

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED:
10 / 31 / 13

PROVIDER(S): Villa Marin Homeowners Association

RECEIVED
FEB 28 2014

CCRC(S): Villa Marin Homeowners Association

CONTINUING CARE
CONTRACTS BRANCH

CONTACT PERSON: Daniel Walker, CFO

TELEPHONE NO.: (415) 492-2637

EMAIL: danw@villa-marin.com

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

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 10,556
 - If applicable, late fee in the amount of: \$ N/A
- 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.
- 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.

N/A

- Provider's Refund Reserve Calculation(s) – Form 9-1 and/or Form 9-2, if applicable.

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. SEE ENCLOSED

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FEB 28 2014

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To: Department of Social Services

I certify to the best of my knowledge that Villa Marin Homeowners' Association's Annual Reserve Report for the fiscal year ended October 31, 2013 is correct.

I also certify that each continuing care contract form in use or offered to new residents has been approved by the Department of Social Services, and the provider had the required liquid reserve and refund reserve as of October 31, 2013.

Signed: 
CEO

Date: 2-25-14

Signed: 
CFO

Date: 2-25-14

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FEB 28 2014

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VILLA MARIN HOMEOWNERS' ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

YEARS ENDED OCTOBER 31, 2013 AND 2012

**LEVY, ERLANGER & COMPANY
Certified Public Accountants
San Francisco, California**

VILLA MARIN HOMEOWNERS' ASSOCIATION

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YEARS ENDED OCTOBER 31, 2013 AND 2012**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

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FEB 28 2014
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INDEPENDENT AUDITORS' REPORT

Board Of Directors
Villa Marin Homeowners' Association
San Rafael, California

We have audited the accompanying financial statements of **Villa Marin Homeowners' Association** (the Association), which comprise the balance sheets as of October 31, 2013 and 2012, and the related statements of revenues, expenses and changes in fund balances, 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.

Auditors' 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 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Villa Marin Homeowners' Association** as of October 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



December 10, 2013

VILLA MARIN HOMEOWNERS' ASSOCIATION

**BALANCE SHEET
OCTOBER 31, 2013**

	<u>Operations</u>	<u>General</u>	<u>Property</u>	<u>Gifts &</u>	<u>Total</u>
	<u>Fund</u>	<u>Reserve</u>	<u>Replacement</u>	<u>Bequests</u>	<u>Funds</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS					
Cash and cash equivalents (Note 2)	\$ 1,017,665	\$ 233,689	\$ 259,395	\$ 3,343	1,514,092
Investment in certificates of deposit (Note 2)		826,000	1,005,000	100,000	1,931,000
Assessments receivable (Note 2)	62,473				62,473
Healthcare accounts receivable, less allowance for doubtful accounts of \$20,000	68,758				68,758
Interest receivable	2,616		23,008	59	25,683
Prepaid insurance	160,245				160,245
Prepaid income taxes	961		743	31	1,735
Prepaid expenses	190,073				190,073
Other assets	1,414				1,414
Due from general reserve fund	5				5
Furniture, equipment, vehicles and artwork, net of accumulated depreciation of \$3,061,023	1,645,050				1,645,050
Total assets	<u>\$ 3,149,260</u>	<u>\$ 1,059,689</u>	<u>\$ 1,288,146</u>	<u>\$ 103,433</u>	<u>\$ 5,600,528</u>
LIABILITIES					
Accounts payable	\$ 221,173	\$ -	\$ 36,269	\$ -	\$ 257,442
Accrued salaries and benefits payable	670,679				670,679
Due to operations fund		5			5
Future major repairs and replacements (Note 3)	-	-	-	-	-
Total liabilities	<u>891,852</u>	<u>5</u>	<u>36,269</u>	<u>-</u>	<u>928,126</u>
COMMITMENTS (NOTE 4)	-	-	-	-	-
FUND BALANCE (DEFICIT)	<u>2,257,408</u>	<u>1,059,684</u>	<u>1,251,877</u>	<u>103,433</u>	<u>4,672,402</u>
Total liabilities and fund balance	<u>\$ 3,149,260</u>	<u>\$ 1,059,689</u>	<u>\$ 1,288,146</u>	<u>\$ 103,433</u>	<u>\$ 5,600,528</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**BALANCE SHEET
OCTOBER 31, 2012**

	Operations	General	Property	Gifts &	Total
	Fund	Reserve	Replacement	Bequests	Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 942,987	\$ 94,607	\$ 508,023	\$ 36,388	\$ 1,582,005
Investment in certificates of deposit		985,000	1,080,000	100,000	2,165,000
Assessments receivable	62,369				62,369
Healthcare accounts receivable, less allowance for doubtful accounts of \$20,000	109,000				109,000
Interest receivable	3,898		17,521	59	21,478
Prepaid insurance	168,355				168,355
Prepaid income taxes	2,303		3,194		5,497
Prepaid expenses	165,621				165,621
Other assets	4,432				4,432
Due from general and property replacement funds	32,282				32,282
Furniture, equipment, vehicles and artwork, net of accumulated depreciation of \$2,931,611	1,680,503				1,680,503
Total assets	<u>3,171,750</u>	<u>1,079,607</u>	<u>1,608,738</u>	<u>136,447</u>	<u>5,996,542</u>
LIABILITIES					
Accounts payable	\$ 224,075	\$ -	\$ 16,266	\$ -	\$ 240,341
Accrued salaries and benefits payable	647,508				647,508
Due to operations fund		19,922	12,360		32,282
Future major repairs and replacements	-	-	-	-	-
Total liabilities	<u>871,583</u>	<u>19,922</u>	<u>28,626</u>	<u>-</u>	<u>920,131</u>
COMMITMENTS					
	-	-	-	-	-
FUND BALANCE (DEFICIT)	<u>2,300,167</u>	<u>1,059,685</u>	<u>1,580,112</u>	<u>136,447</u>	<u>5,076,411</u>
Total liabilities and fund balance	<u>\$ 3,171,750</u>	<u>\$ 1,079,607</u>	<u>\$ 1,608,738</u>	<u>\$ 136,447</u>	<u>\$ 5,996,542</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2013**

