063,771)	(34,906,255)
Interest and bond fees paid	(5,717,555)	(6,198,513)
Contributions received	631,155	557,579
Net cash provided by operating activities	2,809,203	3,300,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(2,627,707)	(3,445,184)
Proceeds from sale of investments	3,000,000	3,300,000
Purchases of investments	(3,033,518)	(55,000)
Change in assets limited to use	(121,786)	229,732
Net cash (used) provided by investing activities	(2,783,011)	29,548
CASH FLOWS FROM FINANCING ACTIVITIES		
Refundable portion of entrance fees received	11,828,700	3,249,000
Entrance fees refunded	(5,922,059)	(3,233,570)
Principal payments on long-term debt	(106,545,000)	(3,740,000)
Proceeds from long-term debt	98,550,000	-
Proceeds from premiums on long-term debt	11,332,260	-
Debt refinancing costs paid	(5,056,080)	-
Net cash provided (used) by financing activities	4,187,821	(3,724,570)
Net increase (decrease) in cash and cash equivalents	4,214,013	(394,530)
Cash and cash equivalents - beginning	1,136,068	1,530,598
Cash and cash equivalents - ending	$ 5,350,081	$ 1,136,068
Reconciliation of Changes in Net Assets to Net Cash Flows from Operating Activities		
Changes in net assets	$ (2,063,895)	$ (1,638,552)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	6,474,648	6,322,055
Amortization	24,748	363,894
Loss on extinguishment of debt	3,914,988	-
Non-refundable portion of entrance fees received from new residents	2,126,300	2,709,000
Entrance fee refunds paid on early termination	-	(593,860)
Entrance fees earned	(4,263,605)	(3,889,636)
Unrealized change in value of investments	(1,063,320)	2,275,069
Investment income	(1,181,212)	(3,608,622)
Loss on disposal of property and equipment	51,523	99,586
Net change in:		
Accounts receivable, net	12,605	(465,949)
Supplies and other prepaid expenses	116,050	(49,185)
Accounts payable and accrued expenses	(1,797,385)	1,673,783
Accrued interest payable	163,882	(64,191)
Monthly fee deferred revenue	6,273	(500)
Refundable deposits	287,603	167,600
Net cash provided by operating activities	$ 2,809,203	$ 3,300,492

See accompanying notes.

	2013	2012
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 5,553,336	$ 5,974,215
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment financed with accounts payable and accrued expenses	$ 414,487	$ 150,110

See accompanying notes.

NOTE 1 – ORGANIZATION

Organization and basis of presentation – The Odd Fellows Home of California (the "Corporation") is a non-profit public benefit corporation organized under the California Non-Profit Public Benefit Corporation Law for charitable purposes. It was originally established by the Grand Lodge of California, Independent Order of Odd Fellows in 1893, and has been operating in Saratoga since 1912. On July 31, 2002, the Corporation merged with the California Odd Fellows Home of Napa. Inc. ("The Meadows"), also a non-profit public benefit corporation, established by the Grand Lodge in 1992. The Meadows continues to operate as in the past, but its corporate structure has been joined with the Odd Fellows Home of California (the surviving corporation).

The Saratoga facility (dba Saratoga Retirement Community), located in Saratoga, California, consists of 143 independent living apartments, 100 assisted living apartments, 94 bed skilled nursing facility, and 12 special care beds.

The Napa facility (dba The Meadows of Napa Valley), located in Napa, California, consists of 172 independent living apartments, 62 assisted living apartments, 69 bed skilled nursing facility, and 20 special care beds.

The Saratoga Retirement Community is licensed to operate as a continuing care retirement community ("CCRC"), offering two entrance fee options: non-refundable or 90% refundable option. The entrance fee and the monthly fee together will provide the resident with use of an apartment or cottage and access to care in assisted living or the skilled nursing facility on a temporary or permanent basis.

The Meadows of Napa Valley offers four levels of care as a Multi-Level Care Facility ("MLCF"). All accommodations at The Meadows are offered on a month to month rental basis or a daily fee. On January 30, 2012, The Meadows of Napa Valley received a Provisional Certificate of Authority from the California State Department of Social Services to enter into Continuing Care Contracts to provide care to residents for a term in excess of one year in exchange for payment.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The accompanying financial statements include only the accounts of the Corporation.

Performance indicator – "Change in unrestricted net assets" as reflected in the accompanying statements of activities and changes in net assets is the performance indicator. Change in unrestricted net assets includes all changes in unrestricted net assets, including unrealized change in value of trading investments, and excluding receipt of restricted contributions, contributions of, and asset released from donor restrictions related to long-lived assets, extraordinary items, and investment returns restricted by donors or law.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues, expenses, gains and losses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents include cash, money market accounts and other securities with maturities of three months or less at date of acquisition that are not otherwise held by an investment advisor or restricted under bond indenture agreements.

Investments – Investments are stated at fair value based on quoted market prices. Investments in marketable securities are adjusted to fair value through recognition of unrealized gains and losses in nonoperating losses as they are classified as trading securities. Gains or losses are calculated based on specific identification of the investments. Dividend, interest, and other investment income are recorded net of related custodial and advisory fees. The Corporation's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period.

Accounts receivable – Accounts receivable primarily represents amounts due from residents for living accommodations, services, amounts due from third parties, and interest receivable. An allowance for doubtful accounts is established based on past collection history and specific identification of uncollectable amounts.

Supplies inventory – The accounting method used to record inventory is the FIFO (First In First Out) method. Inventory is valued at the lower of cost or market value as of March 31, 2013 and 2012.

Assets limited as to use – The revenue certificates and bonds indenture agreements require that certain funds be invested in various required accounts. These required deposits and their related actual account balances are as follows:

	Investment Location	Invested Balance 2013	Invested Balance 2012
Debt service reserve	Trustee	$ 7,096,059	$ 9,805,891
Bond project fund	Trustee	3,566,935	-
Interest fund	Trustee	2,058,627	1,674,670
Principal fund	Trustee	1,150,031	1,759,183
Insurance reserve	Trustee	-	174,776
Current insurance fund	Trustee	-	94,823
Subtotal assets limited as to use for debt purposes		13,871,652	13,509,343
Benevolence fund	Depository inst.	-	100,238
Total assets limited as to use		$ 13,871,652	$ 13,609,581

As of March 31, 2011, the regulatory agreement required the Corporation to deposit up to $1,000,000 in the Capital Replacement Fund if the Corporation did not spend over $1,000,000 per year in capital replacement expenditures. No deposit was required for the year ended March 31, 2012. There was no such requirement in the regulatory agreement as of March 31, 2013 (Note 8).

Property and equipment – Purchased property and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, major replacements and improvements, and other related costs capitalized during construction. Maintenance, repairs, and minor replacements are charged to expense when incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. The review addresses the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment losses were present for the years ended March 31, 2013 and 2012.

Refundable deposits

The Meadows of Napa Valley – Each applicant for residency is required to pay a $500 application fee deposit. The deposit is refunded if the application is denied. When a unit becomes available, the applicant is also required to pay an additional amount completing a security deposit which is refundable if certain conditions are met.

Saratoga Retirement Community – Each applicant for residency is required to pay a $1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved but subsequently withdrawn, a portion is refunded. When a unit becomes available, the applicant is also required to pay an entrance fee deposit, which varies in amount, to reserve the unit prior to occupancy. This deposit is refundable prior to occupancy.

