

FISCAL YEAR ENDED:

12 / 31 / 13

ANNUAL REPORT CHECKLIST

PROVIDER(S): Sierra View Homes

RECEIVED
MAY 31 2014

CCRC(S): Sierra View Homes

CONTINUING CARE
CONTRACTS BRANCH

CONTACT PERSON: Vito Genna

TELEPHONE NO.: (559) 638-9226

EMAIL: vgenna@sierraview.org

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

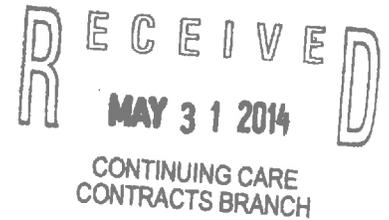
- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 1,334.00
 - If applicable, late fee in the amount of: \$ 1,000.00
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required *liquid* reserves and, when applicable, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8. *N/A*
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for *each* community.
- Provider's Refund Reserve Calculation(s) – Form 9-1 and/or Form 9-2, if applicable. *N/A*

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.



Phone: (559) 638-9226
Fax: (559) 638-6857
1155 E. Springfield Ave.
Reedley, CA 93654
www.sierraview.org

May 29, 2014



California Department of Social Services
Community Care Licensing Division
Continuing Care Contracts Branch
744 "P" Street, M.S. 10-90
Sacramento, CA 93654

Re: Certification by Chief Executive Officer

Dear Sir,

This letter is to certify the following:

- The annual report and any amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the department.
- Sierra View Homes maintains the required liquid reserve.

Sincerely,


Vito J. Genna
Chief Executive Officer

VJG/jg

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	0
[2]	Number at end of fiscal year	104
[3]	Total Lines 1 and 2	104
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	52
All Residents		
[6]	Number at beginning of fiscal year	235
[7]	Number at end of fiscal year	235
[8]	Total Lines 6 and 7	470
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	235
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.22

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) \$7,294,448
[a]	Depreciation \$650,984
[b]	Debt Service (Interest Only) \$616,919
[2]	Subtotal (add Line 1a and 1b) \$1,267,903
[3]	Subtract Line 2 from Line 1 and enter result. \$6,026,545
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) 22%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) \$1,333,533
[6]	Total Amount Due (multiply Line 5 by .001) \$1,334

R E C E I V E D
MAY 3 1 2014
CONTINUING CARE
CONTRACTS BRANCH

SIERRA VIEW HOMES

(A Not-For-Profit Corporation)

Financial Statements
December 31, 2013

Sierra View Homes
Table of Contents to the Financial Statements
December 31, 2013

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Jeffrey L. Carter
Certified Public Accountant
1355 11th Street
Reedley, California 93654
Telephone (559) 637-1675



Independent Auditor's Report

To the Board of Directors, Sierra View Homes
Reedley, California

Report on the Financial Statements

I have audited the accompanying financial statements of Sierra View Homes, which comprise the balance sheet as of December 31, 2013, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, I 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sierra View Homes as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "J. Carter", written over a horizontal line.

January 27, 2014

Sierra View Homes

Balance Sheet

December 31, 2013

LIABILITIES and NET ASSETS

Current liabilities:

Accounts payable	\$146,982
Wages and related benefits payable	230,928
Interest payable	198,124
Current portion of long-term debt	310,721
Total current liabilities	886,755

Long-term liabilities:

Other accrued liabilities	9,710
Deferred revenue from non-refundable advance care fees	98,289
Long-term debt:	
Certificate debt (net of discount of \$60,457 and current portion of \$270,000)	12,359,543
California Health Facilities Financing Authority (net of \$40,721 current portion)	503,606
Total long-term liabilities	12,971,148

Total liabilities	13,857,903
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Net assets: Unrestricted	6,060,407
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Total liabilities and net assets	\$19,918,310
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The accompanying notes are an integral part of these financial statements.