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
REVENUES					
Assessments	\$ 8,384,679	\$ -	\$ 650,000	\$ -	\$ 9,034,679
Resident medical income	1,570,094				1,570,094
Nonresident services	200,750				200,750
License fee revenue	219,722				219,722
Interest income (Note 2)	12,577		15,562	658	28,797
Other revenue	233,875			4,300	238,175
Total revenues	10,621,697	-	665,562	4,958	11,292,217
EXPENSES					
<u>Administration</u>					
Bad debt expense	24,991	-	-	-	24,991
General administration	1,060,181		300		1,060,481
Human resources	204,991				204,991
Income tax provision (Note 2)	3,248		2,509	105	5,862
Insurance	230,108				230,108
Marketing	122,898				122,898
Workers' compensation insurance	136,793				136,793
Total administration	1,783,210	-	2,809	105	1,786,124
<u>Maintenance and operations</u>					
Activities	133,809	-	-	-	133,809
Depreciation	323,152				323,152
Housekeeping	1,214,342				1,214,342
Maintenance services	655,246				655,246
Meals and food preparation	2,326,635				2,326,635
Medical	3,353,245				3,353,245
Reception	240,291				240,291
Security services	183,755				183,755
Transportation	131,815				131,815
Total maintenance and operations	8,562,290	-	-	-	8,562,290
<u>Utilities</u>					
Cable television	89,538	-	-	-	89,538
Garbage collection	63,573				63,573
Gas and electricity	334,204				334,204
Telephone	70,555				70,555
Water and sewer	53,505				53,505
Total utilities	611,375	-	-	-	611,375

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2013**

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
EXPENSES (CONTINUED)					
<u>Major repairs and replacements</u>					
Deck repairs	\$ -	\$ -	\$ 52,959	\$ -	\$ 52,959
Garage and pool leak project			131,033		131,033
Painting			347,977		347,977
Other major repairs and replacements			204,468		204,468
Total major repairs and replacements	-	-	736,437	-	736,437
Total expenses	10,956,875	-	739,246	105	11,696,226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(335,178)	-	(73,684)	4,853	(404,009)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	292,419	(1)	(254,551)	(37,867)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>2,300,167</u>	<u>1,059,685</u>	<u>1,580,112</u>	<u>136,447</u>	<u>5,076,411</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,257,408</u>	<u>\$ 1,059,684</u>	<u>\$ 1,251,877</u>	<u>\$ 103,433</u>	<u>\$ 4,672,402</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2012**

	<u>Operations</u> Fund	<u>General</u> Reserve Fund	<u>Property</u> Replacement Fund	<u>Gifts &</u> Bequests Fund	<u>Total</u> Funds
REVENUES					
Assessments	\$ 8,432,733	\$ -	\$ 575,000	\$ -	\$ 9,007,733
Resident medical income	1,917,963				1,917,963
Nonresident services	207,625				207,625
License fee revenue	99,053				99,053
Interest income (Note 2)	17,785		24,663	697	43,145
Other revenue	225,758			6,250	232,008
Total revenues	10,900,917	-	599,663	6,947	11,507,527
EXPENSES					
<u>Administration</u>					
General administration	1,039,150	-	300	-	1,039,450
Human resources	198,998				198,998
Income tax provision (Note 2)	3,093		4,290		7,383
Insurance	226,191				226,191
Marketing	93,944				93,944
Workers' compensation insurance	138,059				138,059
Total administration	1,699,435	-	4,590	-	1,704,025
<u>Maintenance and operations</u>					
Activities	149,649	-	-	-	149,649
Depreciation	327,232				327,232
Housekeeping	1,219,273				1,219,273
Maintenance services	612,275				612,275
Meals and food preparation	2,267,748				2,267,748
Medical	3,462,475				3,462,475
Reception	237,381				237,381
Security services	163,954				163,954
Transportation	132,460				132,460
Total maintenance and operations	8,572,447	-	-	-	8,572,447
<u>Utilities</u>					
Cable television	83,778	-	-	-	83,778
Garbage collection	62,758				62,758
Gas and electricity	352,999				352,999
Telephone	63,304				63,304
Water and sewer	60,699				60,699
Total utilities	623,538	-	-	-	623,538

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2012**

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
EXPENSES (CONTINUED)					
<u>Major repairs and replacements</u>					
Painting	\$ -	\$ -	\$ 88,712	\$ -	\$ 88,712
Plumbing system			54,725		54,725
Roofs			288,693		288,693
Other major repairs and replacements			64,150		64,150
Total major repairs and replacements	-	-	496,280	-	496,280
Total expenses	10,895,420	-	500,870	-	11,396,290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	5,497	-	98,793	6,947	111,237
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	130,992	1,686	(130,080)	(2,598)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	2,163,678	1,057,999	1,611,399	132,098	4,965,174
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 2,300,167</u>	<u>\$ 1,059,685</u>	<u>\$ 1,580,112</u>	<u>\$ 136,447</u>	<u>\$ 5,076,411</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2013**

	<u>Operations Fund</u>	<u>General Reserve Fund</u>	<u>Property Replacement Fund</u>	<u>Gifts & Bequests Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ (335,178)	\$ -	\$ (73,684)	\$ 4,853	\$ (404,009)
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:					
Bad debt expense	24,991	-	-	-	24,991
Depreciation	323,152				323,152
Decrease (increase) in assets:					
Assessments receivable	(25,095)				(25,095)
Healthcare accounts receivable	40,242				40,242
Interest receivable	1,282		(5,487)		(4,205)
Prepaid insurance	8,110				8,110
Prepaid income taxes	1,342		2,451	(31)	3,762
Prepaid expenses	(24,452)				(24,452)
Other assets	3,018				3,018
Due from general and property replacement fund	32,277				32,277
Increase (decrease) in liabilities:					
Accounts payable	(2,902)		20,003		17,101
Accrued salaries and other expenses	23,171				23,171
Due to operations fund		(19,917)	(12,360)		(32,277)
Total adjustments	405,136	(19,917)	4,607	(31)	389,795
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>69,958</u>	<u>(19,917)</u>	<u>(69,077)</u>	<u>4,822</u>	<u>(14,214)</u>
INVESTING ACTIVITIES					
Net (purchase) sale of certificates of deposit	-	159,000	75,000	-	234,000
Net (purchase) sale of fixed assets	(287,699)				(287,699)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>(287,699)</u>	<u>159,000</u>	<u>75,000</u>	<u>-</u>	<u>(53,699)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(217,741)</u>	<u>139,083</u>	<u>5,923</u>	<u>4,822</u>	<u>(67,913)</u>
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	292,419	(1)	(254,551)	(37,867)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>942,987</u>	<u>94,607</u>	<u>508,023</u>	<u>36,388</u>	<u>1,582,005</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,017,665</u>	<u>\$ 233,689</u>	<u>\$ 259,395</u>	<u>\$ 3,343</u>	<u>\$ 1,514,092</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2013**

	<u>Operations Fund</u>	<u>General Reserve Fund</u>	<u>Property Replacement Fund</u>	<u>Gifts & Bequests Fund</u>	<u>Total Funds</u>
<u>Supplemental Disclosures</u>					
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 136</u>	<u>\$ 2,100</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2012**