Deferred revenue from entrance fees – The Corporation has two different continuing care contracts. The first contract is nonrefundable and is amortized to income over the estimated remaining actuarial life expectancy of the resident. The other contract is 90% refundable at the time of re-occupancy after termination of the contract. The refundable portion of the entrance fee for this type of contract is amortized to income over the estimated life of the facility, and the non-refundable portion is amortized to income over the estimated remaining actuarial life expectancy of the resident. As of March 31, 2013 and 2012, respectively, $34,355,811 and $28,731,968 of deferred revenue from entrance fees on the statements of financial position are refundable upon re-occupancy.

Included in such deferred revenue are amounts expected to be refunded to residents as actuarially determined. The amount was $38,054 and $23,772 at March 31, 2013, and 2012, respectively.

Obligation to provide future services – The Corporation annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% for 2013 and 6.0% for 2012, based on the expected long-term rate of return on government obligations. At March 31, 2013 and 2012, no additional future service liability is deemed to exist.

Professional and general liability – The Corporation has secured claims-made policies for general and professional liability insurance with self-insured retentions of $1,000,000 per claim and $3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of $10,000,000 per claim and $15,000,000 aggregate per policy period. Policy period begins January 1, 2013, and ends January 1, 2014. The Corporation has accrued no liability as its best estimate of the cost of known claims incurred prior to March 31, 2013 that are within the retention amount. In addition the Corporation has accrued no liability at March 31, 2013, as its best estimate of the cost of claims incurred but not yet reported. These liabilities would be included in accounts payable and accrued expenses in the accompanying statements of financial position.

Net assets – The Corporation reports three classifications of net assets. A description of each classification of net assets is as follows:

> **Unrestricted net assets** – represent unrestricted resources available to support the Corporation's operations and temporarily restricted resources which have become available for use by the Corporation in accordance with the intention of the donor.
>
> **Temporarily restricted net assets** – represent contributions that are limited in use by the Corporation in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Corporation according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets.
>
> **Permanently restricted net assets** – represent net assets subject to donor imposed stipulations that they be maintained by the Corporation in perpetuity. The Board of Directors has interpreted California's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of permanently restricted donations absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the permanently restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the donors of these assets permit the Corporation to use all or part of the investment return on these assets.

Contributions – The Corporation reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The 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, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as temporarily restricted contributions and net assets released from restriction in the accompanying financial statements.

Revenue recognition (service fees, health center revenues, other revenue) – Service fees and health center revenues are recognized in the month in which services are provided and collectability is reasonably assured. In addition, health center revenue is presented net of third party rate adjustments. Other revenue is recognized as the related services are provided and includes guest services income, catering income, and other miscellaneous income.

Tax exempt status – The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At March 31, 2013 and 2012, there were no such uncertain tax positions.

Concentrations of credit risk – The Corporation's cash, cash equivalents, investments, and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Corporation to concentrations of risk as, from time to time, cash and investment balances may exceed amounts insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation, the fair value of debt securities are dependent on the ability of the issuer to honor its contractual commitments, and the fair value of investments are subject to change. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables as of March 31, 2013 and 2012, from residents and third-party payors is listed at Note 4.

Fair value of financial instruments – The carrying values of cash, investments, accounts receivable, accounts payable and accrued liabilities, refundable deposits and due to affiliates approximate fair value due to the short maturity of such instruments. The carrying value of the long-term debt approximates its fair value due to the floating variable interest pay rate of such instruments. The fair value of debt is disclosed in Note 8. The fair values of investments and assets limited as to use are disclosed in Note 15.

Advertising – The Corporation expenses advertising costs as incurred. The Corporation incurred advertising costs of $483,421 and $456,009 for the years ended March 31, 2013 and 2012, respectively.

New accounting pronouncements – 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 IFRSs* ("FASB ASU 2011-04"), which amended FASB ASC Topic 820, Fair Value Measurement ("FASB ASC 820") to change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The Corporation implemented this guidance in 2013. The adoption did not have a material impact on the Corporation's financial statements.

In July 2012, the FASB issued ASU No. 2012-01, Continuing Care Retirement Communities – Refundable Advance Fees ("FASB ASU 2012-01") to clarify 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 adoption of FASB ASU 2012-01 is effective for the Corporation beginning April 1, 2013. Management estimates the impact of the adoption of FASB ASU No 2012-01 will be a reduction of previously reported net assets of approximately $10,000,000.

Reclassifications – Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation and had no impact on changes in net assets or net assets as previously reported.

NOTE 3 – SHORT TERM AND LONG TERM INVESTMENTS, ASSETS LIMITED AS TO USE, AND INVESTMENT INCOME

Investments and assets limited as to use consisted of the following:

	2013	2012
Cash and cash equivalents	$ 6,979,474	$ 9,458,351
Equity securities	15,355,293	12,480,288
Fixed income securities	17,341,067	14,885,539
Mutual funds	6,403,727	6,587,064
Hedge fund	385,214	629,227
	$ 46,464,775	$ 44,040,469

The assets limited as to use consist of cash equivalents and fixed income securities, which are valued at fair value at March 31, 2013 and 2012. See Note 15.

Income from investments, assets limited as to use, and cash and cash equivalents is comprised of the following:

	2013	2012
Dividends and interest	$ 1,006,489	$ 1,224,972
Net realized gains on investments	326,946	2,541,752
	$ 1,333,435	$ 3,766,724

Investment income is reported net of investment expenses of $152,223 and $158,102 for the years ended March 31, 2013 and 2012, respectively.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2013	2012
Resident monthly fees	$ 56,327	$ -
Health care	2,579,136	3,244,230
Other accounts receivables	773,873	350,000
Subtotal accounts receivable	3,409,336	3,594,230
Less allowance for doubtful accounts	(231,027)	(415,489)
Total accounts receivable	$ 3,178,309	$ 3,178,741

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2013	2012
Land	$ 6,377,100	$ 6,377,100
Land improvements	4,451,526	4,403,392
Buildings	143,030,934	141,998,370
Furniture and equipment	13,171,789	13,069,265
Automobiles	483,441	483,441
	167,514,790	166,331,568
Less accumulated depreciation	(56,974,331)	(51,143,752)
Construction in progress	1,727,994	714,724
	$ 112,268,453	$ 115,902,540

NOTE 6 – UNAMORTIZED DEBT ISSUANCE COSTS

Debt issuance costs associated with the 2012 series bond issuance are being amortized over the terms of the certificates and bonds. The debt issuance costs relating to the 1993, 1999 and 2003 series were being amortized over the terms of the certificates and bonds until the issuance of the Series 2012 Revenue Bonds during the fiscal year ended March 31, 2013 at which time they were written off. Amortization expense amounted to $40,325 and $107,891 for the years ended March 31, 2013 and 2012, respectively.

The balance of unamortized debt issuance costs consists of the following:

	2013	2012
Costs related to 1993 certificate issuance	$ -	$ 722,685
Costs related to 1999 certificate issuance	-	593,459
Costs related to 2003 bond issuance	-	1,332,259
Costs related to 2012 bond issuance	1,417,893	-
	1,417,893	2,648,403
Less accumulated amortization	(40,325)	(1,406,020)
Unamortized debt issuance costs	$ 1,377,568	$ 1,242,383

NOTE 7 – DEFERRED FINANCING COSTS

In connection with the issuance of $80 million bonds (see Note 8), the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) was paid $5,239,266 at the bond closing on January 7, 2003. This includes the cost for insuring the bonds over thirty year term ($4,919,266) and an inspection fee ($320,000). The mortgage insurance is being amortized by applying a factor of one-half of one percent of the outstanding bonds per year. The inspection fee was being amortized on a straight-line basis over 30 years until the issuance of the Series 2012 Revenue Bonds during the fiscal year ended March 31, 2013, at which time they were written off.