Sierra View Homes

Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2013

Unrestricted revenue:

Skilled nursing services (self-pay \$1,359,298; third-party payors \$3,105,510)	\$4,464,808
Less provision for doubtful collection of accounts receivable	(150,362)
Net skilled nursing services after provision for doubtful collections	4,314,446
Residential care services and housing revenue	2,939,136
Other operating revenue	92,536
Investment income (including realized and unrealized gains of \$83,150)	113,038
Charitable contributions	75,199
Total unrestricted revenue	7,534,355

Unrestricted expenses:

Nursing services	3,107,124
Dietary services	797,622
Administration (including \$85,331 for CCRC organization and startup fees)	635,687
Operation and maintenance	580,646
Housekeeping, laundry, and linen	246,623
Activities and social services	195,934
Education	46,661
Depreciation (\$610,551) and amortization	650,984
Interest	616,919
State regulatory department licenses and fees	292,548
Insurance and property taxes	123,700
Total unrestricted expenses	7,294,448

Increase in net assets	239,907
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Beginning net assets	5,820,500
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Ending net assets	\$6,060,407
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The accompanying notes are an integral part of these financial statements.

Sierra View Homes

Balance Sheet

December 31, 2013

ASSETS

Current assets:

Cash	\$1,421,449
Accounts receivable, net of \$104,418 allowance for doubtful collections	556,978
Prepaid expenses	8,263
Marketable short-term investments	824,814
Restricted assets, certificate debt trust agreement (for use in paying current principal and interest on certificate debt)	287,186
Total current assets	3,098,690

Property and equipment:

Land, buildings, and improvements	18,597,997
Equipment, furniture, and fixtures	1,918,730
Transportation equipment	84,225
Construction in progress (solar system)	156,000
Less accumulated depreciation	(5,983,276)
Total property and equipment	14,773,676

Other assets:

Restricted assets, certificate debt trust agreement (reserve account)	868,740
Investments in captive insurance companies	110,899
Debt issue costs	1,066,305
Total other assets	2,045,944

Total assets	\$19,918,310
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The accompanying notes are an integral part of these financial statements.

Sierra View Homes

Statement of Cash Flows

For the Year Ended December 31, 2013

Cash flows from operating activities:

Increase in net assets	\$239,907
Adjustments to reconcile increase in net assets to cash flows from operating activities:	
Depreciation and amortization	650,984
Net realized and unrealized gains from investments	(83,150)
Other changes in assets and liabilities that affect operating activities:	
Accounts receivable	168,030
Prepaid expenses	(22)
Accounts payable	(157,734)
Wages and related benefits payable	(28,810)
Interest payable and other accrued expenses and liabilities	3,078
Net cash provided by operating activities	792,283

Cash flows from investing activities:

Property and equipment purchases	(710,323)
Purchase and maturity of investments and use of restricted assets	127,276
Net cash used in investing activities	(583,047)

Cash flows from financing activities: Principal payments of long-term debt (307,944)

Net decrease in cash (98,708)

Cash at beginning of year 1,520,157

Cash at end of year **\$1,421,449**

Supplemental cash flow disclosure: Interest paid during the year - \$618,509.

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

Sierra View Homes

Notes to the Financial Statements

December 31, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies used in preparing the financial statements follows:

Organization

Sierra View Homes (the Corporation) is a not-for-profit California corporation. The Corporation owns and operates a skilled nursing facility with 59 beds, a retirement facility with 115 apartments, and a residential care (assisted living) facility with 78 licensed beds, all located in Reedley, California.

Continuing care retirement community (CCRC)

The Corporation was licensed as a CCRC in late 2013. It is contractually obligated to provide care in assisted living and skilled nursing to those current independent living residents who join the CCRC and pay a non-refundable advance care fee. That fee entitles a resident to receive services in the future, should the resident need them. The resident pays the regular service fees while under care. The advance care fees are amortized into income over the estimated remaining actuarial lives of the residents.

Use of estimates

Preparing financial statements requires management to make estimates and assumptions. These estimates and assumptions affect reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from the estimates and assumptions used in preparing these financial statements.

Statement of cash flows

The Corporation includes cash on hand, cash in financial institutions, and certificates of deposit with financial institutions that mature within three months as cash.