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ 5,497	\$ -	\$ 98,793	\$ 6,947	\$ 111,237
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:					
Depreciation	327,232	-	-	-	327,232
Decrease (increase) in assets:					
Assessments receivable	(45,482)				(45,482)
Healthcare accounts receivable	(57,652)				(57,652)
Interest receivable	(768)		(7,309)	(15)	(8,092)
Prepaid insurance	(5,553)				(5,553)
Prepaid expenses	(24,745)				(24,745)
Prepaid income taxes	13,260		8,878		22,138
Due from general and property replacement fund	(23,625)				(23,625)
Other assets	3,733				3,733
Increase (decrease) in liabilities:					
Accounts payable	14,105		16,266		30,371
Accrued salaries and other expenses	151,665				151,665
Due to operations fund		16,141	7,484		23,625
Total adjustments	352,170	16,141	25,319	(15)	393,615
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	357,667	16,141	124,112	6,932	504,852
INVESTING ACTIVITIES					
Net (purchase) sale of certificates of deposit	-	(186,000)	493,000	-	307,000
Net (purchase) sale of fixed assets	(387,417)				(387,417)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(387,417)	(186,000)	493,000	-	(80,417)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29,750)	(169,859)	617,112	6,932	424,435
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	130,992	1,686	(130,080)	(2,598)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	841,745	262,780	20,991	32,054	1,157,570
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 942,987	\$ 94,607	\$ 508,023	\$ 36,388	\$ 1,582,005

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2012**

	<u>Operations Fund</u>	<u>General Reserve Fund</u>	<u>Property Replacement Fund</u>	<u>Gifts & Bequests Fund</u>	<u>Total Funds</u>
Supplemental Disclosures					
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ (10,167)</u>	<u>\$ -</u>	<u>\$ (4,588)</u>	<u>\$ -</u>	<u>\$ (14,755)</u>

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2013 AND 2012

1. THE ASSOCIATION

Villa Marin Homeowners' Association (the Association) is a common interest development located in San Rafael, California which consists of 224 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in September 1983 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association's Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to annual assessments, usually payable in equal monthly installments, to provide funds for operating expenses and major repairs and replacements. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's board of directors, under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year. Revenue and expenses and information about future major repairs and replacements is explained in greater detail in the annually distributed pro forma operating budget (pursuant to California Civil Code Section 5300).

Assessments receivable at the balance sheet date represents the aggregate amount of assessments due from unit owners. The Association's policy is to retain a collection service and/or legal counsel and place liens on the properties of owners whose assessments are delinquent. In certain instances, foreclosure may be necessary. The collection process is explained in greater detail in the annually distributed annual statement of collection procedure (pursuant to California Civil Code Section 5730). Because of these collection procedures, the Board believes that, subject to a reasonable allowance for doubtful accounts, if any, all assessments are collectible. The estimate of allowance for doubtful accounts, if any, is based, generally, on amounts past due greater than 90 to 120 days.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of October 31, 2013 totaled approximately \$984,000.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in four funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The property replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and investments.

For federal purposes, the Association is taxed as a regular corporation at graduated rates from 15% to 39% on net nonmember income. California income taxes approximate 9% of taxable income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations, property replacement and gifts and bequests funds, net of related income taxes, is retained in said respective funds. Interest income, net of related income taxes, earned by the general reserve fund, is retained in the operations fund. Income taxes on interest earned by the gifts and bequests fund are paid from the operations fund.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board of Directors is restricted. Similarly, major repairs, replacements and improvements to real property are not recognized. Personal property and equipment acquired by the Association is recorded at cost. Depreciation is recorded on the straight-line basis over estimated useful lives from 5-25 years.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2013 AND 2012**

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses. The gift and bequests fund is used to account for the financial resources made available from gifts and bequests.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected cost increase (aka inflation) and interest earning rates.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2013 AND 2012

4. COMMITMENTS

The Association enters into contracts for maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' notice. The Association also has entered into employment agreements with two of its executives. The contracts are generally cancelable by either party and, under certain circumstances, one of the parties may be obligated to pay the other party as liquidated damages six months compensation.

In addition to management and maintenance of the common area property and meals, the Association provides its members with both assisted living non-medical care and skilled nursing long-term care. Skilled nursing care and assisted living care are also provided to members that elect to sell their unit after they have physically moved into the long-term care facilities and assisted living care facilities, respectively. Such services are provided under contract and require a certain monthly payment from the former member. While the Association has an obligation to provide assisted living and skilled nursing care to members and some former members, no liability has been recorded in the financial statements for the present value of these future services. In the opinion of Association management, the monthly assessment paid by the members, and the monthly contract payments made by former members, is sufficient to meet these obligations.

5. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 10, 2013, the date that the financial statements were available to be issued.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2013 AND 2012**

6. FURNITURE, EQUIPMENT, VEHICLES AND ARTWORK

Furniture, equipment, vehicles and artwork as of October 31, 2013 and 2012 consists of the following:

	<u>2013</u>	<u>2012</u>
Furniture and fixtures	\$ 1,697,777	\$ 1,664,307
Equipment	2,778,982	2,721,490
Vehicles and artwork	229,314	226,317
	<u>4,706,073</u>	<u>4,612,114</u>
Accumulated depreciation	<u>(3,061,023)</u>	<u>(2,931,611)</u>
Net furniture and equipment	<u>\$ 1,645,050</u>	<u>\$ 1,680,503</u>

7. BANK LINES OF CREDIT

The Association has a \$500,000 unused line of credit with Bank of Marin which is limited to the amount(s) the Association has in its cash account(s) with Bank of Marin. Such limitation as of October 31, 2013 was approximately \$300,000. Any advances under the line of credit are secured by an interest in a Bank of Marin bank account(s). Interest on amounts borrowed is payable monthly at prime. The Association also has a \$500,000 unused line of credit with Westamerica Bank. Any advances under the line of credit are secured by an interest in the Association's equipment. Interest on amounts borrowed is payable monthly at the rate of prime plus 1-1/4% per annum.

8. EMPLOYEE PENSION PLAN

The Association has established a 401(k) retirement plan (the Plan). The Plan covers full-time employees over the age of 21 who have at least one year of service. Employee salary deferrals are allowed. The Board annually determines the contribution rate which currently is 3% of compensation. The contribution expense for the years ended October 31, 2013 and 2012 was \$146,245 and \$129,055, respectively.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2013 AND 2012**

9. CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

The Association is required to have 75 days of operating liquidity in accordance with California Department of Social Services regulations. For the years ended October 31, 2013 and 2012, the Association has been in compliance with this regulation.

10. RELATED PARTIES AND CONCENTRATION OF VENDORS

The Association has a contract with an outside party to provide food and the related personnel oversight of the food preparation. The contract renews annually and requires a fixed payment per week. For the years ended October 31, 2013 and 2012, the vendor was paid \$1,069,621 and \$1,086,286, respectively.