In connection with the issuance of $98.5 million bonds (see Note 8), the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) was paid $3,638,187 at the bond closing on October 1, 2012 for the cost of insuring the bonds over the 29 years and 5 months term.

Amortization expense amounted to $104,000 and $245,468 for the years ended March 31, 2013 and 2012, respectively. The unamortized balance is as follows:

	2013	2012
Deferred finance costs	$ 3,638,187	$ 5,239,266
Less accumulated amortization	(104,000)	(2,495,029)
Unamortized deferred financing costs	$ 3,534,187	$ 2,744,237

NOTE 8 – LONG-TERM DEBT

Long-term debt at March 31 consisted of the following:

	2013	2012
Insured Health Facilities Revenue Certificates of Participation, Series 1993	$ -	$ 11,590,099
Insured Revenue Certificated of Participation, Series 1999	-	24,493,755
Insured Senior Living Revenue Bonds, Series 2003	-	70,325,600
Insured Senior Living Revenue Bonds, Series 2012	98,550,000	-
	98,550,000	106,409,454
Add: Unamortized premium	11,005,505	-
Less current portion	(1,150,000)	(3,945,000)
Total long-term debt	$ 108,405,505	$ 102,464,454

Series 1993 Insured Health Facilities Revenue Certificates of Participation – The insured health facilities revenue certification of participation ("1993 Certificates") are insured by the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) and were issued to finance the expansion of The Meadows of Napa Valley and to refinance indebtedness which occurred during the initial acquisition of The Meadows of Napa Valley facilities. The California Statewide Communities Development Authority has facilitated the issuance of the certificates pursuant to the trust agreement and the installment agreements. The certificates are secured by a first lien deed of trust on the Napa facilities which was granted to Cal-Mortgage and to the trustee under a deed of trust. Pursuant to the trust agreement, all of the interests of The Meadows of Napa Valley and the Napa authority in the revenues and any other amounts held in any fund account established by the trust agreement are pledged as security for the certificates. The 1993 Certificates are also subject to a regulatory agreement more fully described below, under "Regulatory Agreements." Insurance is paid monthly on these certificates.

Under the terms of the 1993 certificates agreement, The Meadows of Napa Valley is required to maintain certain deposits with a trustee. Such deposits are reflected as assets restricted under bond indenture in the financial statements (see Note 3). Interest is payable semi-annually on April 1 and October 1 at rates ranging from 3.9% to 5.5%. Principal maturities for the serial certificates are due annually on October 1. The term certificates mature in 2013 and 2023. Mandatory annual sinking fund prepayments are funded monthly for principal and interest. The 1993 Certificates were refinanced as part of the Series 2012 issuance.

Certificate interest expense on the 1993 Certificates was $723,702 and $658,294 for the years ended March 31, 2013 and 2012, respectively.

Series 1999 Insured Revenue Certificates of Deposit – The insured revenue certificates of participation ("1999 Certificates") are insured by the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) and were issued to finance the phase one construction project of the Corporation. The terms of the 1999 certificates require that the Corporation maintain deposits with a trustee. Such deposits are reflected as assets restricted under bond indenture (see Note 3). Interest on the certificates is payable semi-annually on February 15 and August 15 at rates ranging from 4% to 6%. The term certificates mature in 2014 and 2024. Mandatory annual sinking fund prepayments started in 2010 at $1,160,000 and increase up to $2,650,000 in 2024.

The 1999 Certificates are secured by a deed of trust on all Saratoga Retirement Community real property and a security interest in fixtures and personal property. Pursuant to a trust agreement among the Corporation, ABAG Finance Authority for Non-profit Corporations and U.S. Trust Company, N.A., all of the interests of the Corporation and ABAG in the revenues and any other amounts held in any fund or account established by the trust agreement are pledged as security for the certificates. The 1999 certificates are also subject to a regulatory agreement more fully described below, under "Regulatory Agreements." Insurance is paid monthly on these certificates. The 1999 Certificates were refinanced as part of the Series 2012 issuance.

Certificate interest expense on the 1999 Certificates was $937,336 and $1,492,927 for the years ended March 31, 2013 and 2012, respectively.

Series 2003A Insured Senior Living Revenue Bonds – The insured senior living revenue bonds ("2003 Series A") are insured by the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) and were issued to finance the phase two construction project of the Corporation. The terms of the bond require that the Corporation maintain deposits with a trustee. Such deposits are reflected as assets restricted under bond indenture (see Note 3). Principal maturities for the serial bonds range from $1,445,000 to $1,930,000 and are due beginning November 15, 2006 through 2012. Mandatory sinking fund prepayments start in 2013 at $2,015,000 and increase up to $5,340,000 in 2032. Interest on the bonds is payable semi-annually on May 15 and November 15 at rates ranging from 4.0% to 5.4%. The term bond matures in 2022 and 2032.

The 2003 Bonds and the interest thereon are payable from revenues, and are secured by a pledge and assignment of said revenues and of the amounts held in the funds and accounts established pursuant to the indenture between ABAG Finance Authority for Non-profit Corporation ("Saratoga Authority") and U.S. Bank, N.A. The bonds are further secured by assignment of the right, title and interest of the authority in the loan agreement between the Authority and the Corporation.

Under the loan agreement, the 2003 Bonds and related loan repayments are further secured by a deed of trust on all Saratoga Retirement Community real property and security interest in fixtures and personal property. The bonds are also subject to a regulatory agreement more fully described below, under "Regulatory Agreements." The Series 2003 bonds were refinanced as part of the Series 2012 issuance.

Bond interest expense on the 2003 Series A bonds was $4,056,180 and $3,758,803 for the years ended March 31, 2013 and 2012, respectively.

Series 2012A Insured Senior Living Revenue Bonds – The insured senior living revenue bonds ("2012 Series A") are insured by the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage) and were issued to refinance the 1993 Certificates, the 1999 Certificates and the 2003 Series A bonds. The terms of the bond require that the Corporation maintain deposits with a trustee. Such deposits are reflected as assets restricted under bond indenture (see Note 3). Principal maturities for the serial bonds range from $1,150,000 to $4,220,000 are due beginning April 1, 2013 through 2024. Mandatory sinking fund prepayments start in 2025 at $4,430,000 and increase up to $6,235,000 in 2032. Interest on the bonds is payable semi-annually on April 1 and October 1 at rates ranging from 3.1% to 5.0%. The term bond matures in 2032 and 2042.

The 2012 Bonds and the interest thereon are payable from revenues, and are secured by a pledge and assignment of said revenues and of the amounts held in the funds and accounts established pursuant to the indenture between ABAG Finance Authority for Non-profit Corporation (the Authority) and U.S. Bank, N.A. The bonds are further secured by assignment of the right, title and interest of the Authority in the loan agreement between the Authority and the Corporation.

Under the loan agreement, the 2012 Bonds and related loan repayments are further secured by a deed of trust on all of the Corporations real property and security interest in fixtures and personal property. The bonds are also subject to a regulatory agreement more fully described below, under "Regulatory Agreements."

There was no bond interest expense on the 2012 Series A bonds for the year ended March 31, 2013.