Revenue and receivables

Patient service revenue is recorded in the period that services are provided. Payments for services rendered under Medicare and Medi-Cal programs are covered by cost-based or contractual arrangements. Rent from apartment units is recorded in the month the rent is due. An allowance for doubtful collections is recorded when management believes certain receivables may not be fully collectible. Generally, this is done with specific known troubled accounts.

Property and equipment

Property and equipment are stated at cost, including capitalized interest. Additions, improvements, and major renewals are capitalized. Maintenance and repairs are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. These lives range from five to forty years.

Debt issue costs

The Corporation paid costs associated with incurring debt in 2009 and 2010. These costs are being amortized over the debts' 15 and 30 year terms.

Net assets

The Corporation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit use of the donation. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

Income taxes

The Corporation is exempt from Federal and State income taxes by authority of Internal Revenue Code Section 501(c)(3).

Investments and investment income

Investment income in the statement of activities includes interest, dividends, and gains and losses

Sierra View Homes

Notes to the Financial Statements

December 31, 2013

from investments. Investments are, initially, recorded at cost. They are adjusted to market value if the difference between market value and cost is significant. Unrealized gains and losses resulting from this adjustment are included in investment income. Realized gains and losses (which arise when the investments are sold and are measured using original cost) are also included in investment income.

INVESTMENTS

Marketable short-term investments

Bank certificate of deposit	\$100,812
Equity stocks of utility	10,998
The Mennonite Foundation investments:	
Bond fund	161,737
Stock, mutual, and other funds	551,267
Total	\$824,814

The cost and market value of marketable short-term investments are about the same except for The Mennonite Foundation.

Accounting standards establish disclosures about fair value measurements. The standards apply to recurring and nonrecurring financial and nonfinancial assets and liabilities that require or permit fair value measurements. Among the required disclosures is the fair value hierarchy of inputs the company uses to value an asset or a liability. The corporation has only one input, termed Level 1 - quoted prices in active markets for identical assets and liabilities. The Mennonite Foundation investments are reflected at quoted prices in active markets on national stock exchanges (Level 1 input). The market value of these investments is \$59,028 more than original cost.

Investments in captive insurance companies

The Corporation invested in two captive insurance companies. These companies provide workers compensation and general liability insurance.

The Corporation, along with other similar facilities, formed these insurance companies in an effort to control insurance costs. These investments were recorded at cost, reduced by subsequent capital contributions returned by the companies.

RESTRICTED ASSETS, CERTIFICATE DEBT TRUST AGREEMENT

The 2010 certificate debt agreement requires the Corporation to maintain reserve deposit accounts with The Bank of New York Mellon Trust Company. One reserve account is used to pay annual interest and principal on the debt. The other reserve account (\$868,740) is held until close to maturity of the certificate debt (2040).

LONG-TERM DEBT

Long-term debt consists of the following:

Certificates of Participation

Series 2010 (certificate debt), due September 2040; secured by real and other property; principal payable in one annual installment; interest payable in semi-annual installments at an effective rate of 5.05% per year; subject to numerous covenants, restrictions, and reporting requirements \$12,629,543

Note to California Health

Facilities Financing Authority

Due August 2024; payable in monthly principal and interest installments of \$5,007 at an interest rate of 3.0% per annum; secured by real property 544,327

Subtotal	13,173,870
Less current portion	(310,721)
Total long-term debt	\$12,863,149

Sierra View Homes

Notes to the Financial Statements

December 31, 2013

LONG-TERM DEBT (continued)

Principal payments of long-term debt for the next five years by year and (amount) are as follows: 2014 (\$310,721); 2015 (\$320,596); 2016 (\$326,983); 2017 (\$338,412); 2018 (\$349,884).

RETIREMENT PLAN

The Corporation has a retirement plan for its employees known as a 403(b) plan (the Internal Revenue Code section designation). The plan applies to eligible employees. The Corporation can contribute up to a maximum of 3% of an eligible employee's wages for the year. Retirement plan expense for the year was \$43,455.