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VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2013
(UNAUDITED)**

The following information on common area major components was compiled by Reserve Analysis Consulting, L.L.C. of Sausalito, California as of May 2013 and has served as the basis for the current estimates of replacement reserve funding:

Code #	Component Description	2012/13 End Req'd in Bank	Year New	Useful Life	Rmng. (13/14)	Total Cost	Annual Contrib.
1.000	ROOFING						
1.001	Built Up Roofing	\$32,000	2011	10	8	\$320,000	\$32,000
1.002	Skylights - North & South	\$12,360	2002	15	4	\$18,540	\$1,236
1.008	Chimney Caps/Spark Arrestors	\$945	2008	40	35	\$9,450	\$236
1.009	Chimney Sheetmetal Wind Shrouds	\$7,560	1984	50	21	\$13,500	\$270
1.010	Metal Flashing Repair & Replacement	\$8,400	1984	50	21	\$15,000	\$300
1.012	Little Villa Skylight	\$67	2011	30	28	\$2,000	\$67
2.000	BUILDING EXTERIOR						
2.001	Exterior Caulking - Base	\$20,000	2007	20	14	\$80,000	\$4,000
2.002	Wall Joint Tape, Awnings & Professional Services	\$175,049	2001	25	13	\$397,838	\$15,914
2.003	Exterior & Interior Structural Repair Allowance	\$30,000	2012	1	0	\$30,000	\$30,000
2.019	Railing Wall Repair & Concrete Work Allowance	\$2,472	2004	10	1	\$3,090	\$309
2.023	Exterior Painting - Unit 100 / Little Villa	\$1,500	2010	20	17	\$15,000	\$750
2.024	Front 1/2 Main Building Exterior	\$0	2012	15	14	\$360,000	\$24,000
2.025	Back 1/2 Main Building Exterior	\$336,000	1998	15	0	\$360,000	\$24,000
2.026	Backside Walls Under Promanade Deck	\$64,000	1984	35	6	\$80,000	\$2,286
3.000	CONCRETE BLOCKS						
3.002	Concrete Garage "Ventilation Block" Replace Allowance	\$1,500	2009	5	1	\$2,500	\$500
4.000	AWNINGS						
4.001	Blue Awnings (6)	\$0	2012	10	9	\$6,000	\$600
4.007	Window Replacement Allowance	\$5,150	2013	1	1	\$5,150	\$5,150
4.008	Yellow Awnings Front 1/2 Building (153)	\$0	2012	10	9	\$50,000	\$5,000
4.011	Yellow Awnings Back 1/2 Building (25)	\$13,333	2004	9	0	\$15,000	\$1,667
4.012	Yellow Awnings Back 1/2 Main Building (168)	\$14,000	2010	10	7	\$70,000	\$7,000
4.013	Yellow Awnings- Reoccurring Repair/Replnce Allowance	\$5,000	2012	1	0	\$5,000	\$5,000
5.000	ELECTRIC GATES						
5.001	All Parking Garage Gates (4) -Repair/Replace Allowance	\$4,000	2012	1	0	\$4,000	\$4,000
5.005	All Parking Gates Controllers - Repair/Replace Allowance	\$5,300	2012	1	0	\$5,300	\$5,300
5.009	Loading Dock Door & Controller	\$312	2009	25	21	\$2,600	\$104
5.010	Central Trash Controller	\$0	2012	6	5	\$2,060	\$343
5.011	Card Access System	\$6,180	2006	20	13	\$20,600	\$1,030
5.012	Garage Doors - Lower Level (Non Electric)	\$5,191	1984	50	21	\$9,270	\$185
5.013	Security Cameras	\$65,560	2002	20	9	\$131,120	\$6,556
5.014	TV Video Camera	\$1,945	2001	15	3	\$2,652	\$177
6.000	WALLCOVERING						
6.001	PCU Corridors & Rooms	\$12,360	2002	25	14	\$30,900	\$1,236
6.004	SNF Corridors & Rooms	\$14,420	2005	15	7	\$30,900	\$2,060
6.006	SNF Dining Room	\$4,951	2005	15	7	\$10,609	\$707
6.007	PCU Dining Room	\$4,244	2002	25	14	\$10,609	\$424
6.008	Beauty Shop	\$3,734	2001	25	13	\$8,487	\$339
7.000	ELEVATORS						
7.001	Hydraulic Cylinder - 4000 lb Capacity - Freight	\$32,181	1984	60	31	\$68,959	\$1,149
7.002	Hydraulic Cylinder - 2500 lb Capacity - North	\$22,279	1984	60	31	\$47,741	\$796