The fair value of long term debt is based on quoted market prices in an active market. At March 31, 2013 and 2012, the fair value of long term debt was $108,699,226 and $107,247,200, respectively.

Aggregate mandatory maturities of long-term debt, shown net of discounts and premiums, are as follows:

Year Ending March 31,	Total
2014	$ 1,150,000
2015	2,695,000
2016	2,770,000
2017	2,880,000
2018	3,000,000
Thereafter	86,055,000
Total	98,550,000
Add: Unamortized premium	11,005,505
	$ 109,555,505

Regulatory agreements – As of January 1, 2003, the Corporation, Cal-Mortgage and the two respective Authorities (i.e. Napa and Saratoga) agreed to amend and restate the previous 1993 and 1999 Regulatory Agreements so as to establish consistent covenants and other provisions with respect to the 1993 Certificates, the 1999 Certificates and the 2003 Series A, and to render the 1993 and 1999 regulatory agreements ineffective.

As a result, the 1993 Certificates, the 1999 Certificates, and the 2003 Series A are all now subject to the same Amended and Restated Regulatory Agreement of January 1, 2003 (2003 Regulatory Agreement), which establishes the requirements of Cal-Mortgage with respect to certain details of the financing transaction related to the certificates and the bonds.

The 2003 Regulatory Agreement also sets out certain business covenants of the Corporation including maintenance, operation, and management of the facilities and limitations on encumbrances, assignment, and transfer of any part of the facilities and other matters. The Corporation was not in compliance with these covenants for the year ended March 31, 2012. On June 8, 2012, the Corporation obtained a waiver with respect to these covenant violations for the year ended March 31, 2012.

On October 1, 2012, the Corporation entered into a regulatory agreement with Cal-Mortgage which establishes the requirements of Cal-Mortgage with respect to certain details of the financing transaction related to the 2012 Series A. This regulatory agreement supersedes the previous regulatory agreements. As part of the regulatory agreement, the Corporation is required to comply with certain financial covenants. As of March 31, 2013, the Corporation was in compliance with these financial covenants.

Grand Lodge guarantees – In 1993, the Grand Lodge entered into a guarantee agreement with the Office of Statewide Health Planning and Development of the State of California (Cal-Mortgage), the mortgage insurers of the $18,995,000 bond (construction financing at Napa) of the California Odd Fellows Housing of Napa, Inc., (The Meadows). In 1999, the Grand Lodge entered into a similar guarantee agreement with Cal-Mortgage in connection with the $34,500,000 of debt (construction financing at Saratoga) of the Odd Fellows Home of California (the Corporation), dba Saratoga Retirement Community. These guarantees were required prerequisites of Cal-Mortgage approved mortgage insurance for an additional $80,000,000 of bond construction financing at Saratoga. As of January 1, 2003 a new guarantee agreement was entered into by the Grand Lodge in favor of Cal-Mortgage and the U.S. Trust Bank National Association, trustee. This agreement superseded the two existing guarantee agreements and incorporated the total bond indebtedness of $106,409,454 as of March 31, 2012. As of October 1, 2012 a new guarantee agreement was entered into by Grand Lodge in favor of Cal-Mortgage and the U.S. Bank National Association, trustee. This agreement supersedes the existing guarantee agreements and incorporates the total bond indebtedness of $109,555,505 as of March 31, 2013.

This agreement is a continuing guarantee whereby the Grand Lodge (guarantor) is contingently liable for the timely payment of all the Corporation's obligations and performances (including maintenance by the Grand Lodge of at least 60 days cash on hand). The guarantee shall remain in full force and effect until all the Corporation's obligations have been fully and finally paid and performed. The liability of the guarantor is independent of the Corporation's liability, and not contingent upon the liability of any other party. Until all the Corporation's obligations have been fully satisfied, the guarantor waives several items, including (a) all rights of subrogation, contribution, or indemnification against the Corporation, as well as (b) any benefits of, or right to participate in, any security, whether real or personal property.

NOTE 9 – MANAGEMENT AGREEMENTS

On May 23, 2010 the Corporation renewed the management contract with Retirement Services, LLC ("RS, LLC"), which commenced on August 2, 2010 and will continue for a term of seven (7) years.

Management fees charged by RS, LLC were, as follows:

	2013	2012
Management services for Saratoga Retirement Community	$ 1,682,978	$ 1,655,352
Management services for The Meadows	753,649	743,772
	$ 2,436,627	$ 2,399,124

The amount owed for management services and other expenses to these related parties was $53,303 and $1,209,305 as of March 31, 2013 and 2012, respectively.

In addition to management services, the Corporation pays for travel and other services provided by RS, LLC personnel. Other significant expenditures involving entities related to RS, LLC include marketing expenses.

Management fee commitments for Saratoga Retirement Community and the Meadows at Napa are as follows:

Fiscal year ended March 31,	Saratoga Retirement Community	The Meadows
2014	$ 1,760,593	$ 790,955
2015	1,826,615	820,616
2016	1,895,113	851,389
2017	1,966,180	883,316
2018	663,386	298,029
	$ 8,111,887	$ 3,644,305

NOTE 10 – RELATED PARTY TRANSACTIONS

The Odd Fellows Home of California is under the control of the Grand Lodge of California, Independent Order of Odd Fellows (Grand Lodge), a non-profit corporation exempt under Internal Revenue Code section 501(c)(8) and California Revenue and Taxation Code Section 23701(b). Also affiliated with the Odd Fellows Home of California is the Rebekah Assembly of California, a related non-profit corporation, which is exempt under the same code sections as the Grand Lodge.

The composition of the members of the board of directors of the Corporation is determined in the bylaws. Four directors are elected by the Grand Lodge. Three directors are elected by the Rebekah Assembly. Four at-large directors are from the professional sector (legal, accounting, medical, financial). In addition, the Grand Secretary and Grand Treasurer of the Grand Lodge are ex-officio members of the board with voting rights.

The Grand Lodge provided administrative services to the Corporation. In the years ended March 31, 2013 and 2012, a total of $164,683 and $160,928 were paid to the Grand Lodge ($54,621 from The Meadows and $110,062 from Saratoga Retirement Community as of March 31, 2013 and $53,550 from The Meadows and $107,378 from Saratoga Retirement Community as of March 31, 2012).

The Odd Fellows Home Endowment Fund of the Grand Lodge was created to help fund the operations of the Corporation. Investment income earned by the fund and passed through to the Corporation in the years ended March 31, 2013 and 2012 amounted to $420,172 and $438,267, respectively, of which $34,000 and $46,173 was receivable by the Corporation at March 31, 2013 and 2012, respectively.

NOTE 11 – THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

Approximately 63% and 65% of health center revenue for the years ended March 31, 2013 and 2012 were derived under federal and state third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position, the changes in net assets, or cash flows of the Corporation.

NOTE 12 – RETIREMENT PLAN

The Corporation has a 403(b) matching retirement plan that covers employees who have reached the age of 21 and have completed one year of service of at least 1,000 hours. Contributions to the plan are based on a match of the employee's own contribution (determined for each plan year at its discretion), up to a maximum of 4% of employee's pay. Total contributions charged to expense for the plan was $147,949 and $82,807 for the years ended March 31, 2013 and 2012, respectively.