CONCENTRATIONS

Financial instruments that may subject the Company to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

The Company maintains significant cash deposits at December 31, 2013, with the following financial institutions:

Bank of America	\$465,050
Rabobank	805,425
Nationwide Life and Annuity	251,536

Accounts receivable are for services provided to patients and residents in Reedley, California. The receivables are due from Medicare, Medi-Cal, and private patients and are, generally, unsecured.

Approximately 41% of the Corporation's total unrestricted revenue comes from Medicare and Med-Cal programs operated by Federal and California government agencies.

SUBSEQUENT EVENTS

The Company evaluated subsequent events through the date the financial statements were available to be issued, which was January 27, 2014. There were no subsequent events that required recognition or disclosure in these financial statements.

Jeffrey L. Carter
Certified Public Accountant
1355 11th Street
Reedley, California 93654
Telephone (559) 637-1675



Independent Auditor's Report

To the Board of Directors, Sierra View Homes
Reedley, California

Report on the Continuing Care Reserve Report

I have audited the accompanying continuing care reserve report (Report) of Sierra View Homes, which comprises the continuing care liquid reserve schedules (Forms 5-1 through 5-5 and related supporting schedules) as of and for the year ended December 31, 2013.

Management's Responsibility for the Report

Management is responsible for the preparation and fair presentation of the Report 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 Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the Report based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, 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 Report 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, I 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 Report.

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

To the Board of Directors, Sierra View Homes
Reedley, California
Page 2

Opinion

In my opinion, the Report referred to above presents fairly, in all material respects, the liquid reserve requirements of Sierra View Homes as of and for the year ended December 31, 2013, in conformity with the report preparation provisions of California Health and Safety Code 1792.

Basis of Accounting

I draw attention to the basis of accounting used to prepare the Report. The Report is prepared on the basis of the liquid reserve requirements of California Health and Safety Code 1792 and also in accordance with the *Annual Report Instructions (January 1, 2007)* issued by the State of California Department of Social Services. This is a basis of accounting other than accounting principles generally accepted in the United States of America, and it is used to meet the requirements of California Health and Safety Code Section 1792. My opinion is not modified with respect to this matter.

Restriction on Use

My report is intended solely for the information and use of the board of directors and management of Sierra View Homes and the California Department of Social Services. It is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'J. A. ...', is written over the date.

May 29, 2014

**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	09/30/10	\$265,000	\$601,372	\$0	\$866,372
2	06/01/09	\$42,944	\$17,137	\$0	\$60,081
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
		TOTAL:	\$618,509	\$0	\$926,453

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

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

PROVIDER: SIERRA VIEW HOMES

SIERRA VIEW HOMES

**December 31, 2013 Annual Report for the California Department of Social Services
Support Schedule for Form 5-1, Interest Paid (two-way reconciliation)**

Interest expense on the Statement of Activities and Changes in Net Assets from
the audited financial statement (accrual basis) \$616,919

Adjustments to convert from accrual expense to total paid amount:

Add accrued interest payable at the beginning of the year 199,714
Deduct accrued interest payable at the end of the year (198,124)

Total interest paid on Form 5-1 (see NOTE below) **\$618,509**

NOTE: This amount agrees to the audited financial statement, statement of cash flows, the supplemental cash flow disclosure at the bottom of the statement.

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

	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
Long-Term Debt Obligation	NO DEBT				\$0
1	INCURRED				\$0
2	DURING				\$0
3	THE				\$0
4	CURRENT				\$0
5	FISCAL				\$0
6	YEAR				\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

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

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

PROVIDER: SIERRA VIEW HOMES

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

Line	TOTAL
1 Total from Form 5-1 bottom of Column (e)	\$926,453
2 Total from Form 5-2 bottom of Column (e)	\$0
3 Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$0
4 TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$926,453

PROVIDER: SIERRA VIEW HOMES

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

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$7,294,448</u>
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	<u>\$618,509</u>
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	<u>\$610,551</u>
	d. Amortization	<u>\$40,433</u>
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$5,962,012</u>
	f. Extraordinary expenses approved by the Department	
3	Total Deductions	<u>\$7,231,505</u>
4	Net Operating Expenses	<u>\$62,943</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$172</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u>\$12,933</u>