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2013
(UNAUDITED)**

Code #	Component Description	2012/13 End Req'd in Bank	Year New	Useful Life	Rmng. (13/14)	Total Cost	Annual Contrib.
7.003	Hydraulic Cylinder - 2500 lb Capacity - South	\$22,279	1984	60	31	\$47,741	\$796
7.004	Hydraulic Cylinder - 2500 lb Capacity - Central	\$22,279	1984	60	31	\$47,741	\$796
7.005	Hydraulic Cylinder - 2500 lb Capacity - Kitchen	\$22,279	1984	60	31	\$47,741	\$796
7.006	Elevator Door Infrared (7)	\$4,120	2004	20	11	\$10,300	\$515
7.007	Elevator Pump Unit - Kitchen	\$19,871	1984	31	2	\$22,000	\$710
7.008	Elevator Pump Unit - Freight	\$19,250	1984	32	3	\$22,000	\$688
7.009	Elevator Pump Unit - Central	\$18,667	1984	33	4	\$22,000	\$667
7.010	Elevator Pump Unit - North	\$18,118	1984	34	5	\$22,000	\$647
7.011	Elevator Pump Unit - South	\$17,600	1984	35	6	\$22,000	\$629
7.012	Condo Gym Door Automatic Opener	\$300	2011	20	18	\$6,000	\$300
7.014	Elevator Pit Sump Pumps (5) - Replacement Allowance	\$1,030	2012	1	0	\$1,030	\$1,030
7.015	Central Elevator Cabin Refurbishment	\$16,414	1984	29	0	\$17,000	\$586
7.016	North Elevator Cabin Refurbishment	\$15,867	1984	30	1	\$17,000	\$567
7.017	South Elevator Cabin Refurbishment	\$15,355	1984	31	2	\$17,000	\$548
8.000	ROAD AREA REPLACEMENT						
8.001	Seal Coat, Stripe @ South Fire Access & Tennis Court	\$909	2011	7	5	\$6,365	\$909
8.002	Overlay @ South Fire Access	\$51,030	1984	35	6	\$63,788	\$1,823
8.003	Striping & Repair Thorndale Drive	\$0	2012	10	9	\$12,890	\$1,289
8.004	Overlay @ Thorndale Drive	\$153,806	1984	33	4	\$181,271	\$5,493
8.005	Repair Thorndale Drive/Sidewalk & Curb	\$1,200	2011	5	3	\$6,000	\$1,200
8.006	Concrete	\$5,000	2012	1	0	\$5,000	\$5,000
8.007	Renovation @ South Fire Access & Tennis Court	\$10,815	2005	20	12	\$30,900	\$1,545
8.008	Asphalt Replacement - South Fire Road	\$25,515	1984	70	41	\$63,788	\$911
8.009	Asphalt Base Replacement - Thorndale Drive	\$76,903	1984	66	37	\$181,271	\$2,747
8.010	Roadway Guard Rail Repair & Replace Allowance	\$2,800	1984	30	1	\$3,000	\$100
9.000	MECHANICAL						
9.001	Boiler System - Domestic Hot Water - Roof (6) (Small)	\$78,750	1984	32	3	\$90,000	\$2,813
9.004	Boiler System - Heating Water - Roof (2) (Large)	\$32,941	1984	34	5	\$40,000	\$1,176
9.006	Boiler System - Heating Water - SNF (4) (Large)	\$64,000	1984	35	6	\$80,000	\$2,286
9.007	Air Handlers (6)	\$38,193	1984	35	6	\$47,741	\$1,364
9.008	Variable Volume Controllers (60)-Replacement Allowance	\$1,000	2012	1	0	\$1,000	\$1,000
9.010	Fan Coils (4)	\$1,415	2010	30	27	\$21,218	\$707
9.011	A/C Unit - DX @ SNF	\$24,138	1984	29	0	\$25,000	\$862
9.012	Exhaust Fans - Smoke	\$1,981	1984	60	31	\$4,244	\$71
9.013	Domestic Water Booster System	\$4,920	2009	25	21	\$41,000	\$1,640
9.014	PCU Laundry Exhaust Fan	\$6,210	2000	25	12	\$12,937	\$517
9.015	Return Air Fan @ SNF (1)	\$8,945	1984	30	1	\$9,584	\$319
9.016	Package A/C Units - Common Areas (4)	\$18,672	1984	35	6	\$23,340	\$667
9.018	Kitchen Range - Exhaust Fans (Roof)	\$320	2011	25	23	\$8,000	\$320
9.019	A/C Unit - Ambulatory Care (2)	\$25,462	1984	35	6	\$31,827	\$909
9.020	A/C Unit - Promenade/Employee/Business Areas	\$19,096	1984	35	6	\$23,870	\$682
9.021	Smoke Filtration System @ Beauty Shop	\$1,527	1988	25	0	\$1,591	\$64
9.023	Fuel Transfer Pumps (2)	\$1,089	1984	30	1	\$1,167	\$39
9.025	Exhaust Fans - Smoke (4)	\$42,436	1984	35	6	\$53,045	\$1,516
9.026	Residential Thermostats (224) - Replacement Allowance	\$2,000	2012	1	0	\$2,000	\$2,000
9.031	Residential Heat Pumps - Roof - Replacement Allowance	\$30,000	2012	1	0	\$30,000	\$30,000
9.035	Liquid Chiller	\$27,000	2008	20	15	\$135,000	\$6,750
9.037	Return Air Heating Pump	\$2,250	2007	20	14	\$9,000	\$450
9.038	Water Backflow Valve - SNF	\$250	2011	30	28	\$7,500	\$250
9.039	Water Backflow Valve - Common Area	\$250	2011	30	28	\$7,500	\$250
11.000	CONCRETE (EXPANSION JOINTS)						
11.001	Seismic Joints - Front North	\$26,780	2006	30	23	\$133,900	\$4,463
11.002	Vertical Seismic Joints - Front North	\$12,500	2007	40	34	\$100,000	\$2,500
11.003	Horizontal Seismic Joint - Gym (60")	\$6,798	2006	30	23	\$33,990	\$1,133
11.004	Horizontal Seismic Joint Beauty Shop (40")	\$3,296	2006	30	23	\$16,480	\$549
11.005	Vertical Systems Joint Repair	\$6,667	2008	30	25	\$50,000	\$1,667
11.006	Horizontal Seismic Joint over PLY - North	\$8,000	2008	30	25	\$60,000	\$2,000
11.007	Vertical Seismic Joint - South Rear	\$2,500	2009	30	26	\$25,000	\$833
11.008	Vertical Seismic Joints - Front North	\$3,333	2007	30	24	\$20,000	\$667
11.009	Vertical Seismic Joints - Front South	\$4,000	2006	30	23	\$20,000	\$667
11.010	Vertical Seismic Joints - Back North	\$4,000	2006	30	23	\$20,000	\$667
11.011	Vertical Seismic Joints - Back South	\$1,333	2010	30	27	\$20,000	\$667

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
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(UNAUDITED)**