NOTE 13 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily and permanently restricted contributions have been received and are available for the following purposes:

	2013	2012
Living Legacy General Fund	$ 363,254	$ 283,650
IOOF Members Fund (financial assistance in paying rents, medical supplies, etc. for Odd Fellows and Rebekahs)	230,969	230,968
Living Legacy Resident Assistance Fund	70,683	66,820
Miscellaneous Temporarily Restricted	25,558	25,722
Lifeline Pendant Fund	10,875	30,887
Living Legacy Admin Fund	9,839	9,839
Living Legacy In Home Assistance Fund	4,300	13,525
Living Legacy Misc Temp Restricted Fund	2,290	2,040
Living Legacy Employee Education Fund	1,850	3,005
Employee Christmas Fund	793	40
Living Legacy Library Fund	400	400
Temporarily restricted net assets	$ 720,811	$ 666,896
Permanently restricted net assets	$ 84,305	$ 84,305

Contributions received in prior years of $84,305 have been permanently restricted by donors to allow only earnings to be used for general purposes.

NOTE 14 – UNRESTRICTED NET ASSETS

Unrestricted net assets include amounts designated by Board action for the following purposes:

	2013	2012
SRC IOOF Members Fund	$ 399,053	$ 392,870
SRC Cemetery Fund	28,642	28,442
Total Board Designated net assets	427,695	421,312
Unrestricted net assets	619,227	2,743,420
Total unrestricted net assets	$ 1,046,922	$ 3,164,732

NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic 820, *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. FASB ASC Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investment in the near term.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position at March 31, 2013 and 2012, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities, fixed income securities, mutual funds and cash equivalents included in money market funds.

Hedge fund – The Corporation owns limited partnership interests in a hedge fund. All limited partnerships are structured as closed-end, commitment-based investment funds where the Corporation commits a specified amount of capital upon inception of the fund (committed capital) which is then drawn down over a specified period of the fund's life. Such limited partnerships generally do not provide redemption options for investors and, subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, the Corporation generally holds interests in such limited partnerships for which there are no active market, although, in some situations, a transaction may occur in the secondary market where an investor purchases a limited partner's existing interest and remaining commitment.

The Corporation's ownership is based upon their percentage of Limited Partnership interests divided by the total commitment of the fund. The investment utilizes underlying fair values as a practical expedient. Specifically, inputs used to determine fair value include financial statements provided by the investment partnerships, which typically include fair market value capital account balances.

The hedge fund is currently undergoing a scheduled liquidation which provides quarterly distributions through January 2015. The value was derived from the liquidation worksheet provided by Coast Access Fund, LTD and is classified as a Level 3 investment. Payments received through March 31, 2013 have been consistent with the liquidation schedule.

The carrying values of cash, accounts receivable, accounts payable and accrued liabilities, and refundable deposits approximate fair value due to the short maturity of such instruments.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at March 31:

	2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 12,329,555	$ -	$ -	$ 12,329,555
Fixed income	17,341,067	-	-	17,341,067
Equity securities	15,355,293	-	-	15,355,293
Mutual funds	6,403,727	-	-	6,403,727
Hedge fund	-	-	385,214	385,214
Total assets	$ 51,429,642	$ -	$ 385,214	$ 51,814,856

	2012			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 10,594,420	$ -	$ -	$ 10,594,420
Fixed income	14,885,539	-	-	14,885,539
Equity securities	12,480,288	-	-	12,480,288
Mutual funds	6,587,064	-	-	6,587,064
Hedge fund	-	-	629,227	629,227
Total assets	$ 44,547,311	$ -	$ 629,227	$ 45,176,538

The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the accompanying financial statements using significant unobservable (Level 3) inputs:

	2013	2012
Hedge Fund		
Beginning of year balance	$ 629,227	$ 1,176,446
Total realized and unrealized gains and losses		
Included in changes in unrestricted net assets	11,172	(110,448)
Purchases, issuances and settlements	(255,185)	(436,771)
End of year balance	$ 385,214	$ 629,227

As required by FASB ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Corporation's investments have been classified, the Corporation has assessed factors including, but not limited to, the ability to redeem at net asset value ("NAV") at the measurement date and the existence or absence of certain restrictions at the measurement date. In accordance with this guidance, if the Corporation has the ability to redeem from the investment at the measurement date or in the near-term at NAV, the investment would be classified as a Level 2 fair value measurement. Alternatively, if the Corporation will never have the ability to redeem from the investment or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investment would be classified as a Level 3 fair value measurement.

The following table provides the fair value and redemption terms and restrictions for investments redeemable at net asset value at March 31, 2013:

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge Fund	$ 385,214	$ -	None	N/A

T

he following table provides the fair value and redemption terms and restrictions for investments redeemable at net asset value at March 31, 2012:

Fund Type	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge Fund	$ 629,227	$ -	None	N/A

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Litigation – The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, the Corporation has substantial meritorious defenses to pending or threatened litigation and, based upon current facts and circumstances, the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

Asbestos abatement – The Corporation is aware of the existence of asbestos in certain of its building. The Corporation has not recorded a liability for any asbestos abatement costs because the cost cannot be reasonably estimated at this time. At such time in the future that plans are made to make changes to structures with asbestos and the related asbestos removal cost estimates are completed, the Corporation will record an estimate of the costs of the requirement asbestos abatement.

Health care reform – In March 2010, President Obama signed the Health Care Reform Legislation into law. The new law will result in sweeping changes across the health care industry. The primary goal of this comprehensive legislation is to extend health care coverage to approximately 32 million uninsured legal U.S. residents through a combination of public program expansion and private sector health insurance reforms. To fund the expansion of insurance coverage, the legislation contains measures designed to promote quality and cost efficiency in health care delivery and to generate budgetary savings in the Medicare and Medicaid programs. The Corporation is unable to predict the full impact of the Health Care Reform Legislation at this time due to the law's complexity and current lack of implementing regulations or interpretive guidance. However, the Corporation expects that provisions of the Health Care Reform Legislation may have a material effect on its business.

NOTE 17 – HEALTH AND SAFETY CODE SECTION 1790(A)(3) DISCLOSURE

In order to provide up-to-date health care facilities for the Corporations continuum of care, the Board of Directors in 2012 issued $98,550,000 of Insured Revenue Bonds (the "Bonds"), $4,794,967 of which was allocated to the Project Fund. Consistent with the Corporation's nonprofit status, the Bonds were necessary to refinance existing bonds and to improve facilities essential to their provision of housing, health care, and financial security to their aged residents. These bonds were used in the following manner: a) Withdrawals for construction costs of $1,228,032 for the fiscal year ending March 31, 2013; b) the Bond Reserve Account was maintained and ended the years with a balance of $7,096,059 March 31, 2013; c) Capitalized interest and principal was funded in the amount of $2,058,627 and $1,150,031, respectively, in fiscal year 2013. None of these balances have been used to pay interest or principal as of March 31, 2013.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are issued.

The Corporation has evaluated subsequent events through July 29, 2013, which is the date the financial statements are issued.