PROVIDER: SIERRA VIEW HOMES
COMMUNITY: SIERRA VIEW HOMES

SIERRA VIEW HOMES

**December 31, 2013 Annual Report for the California Department of Social Services
Support Schedule for Form 5-4, Line 2c, d, and e (two-way reconciliation)**

LINE 2c AND d (reconciliation to audited financial statement amount):

Total depreciation expense on Form 5-4, line 2c	\$610,551
Total amortization expense on Form 5-4, line 2d	40,433
Equals total depreciation and amortization on audited financial statement	\$650,984

LINE 2e:

Revenues received for services to persons not having a continuing care contract (all captions are to the audited financial statements, statement of activities and changes in net assets unless otherwise noted):

Net skilled nursing services after provision for doubtful collections		\$4,314,446
Residential care services and housing services	\$2,939,136	
Less amounts received from persons under a continuing care contract	<u>(191,418)</u>	
Equals revenue from non-contract persons	<u>2,747,718</u>	2,747,718
Other operating revenue		<u>92,536</u>
SUBTOTAL, NON-CONTRACT PERSONS		7,154,700
Times reduction factor for first year (10/12th's of the year; see NOTE below)		83.33%
Form 5-4, Line 2e reduction		\$5,962,012

NOTE ON REDUCTION FACTOR: Sierra View Homes has been in existence since the 1960's. It began receiving continuing care contract fees in November 2013 (that is, for 2 months). Therefore, the deduction of non-continuing care contract persons must be adjusted for 10 months for the year ended December 31, 2013 (as the revenue amounts above are for the *entire* year).

RECONCILIATION OF ABOVE TO UNRESTRICTED REVENUE ON AUDITED FINANCIAL STATEMENTS:

Subtotal above	\$7,154,700
Add back persons with continuing care contracts (see above)	191,418
Investment income	113,038
Charitable contributions	75,199
Total unrestricted revenue on audited financial statement	\$7,534,355

SIERRA VIEW HOMES

**December 31, 2013 Annual Report for the California Department of Social Services
Support Schedule for Form 5-5 (Health and Safety Code 1790(a)(2))**

QUALIFYING ASSET DESCRIPTION DISCLOSURE:

Form 5-5 line number	Amount	Comments and location on audited financial statement
[4]	\$1,421,499	These are bank accounts and the amount is listed on page 2 of the audited financial statements under current assets, cash
[6]	\$824,814	These are marketable short-term investments. This amount is listed on page 2 of the audited financial statements under current assets, and the detail of this amount is disclosed on page 7 of the audited financial statements.
[9]		This amount comprises two amounts located on the audited financial statements. It relates to the required reserves mandated by Sierra View Homes' certificate debt agreement. The amounts and location on the audited financial statements are as follows: \$287,186 Page 2 of the audited financial statements under current assets, restricted assets 868,740 Page 2 of the audited financial statements under other assets, restricted assets \$1,155,926 Total Debt Service Reserve Accounts Page 7 of the audited financial statements provides further detail on the nature of these debt reserve accounts (under the caption RESTRICTED ASSETS, CERTIFICATE DEBT TRUST AGREEMENT)

DETAILS ON STATUS, DESCRIPTION, AND AMOUNT, ETC. DISCLOSURE (1790(a)(2))

The details are listed above under *Qualifying Asset Description Disclosure*. The only reserve that Sierra View Homes maintains is for the certificate debt. That is indicated above and detailed above at line [9]. Sierra View Homes has no other reserve or restricted accounts other than listed above.