Code #	Component Description	2012/13 End Req'd in Bank	Year New	Useful Life	Rmng. (13/14)	Total Cost	Annual Contrib.
.012	Horizontal Seismic Joint - Front North	\$4,200	2006	30	23	\$21,000	\$700
11.013	Horizontal Seismic Joint - Back North	\$5,333	2008	30	25	\$40,000	\$1,333
11.014	Horizontal Seismic Joint - Front South	\$1,200	2008	30	25	\$9,000	\$300
11.015	Horizontal Seismic Joint - Back South	\$10,667	2008	30	25	\$80,000	\$2,667
11.016	Horizontal Seismic Joint - Back South	\$6,667	2010	30	27	\$100,000	\$3,333
11.017	Horizontal Seismic Joint - Back South	\$5,600	2008	30	25	\$42,000	\$1,400
11.018	Horizontal Seismic Joint - Back South	\$2,333	2011	30	28	\$70,000	\$2,333
11.019	Horizontal Seismic Joint - Back South	\$56,903	1984	31	2	\$63,000	\$2,032
12.000	LIFE SAFETY						
12.001	Life Safety System - Phase 1	\$63,517	2002	30	19	\$190,550	\$6,352
12.002	Life Safety System - Phase 2	\$57,165	2003	30	20	\$190,550	\$6,352
12.003	Life Safety System - Phase 3	\$44,462	2005	30	22	\$190,550	\$6,352
12.005	Patient Wander System - All Medical Units	\$4,650	2009	20	16	\$31,000	\$1,550
12.006	Emergency Generator - Rebuild	\$36,050	1984	32	3	\$41,200	\$1,288
12.007	Transfer Switches @ Emergency Generator Room	\$7,427	1984	30	1	\$7,957	\$265
12.008	Transfer Switches @ SNF Battery Room	\$6,751	1984	33	4	\$7,957	\$241
12.009	Tamper Switches (#51)	\$1,000	2011	2	0	\$2,000	\$1,000
12.010	SNF Emergency Lighting and Power	\$1,200	2009	25	21	\$10,000	\$400
12.011	SNF Emergency Batteries	\$707	2010	15	12	\$5,305	\$354
12.012	Telephone System Replacement	\$132,613	1997	18	2	\$159,135	\$8,841
12.013	Professional Services - Life Safety System	\$2,387	2003	20	10	\$5,305	\$265
12.014	Two Way Emergency Radios & Base Station	\$1,500	2009	10	6	\$5,000	\$500
12.015	Telephone System UPS Batteries	\$0	2012	5	4	\$3,500	\$700
12.016	Emergency Fire Pump @ Garden Area - LL Garage	\$74,263	1984	32	3	\$84,872	\$2,652
12.017	Auxiliary Fire Jockey Pump @ Fire Pump Room	\$3,183	2002	20	9	\$6,365	\$318
12.018	Fire Extinguishers	\$1,432	2003	30	20	\$4,774	\$159
12.019	Fire Extinguishers	\$1,061	1992	30	9	\$1,591	\$53
12.020	Emergency Generator - Radiator	\$0	2012	15	14	\$7,000	\$467
12.021	Reception Intercom System	\$3,395	2004	20	11	\$8,487	\$424
12.022	Emergency Generator - 500 Gl. Diesel Tank (@Front)	\$10,609	2000	30	17	\$26,523	\$884
.000	SWIMMING POOL						
14.001	Swimming Pool & Spa Area Refurb	\$0	2012	15	14	\$50,000	\$3,333
14.005	Pool Heater	\$3,200	2004	10	1	\$4,000	\$400
14.006	Gas Duct Heater	\$4,395	2004	15	6	\$8,240	\$549
14.007	Return Air Handler	\$7,427	1984	30	1	\$7,957	\$265
14.008	Supply Air Handler	\$7,427	1984	30	1	\$7,957	\$265
14.009	Pool Filter	\$1,350	1994	20	1	\$1,500	\$75
14.010	Pool Pump	\$106	2011	10	8	\$1,061	\$106
14.012	Pool Lift	\$0	2012	20	19	\$7,500	\$375
14.013	Pool Ozone Generator	\$803	2006	10	3	\$1,339	\$134
14.014	Pool Room Exhaust Fans	\$800	2006	15	8	\$2,000	\$133
14.015	Pool Solar	\$2,000	2010	20	17	\$20,000	\$1,000
15.000	SPA						
15.004	Spa Heater	\$0	2012	10	9	\$4,000	\$400
15.005	Spa Filter	\$0	2012	20	19	\$2,500	\$125
15.008	Jet Blower Fan	\$1,114	2005	10	2	\$1,591	\$159
15.010	Spa Ozone Generator	\$803	2006	10	3	\$1,339	\$134
16.000	FENCES/GATES/RAILS						
16.001	Fencing @ SE Corner by Paddle Tennis Court	\$2,884	2005	20	12	\$8,240	\$412
16.002	Redwood Fence - North Promenade	\$2,940	1984	30	1	\$3,150	\$105
16.003	Promenade Steel Gates	\$2,228	1984	40	11	\$3,183	\$80
16.004	Bottom Vineyard Fencing - Metal	\$0	2012	40	39	\$8,000	\$200
17.000	DOORS						
17.001	Bi-Fold Doors	\$6,931	1984	30	1	\$7,426	\$248
17.002	Accordion Doors - Auditorium (Rear)	\$3,714	1998	20	5	\$5,305	\$265
17.003	Accordion Doors - Auditorium (Front)	\$3,979	1997	20	4	\$5,305	\$265
17.004	Trash Chute Doors (Incl. Kitchen)	\$7,797	1984	40	11	\$11,139	\$278
17.005	Lower Level Garage Entry Door	\$677	1997	30	14	\$1,353	\$45
17.006	Promenade North & South - Automatic (4)	\$13,600	1995	25	7	\$20,000	\$800
17.007	LL Clinic - Automatic - Garage	\$4,509	1995	20	2	\$5,305	\$265
17.008	PCU - Automatic - Garden Area	\$3,495	1995	20	2	\$4,112	\$206
17.009	Double Slider - Closet - SNF	\$0	2012	15	14	\$12,000	\$800