SUPPLEMENTARY INFORMATION

ODD FELLOWS HOME OF CALIFORNIA
SARATOGA RETIREMENT COMMUNITY
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2013 and 2012

	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues:		
Service fees	$ 14,758,748	$ 14,534,400
Health center revenue, net	9,289,507	8,937,309
Entrance fees earned	4,263,605	3,889,636
Endowment fund income	420,172	438,267
Contributions	139,974	7,444
Investment income	1,178,796	3,563,094
Other revenue	498,348	467,262
Total revenues	30,549,150	31,837,412
Net assets released from restrictions	16,117	11,534
Total revenue, gains, and support	30,565,267	31,848,946
Expenses:		
Program expenses:		
Dietary services	4,253,077	4,258,439
Facility services and utilities	3,981,223	3,933,107
Health and social services	8,030,690	7,938,367
General and administrative:		
Administrative and marketing	3,936,554	3,909,024
Interest	4,993,516	5,251,730
Bond fees and insurance	133,248	488,293
Depreciation	4,318,843	4,213,361
Loss on disposal of property and equipment	39,322	86,351
Total expenses	29,686,473	30,078,672
Operating income	878,794	1,770,274
Nonoperating loss:		
Unrealized change in value of investments	1,025,115	(2,229,109)
Loss on extinguishment of debt	(3,576,162)	-
Total nonoperating loss	(2,551,047)	(2,229,109)
Decrease in unrestricted net assets	(1,672,253)	(458,835)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	48,686	62,260
Investment income	11,981	29,634
Unrealized change in value of investments	28,787	(32,976)
Net assets released from restrictions	(16,117)	(11,534)
Increase in temporarily restricted net assets	73,337	47,384
DECREASE IN NET ASSETS	$ (1,598,916)	$ (411,451)

ODD FELLOWS HOME OF CALIFORNIA
THE MEADOWS OF NAPA VALLEY
STATEMENTS OF ACTIVITIES
Years Ended March 31, 2013 and 2012

	2013	2012
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues:		
Service fees	$ 9,893,549	$ 9,203,546
Health center revenue, net	7,900,542	8,410,867
Entrance fees earned	-	-
Endowment fund income	-	-
Contributions	3,358	40,749
Investment income (loss)	(9,565)	15,894
Other revenue	204,344	184,597
Total revenues	17,992,228	17,855,653
Net assets released from restrictions	26,216	16,915
Total revenue, gains, and support	18,018,444	17,872,568
Expenses:		
Program expenses:		
Dietary	2,929,941	2,840,042
Facility services and utilities	3,009,460	3,166,687
Health and social services	6,429,176	7,024,041
General and administrative:		
Administrative and marketing	2,818,583	3,160,647
Interest	723,702	658,294
Bond fees and insurance	55,723	99,899
Depreciation	2,155,805	2,108,694
Loss on disposal of property and equipment	12,201	13,235
Total expenses	18,134,591	19,071,539
Operating loss	(116,147)	(1,198,971)
Nonoperating loss:		
Unrealized change in value of investments	9,418	(12,984)
Loss on extinguishment of debt	(338,826)	-
Total nonoperating loss	(329,408)	(12,984)
Decrease in unrestricted net assets	(445,555)	(1,211,955)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	6,792	1,769
Net assets released from restrictions	(26,216)	(16,915)
Decrease in temporarily restricted net assets	(19,424)	(15,146)
DECREASE IN NET ASSETS	$ (464,979)	$ (1,227,101)

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Report of Independent Auditor and
Continuing Care Liquid Reserve Schedules with
Supplementary Information

Odd Fellows Home of California

As of and for the Year Ended March 31, 2013

MOSS-ADAMS LLP

Certified Public Accountants and Consultants

Accountability. Insight. Results.

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MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors of
Odd Fellows Home of California

Report on the Financial Statements

We have audited the accompanying financial statements of Odd Fellows Home of California, which comprise the continuing care liquid reserve schedules, Forms 5-1 through 5-5, as of and for the year ended March 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserve of Odd Fellows Home of California as of and for the year ended March 31, 2013, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by Odd Fellows Home of California on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules of Attachment I to Form 5-5: Schedule of Qualifying Assets – Operating Reserve Schedule, and Attachment II to Form 5-5: Schedule of Qualifying Assets – Debt Reserve Schedule, for the year ended March 31, 2013, presented as supplementary information, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the members of the Board of Directors and management of Odd Fellows Home of California and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

San Francisco, California
July 29, 2013

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					
2					
3					
		TOTAL	-	-	-

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

Note: For column (b), do not include voluntary payments made to paydown principal.

The 1993, 1999, and 2003, Bonds were retired in October 2012 through the issuance of the $98,550,000 Series 2012A Insured Senior Living Revenue Bonds, net of bond premium of $11,332,260.

Provider: **Odd Fellows Home of California**

FORM 5-2
LONG-TERM DEBT INCURRED
During Fiscal Year
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	10/24/2012	-	1,150,000	1	1,150,000
2					
3					
4					
5					
6					
7					
8					
			-	-	1,150,000

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

Note: For column (b), do not include voluntary payments made to paydown principal.

Provider: **Odd Fellows Home of California**

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

LINE		TOTAL
1	Total from Form 5-1 bottom of column (e)	$ -
2	Total from Form 5-2 bottom of Column (e)	1,150,000
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	-
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	$ 1,150,000

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

			Amounts	TOTAL
1		Total operating expenses from financial statements		$ 29,686,473
2		Deductions		
	a	Interest paid on long-term debt (see instructions)	$ 4,821,408	
	b	Credit enhancement premiums paid for long-term debt (see instructions)	$ 3,519	
	c	Depreciation	$ 4,318,843	
	d	Amortization	$ 19,259	
3		Total Deductions		$ 9,163,029
4		Net Operating Expenses		$ 20,523,444
5		Divide Line 4 by 365 and enter the result.		$ 56,229
6		Multiply Line 5 by 75 and enter the result.		$ 4,217,175
		This is the provider's operating expense reserve amount for this community.		

PROVIDER: **Odd Fellows Home of California**
COMMUNITY: **Saratoga Retirement Community**

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

			Amounts		TOTAL
1		Total operating expenses from financial statements		$	18,134,591
2		Deductions			
	a	Interest paid on long-term debt (see instructions)	$ 731,928		
	b	Credit enhancement premiums paid for long-term debt (see instructions)	$ 2,851		
	c	Depreciation	$ 2,155,805		
	d	Amortization	$ 5,489		
3		Total Deductions		$	2,896,073
4		Net Operating Expenses		$	15,238,518
5		Divide Line 4 by 365 and enter the result.		$	41,749
6		Multiply Line 5 by 75 and enter the result.		$	3,131,175
		This is the provider's operating expense reserve amount for this community.			

PROVIDER: **Odd Fellows Home of California**
COMMUNITY: **Meadows of Napa Valley**

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Odd Fellows Home of California
Fiscal Year Ended: March 31, 2013

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended March 31, 2013 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal years as follows:

		Amount
[1]	Debt Service Reserve Amount	$ 1,150,000
[2]	Operating Expense Reserve Amount	$ 7,348,350
[3]	**Total Liquid Reserve Amount:**	$ 8,498,350

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

	Qualifying Asset Description	Amount (market value at end of quarter)	
	Description	**Debt Service Reserve**	**Operating Reserve**
[4]	Cash and Cash Equivalents		$ 7,868,716
[5]	Investment Securities		$ 14,456,550
[6]	Equity Securities		$ 15,355,293
[7]	Unused/Available Lines of Credit		
[8]	Unused/Available Letters of Credit		
[9]	Debt Service Reserve	$ 7,096,059	
[10]	Other:	$ 6,775,593	
	(describe qualify asset)		
	Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11] $ 13,871,652	[12] $ 37,680,559
	Reserve Obligation Amount:	[13] $ 1,150,000	[14] $ 7,348,350
	Surplus/(Deficiency):	[15] $ 12,721,652	[16] $ 30,332,209

Signature:

(Authorized Representative)

Chair, Audit Committee

(Title)