PER CAPITA COSTS OF OPERATION DISCLOSURE (1790(a)(2)):

Total operating expenses (From Form 5-4, line 1)	\$7,294,448
Divided by mean number of <i>all</i> residents (From line 10 of Form 1-1)	235
Equals annual per capita costs of operation	\$31,040

Sierra View Homes
December 31, 2013 Annual Report for the California Department of Social Services
Support Schedule for Form 5-5; use of direct method of reporting cash flow

Background: The audited financial statements were prepared and released before Sierra View Homes was aware of the annual report requirement of the Department of Social Services (DSS). DSS requires the direct method be used in preparing the cash flow statement. Accordingly, the statement of cash flow in the audited financial statement (using the indirect method) is converted, below, to the direct method of reporting cash flows for the year ended December 31, 2013

Cash flows from operating activities

Cash received from patients and residents	\$7,519,901
Cash paid to suppliers and employees	(6,306,732)
Cash received from other operating revenue	92,536
Investment income received	29,888
Interest paid	(618,509)
Charitable contributions received in cash	75,199
Net cash provided by operating activities (agrees to audited financial statements)	792,283

Cash flows from investing activities:

Property and equipment purchases	(710,323)
Purchase and maturity of investments and use of restricted assets	127,276
Net cash used in investing activities	(583,047)

Cash flows from financing activities: Principal payments of long-term debt

	(307,944)
Net decrease in cash	(98,708)
Cash at beginning of year	1,520,157
Cash at end of year	\$1,421,449

Reconciliation of increase in net assets to cash flows from operating activities:

Increase in net assets	\$239,907
Adjustments to reconcile increase in net assets to cash flows from operating activities:	
Depreciation and amortization	650,984
Net realized and unrealized gains from investments	(83,150)
Other changes in assets and liabilities that affect operating activities:	
Accounts receivable	168,030
Prepaid expenses	(22)
Accounts payable	(157,734)
Wages and related benefits payable	(28,810)
Interest payable and other accrued expenses and liabilities	3,078
Net cash provided by operating activities	\$792,283

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	_____	_____	_____
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	_____	_____	_____

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

[3] Indicate the date the fee increase was implemented: N/A
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

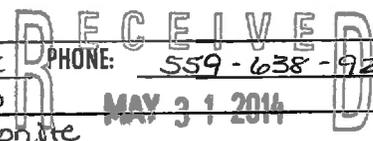
[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Sierra View Homes
COMMUNITY: Sierra View Homes

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

Date Prepared: 4/14/14

FACILITY NAME: Sierra View Homes
 ADDRESS: 1155 E Springfield Ave, Reedley ZIP CODE: 93654 PHONE: 559-638-9226
 PROVIDER NAME: Sierra View Homes FACILITY OPERATOR: OWN
 RELATED FACILITIES: None RELIGIOUS AFFILIATION: Mennonite
 YEAR OPENED: _____ # OF ACRES: 13 SINGLE STORY MULTI-STORY OTHER: _____
conversion CC MILES TO SHOPPING CTR: 1/2 miles
 CONTRACT MILES TO HOSPITAL: 2



NUMBER OF UNITS:	RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO:	<u>2</u>	ASSISTED LIVING: <u>78</u>
APARTMENTS — 1 BDRM:	<u>64</u>	SKILLED NURSING: <u>59</u>
APARTMENTS — 2 BDRM:	<u>49</u>	SPECIAL CARE: _____
COTTAGES/HOUSES:	_____	DESCRIBE SPECIAL CARE: _____
RLU OCCUPANCY (%) AT YEAR END:	<u>100%</u>	

TYPE OF OWNERSHIP: NOT-FOR-PROFIT FOR-PROFIT ACCREDITED?: YES NO BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
 (Check all that apply) ASSIGNMENT OF ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS: (Check all that apply) 90% 75% 50% PRORATED TO 0% OTHER: No refund

RANGE OF ENTRANCE FEES: \$ 0 TO \$ _____ LONG-TERM CARE INSURANCE REQUIRED? YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Transferability to Assisted Living or Skilled Nursing with 5% discount.