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2013
(UNAUDITED)**

Code #	Component Description	2012/13 End Req'd in Bank	Year New	Useful Life	Rmng. (13/14)	Total Cost	Annual Contrib.
17.010	Accordian - Closet - SNF	\$0	2012	10	9	\$1,857	\$186
17.011	Accordian - Bath - SNF	\$0	2012	10	9	\$11,033	\$1,103
17.012	Double Slider - Closet - PCU	\$594	2005	20	12	\$1,697	\$85
17.013	Accordian - Closet - PCU	\$1,804	2005	20	12	\$5,155	\$258
17.014	Accordian - Bath - PCU	\$3,620	2005	20	12	\$10,344	\$517
17.015	Interior & Exterior Steel Doors	\$773	2011	4	2	\$3,090	\$773
17.017	Door Lock Sets Repair & Replacement Allowance	\$4,000	2012	1	0	\$4,000	\$4,000
18.000	LANDSCAPING						
18.003	Lined Flower Beds adjoining Building	\$0	2012	20	19	\$5,150	\$258
18.009	Common Area Exterior Personal Property	\$400	2011	5	3	\$2,000	\$400
18.016	Tree Removal & Replacement Allowance	\$5,000	2012	1	0	\$5,000	\$5,000
18.017	Upgrade Grounds Allowance	\$1,200	2009	25	21	\$10,000	\$400
19.000	VEHICLES						
19.002	Forklift - Kamatsu	\$6,729	2005	15	7	\$14,420	\$961
19.004	Chevy Large Bus	\$101,053	1996	19	2	\$120,000	\$6,316
19.006	Honda Van	\$21,630	2005	10	2	\$30,900	\$3,090
19.008	Grounds Cart - Electric	\$4,376	1997	20	4	\$5,835	\$292
19.009	Ford Small Bus	\$44,558	1998	20	5	\$63,654	\$3,183
19.010	Ford Flex Crossover	\$7,000	2010	10	7	\$35,000	\$3,500
20.000	FLOORCOVERINGS						
20.001	Dining Room Refurbishment	\$45,000	2008	20	15	\$225,000	\$11,250
20.002	Carpeting - 2/3 1st Floor Refurbish	\$52,500	2005	8	0	\$60,000	\$7,500
20.003	Carpeting - 1/3 1st Floor Corridors Refurbish	\$3,533	2011	15	13	\$53,000	\$3,533
20.004	Carpeting - Administration	\$5,552	2005	10	2	\$7,931	\$793
20.005	Flooring - SNF Common Area	\$0	2012	10	9	\$13,513	\$1,351
20.006	SNF Patient Rooms - Replacement Allowance	\$2,000	2012	1	0	\$2,000	\$2,000
20.007	Carpeting - 2nd Floor & Landing Refurbishment	\$6,667	2011	15	13	\$100,000	\$6,667
20.008	PCU Patient Rooms Replacement Allowance	\$2,000	2012	1	0	\$2,000	\$2,000
20.009	Flooring - PCU Common Area	\$0	2012	10	9	\$15,914	\$1,591
20.010	Carpeting - Other Common Areas	\$11,588	2006	8	1	\$15,450	\$1,931
20.011	Lobby - Refurbishment	\$20,000	2010	15	12	\$150,000	\$10,000
20.012	Carpeting - Auditorium	\$4,755	2002	12	1	\$5,706	\$476
20.013	Card Room & Gift Shop Refurbishment	\$1,333	2010	15	12	\$10,000	\$667
20.014	Kitchen Flooring	\$13,020	1984	60	31	\$27,900	\$465
20.015	Kitchen Flooring Base & Wall	\$9,333	1984	30	1	\$10,000	\$333
20.018	Sheet Vinyl Flooring @ Lunchroom/Corridors	\$5,314	1996	20	3	\$6,643	\$332
20.019	Sheet Vinyl Flooring @ Locker Rooms	\$2,381	1997	20	4	\$3,175	\$159
20.020	Vinyl Tile Flooring @ All Areas	\$3,536	2004	20	11	\$8,840	\$442
20.021	Stair Treads - Art Corridor to OPS	\$4,688	1997	16	0	\$5,000	\$313
20.022	Floor Covering - 1st Floor Ramps	\$3,501	2001	20	8	\$6,365	\$318
20.023	Baseboard Refurbishing	\$3,845	2005	15	7	\$8,240	\$549
20.024	Beauty Shop Refurbishment	\$1,500	2007	20	14	\$6,000	\$300
20.025	Auditorium - Wood Floor & Baseboard	\$3,077	2002	20	9	\$6,153	\$308
20.026	Carpeting - 3rd Floor refurbish	\$45,000	2006	12	5	\$90,000	\$7,500
20.027	Carpeting 4th Floor Refurbish	\$54,091	2005	11	3	\$85,000	\$7,727
20.028	Library Refurbish	\$11,124	2006	25	18	\$46,350	\$1,854
20.029	PCU Nursing Station Floor	\$2,000	2008	20	15	\$10,000	\$500
21.000	WINDOW COVERINGS						
21.003	Window Coverings - Lobby	\$1,067	2010	15	12	\$8,000	\$533
21.004	Mini Blinds @ Common Area	\$343	2005	21	13	\$1,030	\$49
21.005	Sun Block Shades	\$1,768	2007	15	9	\$5,305	\$354
21.006	Auditorium Drapes/Dividers	\$3,745	1997	17	1	\$4,244	\$250
21.007	PCU Patient Room Mini Blinds	\$6,794	1997	17	1	\$7,700	\$453
21.008	PCU Patient Room Window & Cubicle Curtains	\$13,517	1984	29	0	\$14,000	\$483
21.009	SNF Patient Room Mini Blinds	\$7,765	1997	17	1	\$8,800	\$518
21.010	SNF Patient Room Window Curtains	\$7,002	2001	20	8	\$12,731	\$637
21.011	Mini Blinds - Dining Room	\$539	2007	20	14	\$2,154	\$108
22.000	DOOR CLOSERS						
22.001	Door Closers, Hydraulic - Various Locations - Allowance	\$1,000	2012	1	0	\$1,000	\$1,000
22.002	Electric Door Operators (5)	\$14,400	1994	25	6	\$20,000	\$800
22.003	Electric Fire Door Releaser Allowance	\$2,000	2012	1	0	\$2,000	\$2,000
22.004	Main Door Electric Opener	\$0	2012	20	19	\$6,000	\$300

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VILLA MARIN HOMEOWNERS' ASSOCIATION

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OCTOBER 31, 2013
(UNAUDITED)**