Operating Reserve Supporting Schedule

	Cash & Cash Equivalent (operating)	$	5,350,081	[4]
	Cash & Cash Equivalent	$	2,518,635	[4]
	Fixed Income	$	7,930,255	[5]
	Equities	$	15,355,293	[6]
	Mutual Funds	$	6,403,727	[5]
	Coast Access LTD	$	122,568	[5]
	Total	$	37,680,559	

Per Financial Statements:

	Cash and cash equivalents	$	5,350,081
	Short term investments	$	32,330,478
	Total	$	37,680,559

Form 5-5:

sum of [4]	Cash and Cash Equivalents	$	7,868,716
sum of [5]	Investment Securities	$	14,456,550
sum of [6]	Equity Securities	$	15,355,293

ODD FELLOWS HOME OF CALIFORNIA
ATTACHMENT II TO FORM 5-5: SCHEDULE OF QUALIFYING ASSETS – DEBT RESERVE SCHEDULE
March 31, 2013

Debt Reserve Supporting Schedule

2012 Revenue	$	3	[10]
2012 Interest	$	2,058,627	[10]
2012 Principal	$	1,150,031	[10]
2012 Bond	$	7,096,059	[9]
2012 Project	$	3,566,932	[10]
	$	13,871,652	

Per Financial Statements:

Assets limited as to use (current)	$	6,775,593
Assets limited as to use (long term)	$	7,096,059
Total	$	13,871,652

Form 5-5:

sum of [9]	Debt Service Reserve	$	7,096,059
sum of [10]	Other	$	6,775,593

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CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT
GENERAL INFORMATION

FACILITY NAME: Saratoga Retirement Community
ADDRESS: 14500 Fruitvale Ave., Saratoga, CA ZIP CODE: 95070 PHONE: (541) 857-7624
FACILITY OWNER: Odd Fellows Home of California FACILITY OPERATOR: Retirement Services, LLC
RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION:
YEAR OPENED: 2004 NO. OF ACRES: 37 MULTI-STORY: ____ SINGLE STORY: ____ BOTH: X
MILES TO SHOPPING CTR: Under 1 MILES TO HOSPITAL: Under 3

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS -STUDIO		ASSISTED LIVING	98
APARTMENTS -1 BDRM	24	SKILLED NURSING	94
APARTMENTS - 2 BDRM	80	SPECIAL CARE	12
APARTMENTS - 3 BDRM	0	DESCRIBE SPECIAL CARE:	Memory/cognitve loss
COTTAGES/HOUSES	39		
% OCCUPANCY AT YEAR END	95.10%		

TYPE OF OWNERSHIP: ☑ NOT FOR PROFIT ☐ FOR PROFIT ACCREDITED: ☑ Y ☐ N BY: CARF-CCAC

FORM OF CONTRACT: ☐ LIFE CARE ☑ CONTINUING CARE ☐ FEE FOR SERVICE

☐ ASSIGN ASSETS ☐ EQUITY ☑ ENTRY FEE ☐ RENTAL

REFUND PROVISIONS (CHECK ALL THAT APPLY): ☑ 90% ☐ 75% ☐ 50% ☑ PRORATED TO 0% ☐ OTHER: ____

RANGE OF ENTRANCE FEES: $ 252,000 TO $ 1,337,000 LONG -TERM CARE INSURANCE REQUIRED? ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: ____

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: ____ 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 Computer Lab	☑	☐
On-site Banking	☐	☐
On-site Physical Therapist	☑	☑

SERVICES AVAILABLE

	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING TIMES/MONTH	2	
NUMBER OF MEALS/DAY	1	
SPECIAL DIETS AVAILABLE	☐	☑
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: Odd Fellows Home of California

CCRCs	LOCATION (City, State)	PHONE (with area code)
Saratoga Retirement Community	Saratoga, CA	(800) 996-3467
The Meadows of Napa Valley	Napa, CA	(707) 257-7885

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

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

ODD FELLOWS HOME OF CALIFORNIA
FINANCIAL DISCLOSURE STATEMENT

FACILITY NAME: SARATOGA RETIREMENT COMMUNITY

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	45,278,153	44,802,981	45,784,870	44,134,441
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	33,918,804	35,733,625	36,799,706	35,604,447
NET INCOME FROM OPERATIONS	11,359,349	9,069,356	8,985,164	8,529,994
LESS INTEREST EXPENSE	6,290,617	6,108,161	5,910,024	5,717,218
PLUS CONTRIBUTIONS	157,241	528,161	112,222	198,810
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-	-	-	-
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	5,225,973	3,489,356	3,187,362	3,011,586
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	2,427,810	2,814,908	2,130,569	8,032,941

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Insured Senior Living Revenue Bonds, 2012 Series A	98,550,000	3% - 5%	10/24/2012	4/1/2042	29 YR 5 MO

FINANCIAL RATIOS (see next page for ratio formulas)

	2010	2011	2012	2013
DEBT TO ASSET RATIO	0.62	0.61	0.61	0.56
OPERATING RATIO	0.89	0.93	0.93	0.94
DEBT SERVICE COVERAGE RATIO	1.44	1.45	1.00	2.03
DAYS CASH-ON-HAND RATIO	309	291	271	336

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2010		2011		2012		2013
STUDIO							
ONE BEDROOM	$ 3,080.00	4.2%	$ 3,210.00	3.0%	$ 3,307.00	2.5%	$ 3,389.00
TWO BEDROOM	$ 4,701.00	4.3%	$ 4,901.00	3.0%	$ 5,049.00	2.5%	$ 5,175.00
COTTAGE/HOUSE	$ 5,464.00	4.2%	$ 5,696.00	3.0%	$ 5,867.00	2.5%	$ 6,014.00
ASSISTED LIVING	$ 4,981.00	2.7%	$ 5,117.00	3.5%	$ 5,295.00	2.0%	$ 5,401.00
SKILLED NURSING	$ 8,578.00	3.9%	$ 8,912.00	5.1%	$ 9,368.00	3.9%	$ 9,733.00
SPECIAL CARE	$ 5,527.00	0.0%	$ 5,527.00	1.0%	$ 5,582.00	2.2%	$ 5,707.00

COMMENTS FROM PROVIDER:

PROVIDER NAME: Odd Fellows Home of California

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 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

		INDEPENDENT LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period:	$2,754 - $6,709	$3,723 - $6,895	$7,568 - $12,501
[2]	Indicate percentage of increase in fees imposed during reporting period:	2.50%	1.50 - 2.25%	4.00%

[ ] Check here if monthly service fees at this community were not increased during the reporting period.

[3] Indicate the date the fee increase was implemented: April 1, 2012

[4] Check each of the appropriate boxes:

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

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

[X] 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.

[X] 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.

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

[X] 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 NAME: ODD FELLOWS HOME OF CALIFORNIA
COMMUNITY NAME: SARATOGA RETIREMENT COMMUNITY

Each year as part of our budget process we incorporate suggestions from residents on ways in which we can improve the services we provide. We also work closely with our department heads to include those suggestions where possible and to refine our program of services while keeping the costs as low as possible.

With so many different individuals: residents, employees and board members, our budget takes several months each year to prepare before it is finalized. The Odd Fellows Home of California Board and Pacific Retirement Services have reviewed and approved the budget for this next fiscal year.

Our goal each year is to produce a budget, which keeps monthly rate increases reasonable while continuing to maintain and improve the services we provide. The budget must cover inflationary increases (including the necessary adjustments to salaries and benefits to retain and attract quality employees) and meet regulatory requirements, bond covenants, and our actuarial reserve requirements.