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: _____ OTHER: _____

RESIDENT REPRESENTATIVE • **ON THE BOARD** (briefly describe their involvement): 1 Resident sits on the board, Also involved in Resident's Group meetings

FACILITY SERVICES AND AMENITIES					
COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>3</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>			
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

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

PROVIDER NAME: SIERRA View Homes

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	N/A	N/A	N/A	7,346,118
LESS OPERATING EXPENSES (excluding depreciation, amortization, and interest)	N/A	N/A	N/A	6,026,545
NET INCOME FROM OPERATIONS	N/A	N/A	N/A	1,319,573
LESS INTEREST EXPENSE	N/A	N/A	N/A	-616,919
PLUS CONTRIBUTIONS	N/A	N/A	N/A	75,199
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	N/A	N/A	N/A	113,038
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	N/A	N/A	N/A	890,891
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	N/A	N/A	N/A	98,289

DESCRIPTION OF SECURED DEBT (AS OF MOST RECENT FISCAL YEAR END)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
BNY - Cert of Debt	12,359,543	5.05%	2010	2040	30
CHFA	503,606	3%	2009	2024	15

FINANCIAL RATIOS

(see next page for ratio formulas)

2012 CCAC Medians
50th Percentile
(optional)

	2011	2012	2013
DEBT TO ASSET RATIO	NA	NA	.6458
OPERATING RATIO	NA	NA	.8818
DEBT SERVICE COVERAGE RATIO	NA	NA	1.8112
DAYS CASH-ON-HAND RATIO	NA	NA	123.445

HISTORICAL MONTHLY SERVICE FEES

(AVERAGE FEE AND PERCENT CHANGE)

	2010	%	2011	%	2012	%	2013
STUDIO	N/A		N/A		750	0	750
ONE BEDROOM	675	3%	696	3%	717	0	717
TWO BEDROOM	727	3%	749	3%	771	0	771
COTTAGE/HOUSE	-	-	-	-	-	-	-
ASSISTED LIVING	2916	3%	3000	3%	3090	0	3090
SKILLED NURSING	\$179	9%	193	3%	199	005%	200
SPECIAL CARE							

COMMENTS FROM PROVIDER:

The continuity of care is only the associated living and the skill of nursing. The apartments remain outside the CCAC. The apartment tenants do sign a CCAC agreement when renting an apartment.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

$$\frac{\begin{aligned} &\text{Total Operating Expenses} \\ &\quad - \text{Depreciation Expense} \\ &\quad - \text{Amortization Expense} \end{aligned}}{\begin{aligned} &\text{Total Operating Revenues} \\ &\quad - \text{Amortization of Deferred Revenue} \end{aligned}}$$

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

$$\frac{\begin{aligned} &\text{Unrestricted Current Cash \& Investments} \\ &+ \text{Unrestricted Non-Current Cash \& Investments} \end{aligned}}{\begin{aligned} &(\text{Operating Expenses} \\ &\quad - \text{Depreciation} - \text{Amortization})/365 \end{aligned}}$$

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.

LONG TERM DEBT TO TOTAL ASSETS RATIO

L.T. Debt, Less Current Portion / Total Assets

12,863,149 19,918,310 0.645795

OPERATING RATIO

Total Operating Expenses 7,294,448
- Depreciation & Amortization Exp -650,984
6,643,464

/ Total Operating Revenues 7,534,355 0.881756
-Amortization of Deferred Revenue

DEBT SERVICE COVERAGE RATIO

Total Excess of Revenues over Expenses 239,907
+ Interest, Depreciation, & Amortization Expenses 1,606,099
- Amortization of Deferred Revenue ???
+ Net Proceeds from Entrance Fees 98,289
/ Annual Debt Service 886,755

1.811209

FINANCIAL RATIOS 2013

DAYS CASH ON HAND RATIO

Unrestricted Current Cash & Investments	1,421,449	824,814	
+ Unrestricted Non-Current Cash & Investments	2,246,823	2,246,263	
			Operating Expenses 18,201
			-Depreciation - Amortization / 365 123
			123.445

Operating Income			
(excluding amortization of entrance fee income)	7,346,118		
Operating Expenses			
(excluding depreciation, amortization & interest)	6,026,545		
Net Income from Operations	<u>1,319,573</u>		
Less Interest Expense	-616,919		
Plus Contributions	75,199		
Plus Non-Operating Income/Expenses		Invest Inc	113,038
(excluding extraordinary items)			
Net Income/Loss Before Entrance Fees, Depreciation & Amortization		<u>890,891</u>	
Net Cash Flow from Entrance Fees			98,289