We raised Independent Living rates by 2.5%, Assisted Living rates an average of 2.0%, Special Care rates by 2.25% and Health Center rates by 4.00%. The higher Health Care rate increase is necessary to accommodate the rising costs of providing health care. Our goal has been to build and staff Saratoga Retirement Community to provide a great place for you to live a happy and healthy life. We will be monitoring our services and implementing change as necessary.

We realize the importance of keeping fee increases to the most reasonable level possible and have made every effort to do so.

RECEIVED
JUL 30
CONTINUING CARE CONTRACTS BRANCH

CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT
GENERAL INFORMATION

FACILITY NAME: The Meadows of Napa Valley
ADDRESS: 1800 Atrium Pakwy., Napa, CA ZIP CODE: 94559 PHONE: (541) 857-7624
FACILITY OWNER: Odd Fellows Home of California FACILITY OPERATOR: Retirement Services, LLC
RELATED FACILITIES: See Attached RELIGIOUS AFFILIATION:
YEAR OPENED: 1992 NO. OF ACRES: 20 MULTI-STORY: ____ SINGLE STORY: ____ BOTH: X
MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 6

NUMBER OF UNITS:

INDEPENDENT LIVING		HEALTH CARE	
APARTMENTS -STUDIO	11	ASSISTED LIVING	62
APARTMENTS -1 BDRM	99	SKILLED NURSING	69
APARTMENTS - 2 BDRM	58	SPECIAL CARE	20
APARTMENTS - 3 BDRM	0	DESCRIBE SPECIAL CARE:	Memory/cognitve loss
COTTAGES/HOUSES	0		
% OCCUPANCY AT YEAR END	90.5%		

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 - 523,000 LONG -TERM CARE INSURANCE REQUIRED? ☐ Y ☑ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: ____

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: ____ 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 Computer Lab	☑	☐
On-site Banking	☐	☐
On-site Physical Therapist	☑	☑

SERVICES AVAILABLE

	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING TIMES/MONTH	4	
NUMBER OF MEALS/DAY	3	
SPECIAL DIETS AVAILABLE	☑	☐
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: Odd Fellows Home of California

CCRCs	LOCATION (City, State)	PHONE (with area code)
Saratoga Retirement Community	Saratoga, CA	(800) 996-3467
The Meadows of Napa Valley	Napa, CA	(707) 257-7885

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

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

ODD FELLOWS HOME OF CALIFORNIA
FINANCIAL DISCLOSURE STATEMENT

FACILITY NAME: THE MEADOWS OF NAPA VALLEY

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	45,278,153	44,802,981	45,784,870	44,134,441
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	33,918,804	35,733,625	36,799,706	35,604,447
NET INCOME FROM OPERATIONS	11,359,349	9,069,356	8,985,164	8,529,994
LESS INTEREST EXPENSE	6,290,617	6,108,161	5,910,024	5,717,218
PLUS CONTRIBUTIONS	157,241	528,161	112,222	198,810
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-	-	-	-
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	5,225,973	3,489,356	3,187,362	3,011,586
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	2,427,810	2,814,908	2,130,569	8,032,941

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Insured Senior Living Revenue Bonds, 2012 Series A	98,550,000	3% - 5%	10/24/2012	4/1/2042	29 YR 5 MO

FINANCIAL RATIOS (see next page for ratio formulas)

	2010	2011	2012	2013
DEBT TO ASSET RATIO	0.62	0.61	0.61	0.56
OPERATING RATIO	0.89	0.93	0.93	0.94
DEBT SERVICE COVERAGE RATIO	1.44	1.45	1.00	2.03
DAYS CASH-ON-HAND RATIO	309	291	271	336

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	2010		2011		2012		2013
STUDIO	$ 1,992.00	7.7%	$ 2,146.00	10.4%	$ 2,370.00	2.0%	$ 2,417.00
ONE BEDROOM	$ 2,381.00	8.9%	$ 2,593.00	-2.8%	$ 2,521.00	2.3%	$ 2,578.00
TWO BEDROOM	$ 3,475.00	10.6%	$ 3,843.00	1.1%	$ 3,885.00	2.6%	$ 3,986.00
COTTAGE/HOUSE							
ASSISTED LIVING	$ 4,335.00	7.4%	$ 4,656.00	0.5%	$ 4,680.00	-2.3%	$ 4,573.00
SKILLED NURSING	$ 8,506.00	5.0%	$ 8,932.00	7.2%	$ 9,571.00	2.0%	$ 9,764.00
SPECIAL CARE	$ 5,650.00	0.0%	$ 5,650.00	5.0%	$ 5,933.00	3.0%	$ 6,111.00

COMMENTS FROM PROVIDER: The historical Monthly Service Fees listed represent the rates that were charged prior to the facility becoming a CCRC. In 2010 additional units were added which affects the average monthly fees and %. In 2011, 2012 and 2013 the average monthly fees and % calculations are reflective of annual budgeted fee increase, renovations (resulting in increased fees) and promotional incentives (resulting in decreased fees).

PROVIDER NAME: Odd Fellows Home of California

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	INDEPENDENT LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period:	_____	_____	_____
[2] Indicate percentage of increase in fees imposed during reporting period:	_____	_____	_____

[X] Check here if monthly service fees at this community were not increased during the reporting period.

[3] Indicate the date the fee increase was implemented: _____

[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 NAME: The Odd Fellows Home of California
COMMUNITY NAME: The Meadows of Napa Valley

CONSOLIDATED SARATOGA / NAPA
SELECTED STATISTICS
2012/2013

RATE INCREASE	SARATOGA	NAPA	COMBINED
Independent Living	2.50%	2.00%	
Assisted Living Studios	1.50%	2.00%	
Assisted Living One Bedroom	2.25%	2.00%	
Assisted Living Two Bedroom	2.25%	2.00%	
AL LOC	2.00%	$10.00	
Memory / Special Care	2.25%	3.00%	
Health Center	4.00%	2.00%	
Entrance Fees	4% to 6%		
OCCUPANCY			
Independent Living	95.8%	82.7%	89.2%
Assisted Living	94.9%	87.3%	91.1%
Memory / Special Care	91.7%	90.0%	90.8%
Health Center	93.6%	89.9%	91.7%
Total	94.8%	85.5%	90.2%
Payer Mix			
Private	24	23	47
CCRC Residents	7	-	7
Medicare	18	25	43
Medi-Cal	35	6	41
Other	4	8	12
Total	88	62	150
STAFF			
Total FTE's	237.34	186.96	424.31
FTE change from estimated actual	6.70	6.00	12.70
FTE change from prior year budget	3.20	(0.54)	2.66
Average Wage Increase	1.00%	2.00%	

OPERATIONS	SARATOGA	NAPA	COMBINED
Net Income	$2,035,425	$552,393	$2,587,819
Net Cash Flow	$2,510,022	$1,773,610	$4,283,633
Capital Budget	$984,155	$976,510	$1,960,665

INVESTMENT ACTIVITIES			
Total Cash and Investments @ 2012/13 fiscal Y/E			$37,764,012
Investment Return			5.5%

KEY RATIOS			
Days Cash on Hand (Unrestricted)			322
Debt Service Coverage			1.61
Unrestricted Cash to Long-Term Debt			37%
Operating Margin	6.3%	2.8%	5.0%
Operating Ratio	0.93	0.87	0.90