Code #	Component Description	2012/13 Est Req'd in Bank	Year New	Useful Life	Rmng. (13/14)	Total Cost	Annual Contrib.
.000	HOUSEKEEPING TOOLS & EQUIPMENT						
23.001	Washer - HC Laundry Room	\$531	2007	10	4	\$1,061	\$106
23.003	PCU - HD Washing Machine	\$4,598	1999	15	1	\$5,305	\$354
23.004	Common Area Washers & Dryers Replacement Allowance	\$1,000	2012	1	0	\$1,000	\$1,000
23.005	Dryer - HC Laundry Room	\$2,122	2002	15	4	\$3,183	\$212
23.008	Teri-Towel System Repair & Replacement Allowance	\$1,000	2012	1	0	\$1,000	\$1,000
23.009	Standard Vacuum Cleaners (#17) - Replacement Allowance	\$2,000	2012	1	0	\$2,000	\$2,000
23.012	Steam Machine	\$2,476	2005	15	7	\$5,305	\$354
23.013	Pullman Holt 19" Scrubber	\$1,440	1988	25	0	\$1,500	\$60
23.014	Castex Challenger Steamer	\$1,540	1984	30	1	\$1,650	\$55
23.015	Advance Whirlmatic Buffer	\$2,229	1986	28	1	\$2,400	\$86
23.016	Pullman Holt 17" Buffer	\$472	2004	18	9	\$1,061	\$59
23.018	Housekeeping Carts (#16)	\$1,000	2012	1	0	\$1,000	\$1,000
23.022	Wet or Dry Vacuums	\$1,082	2005	10	2	\$1,545	\$155
24.000	PCU FURNITURE & EQUIPMENT						
24.001	Swimming Pool/Gymnasium Equipment Replace Allowance	\$1,232	2012	1	0	\$1,232	\$1,232
24.002	PCU Common Area Replacement Allowance	\$4,410	2012	1	0	\$4,410	\$4,410
24.004	3rd Floor Housekeeping Bathrooms	\$200	2010	60	57	\$6,000	\$100
24.006	1st Floor Art Hall Bathrooms	\$28,966	1984	29	0	\$30,000	\$1,034
24.007	Pool Bathroom	\$966	1984	29	0	\$1,000	\$34
24.008	Dining Room Area Bathroom	\$1,333	2008	15	10	\$5,000	\$333
24.009	Employee Break Room Bathrooms	\$0	2012	31	30	\$1,000	\$32
24.010	Medical Unit Hospital Beds & Mattresses (#59) Allowance	\$4,000	2012	1	0	\$4,000	\$4,000
24.020	PCU Overbed Tables	\$2,293	2007	20	14	\$9,171	\$459
24.030	PCU Bathroom Cabinets	\$557	2007	20	14	\$2,228	\$111
24.050	PCU Side Chairs	\$2,042	2007	20	14	\$8,169	\$408
24.060	PCU Side Tables	\$4,085	2007	20	14	\$16,338	\$817
24.080	PCU Patient Room Television Stands	\$597	2007	20	14	\$2,388	\$119
24.091	PCU Refrigerators	\$450	2009	10	6	\$1,500	\$150
24.092	PCU Nurses Station Refurbish	\$3,833	2007	30	24	\$23,000	\$767
.100	CLINIC EXAM ROOM #1						
24.101	Hewlett-Packard EKG	\$833	2008	24	19	\$5,000	\$208
24.102	Clinic Exam Table # 1	\$2,833	1995	30	12	\$5,000	\$167
24.103	Defibrillator & Battrey Case	\$1,370	2005	10	2	\$1,957	\$196
24.110	CLINIC EXAM ROOM #2						
24.111	Clinic Exam Table #2	\$500	2010	20	17	\$5,000	\$250
24.120	PHYSICAL THERAPY						
24.130	X-RAY ROOM						
24.140	HSK LINEN ROOM						
24.141	Built In Shelving	\$1,250	2001	30	18	\$3,408	\$114
25.000	SNF FURNITURE & EQUIPMENT						
25.001	SNF Common Area Replacement Allowance	\$4,680	2012	1	0	\$4,680	\$4,680
25.016	Arrow Low Bed - (Kneeling Bed)	\$3,605	2005	12	4	\$6,180	\$515
25.030	SNF Overbed Tables	\$4,741	2000	20	7	\$7,902	\$395
25.040	SNF Bathroom Cabinets	\$891	2005	20	12	\$2,546	\$127
25.060	SNF Suction Machines	\$525	2003	20	10	\$1,167	\$58
25.080	SNF Closet Organizers - SNF & PCU	\$520	2005	20	12	\$1,485	\$74
25.090	SNF Side Chairs	\$0	2012	15	14	\$7,055	\$470
25.100	SNF Side Tables	\$13,155	2000	15	2	\$16,444	\$1,096
25.120	SNF Patient Room Television Stands	\$1,035	2006	20	13	\$3,450	\$172
25.130	SNF Patient Room Divider Curtains	\$7,235	2001	20	8	\$13,155	\$658
25.140	Waste Baskets - Fire Resistant SNF & PCU	\$336	2011	7	5	\$2,350	\$336
25.150	Blanket Warmers	\$999	1996	17	0	\$1,061	\$62
25.160	Blankets & Bedspreads (50)	\$0	2012	2	1	\$1,000	\$500
25.061	Dinamap Pro	\$2,855	2003	10	0	\$3,172	\$317
25.162	Digital Chair Scale	\$1,020	2003	10	0	\$1,133	\$113
25.163	Golvo Lift	\$5,408	2003	12	2	\$7,210	\$601
25.164	Alarm Mats (13)	\$600	2009	5	1	\$1,000	\$200
25.165	Enclosed Display Cases (2)	\$450	2003	20	10	\$1,000	\$50
25.166	SNF Refrigerators (2)	\$1,000	2007	10	4	\$2,000	\$200
.200	SNF DINING ROOM						
25.201	Large Screen TV (2)	\$1,200	2008	10	5	\$3,000	\$300

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202	SNF Piano	\$4,085	1984	40	11	\$5,835	\$146
25.203	All Medical Unit TV's (#59) Replacement Allowance	\$3,000	2012	1	0	\$3,000	\$3,000
25.225	Nurses Station - SNF Refurbish	\$2,884	2006	30	23	\$14,420	\$481
25.226	Medical Cart	\$3,862	1999	15	1	\$4,456	\$297
25.227	Upper & Lower Cabinets - Nurses SNF	\$3,353	2005	20	12	\$9,579	\$479
25.228	Upper & Lower Cabinets - Clinic	\$600	2007	25	19	\$3,000	\$120
25.250	SHOWER ROOM						
25.251	Whirlpool	\$13,060	1996	50	33	\$40,814	\$816
25.252	Blankets	\$935	2009	8	4	\$2,500	\$313
26.000	FOOD SERV. EQUIP. & APPL. - GARDEN AREA						
26.010	Lower Level Walk-In Refrigerator Compressors (2)	\$1,600	2006	15	8	\$4,000	\$267
26.011	Lower Level Walk-In Freezer Compressor	\$2,060	2006	15	8	\$5,150	\$343
26.012	Kitchen Walk-In refrigerator Compressors	\$2,060	2006	15	8	\$5,150	\$343
26.100	FOOD SERV. EQUIP. & APPL. - KITCHEN						
26.101	Grease Traps	\$1,200	2009	15	11	\$6,000	\$400
26.102	Dishwasher - FS Kitchen	\$27,000	1994	20	1	\$30,000	\$1,500
26.103	Booster Heater - FS Kitchen	\$2,521	2007	7	1	\$3,530	\$504
26.104	Steam Tables - FS Kitchen	\$600	2010	30	27	\$9,000	\$300
26.105	Gas Range - (3 Piece) FS Kitchen	\$5,768	2004	20	11	\$14,420	\$721
26.106	Reach-In-Freezer - FS Kitchen	\$800	2010	15	12	\$6,000	\$400
26.107	Fryer - FS Kitchen	\$5,941	1984	30	1	\$6,365	\$212
26.108	Mixer - FS Kitchen	\$3,934	1996	20	3	\$4,917	\$246
26.109	Tilt Skillet	\$3,605	2005	20	12	\$10,300	\$515
26.110	Gas Convection Oven (Double) - FS Kitchen	\$14,206	1999	15	1	\$16,391	\$1,093
26.111	Food Warmers - FS Kitchen	\$3,863	2002	12	1	\$4,635	\$386
26.112	Ice Cream Freezer - FS Kitchen	\$437	2009	15	11	\$2,185	\$146
26.114	Steamer	\$4,535	2006	8	1	\$6,047	\$756
26.116	CO2 Hood Fire Extinguisher System - Kitchen	\$4,000	2000	30	17	\$10,000	\$333
26.117	Unitized Base Dispenser	\$2,622	2004	20	11	\$6,556	\$328
26.118	Dishwasher Pump/Motor	\$400	2011	10	8	\$4,000	\$400
26.120	Slicer - Kitchen	\$2,334	2000	15	2	\$2,917	\$194
26.123	Stainless Steel Shelving Units - Kitchen	\$9,333	1984	60	31	\$20,000	\$333
26.125	Stainless Steel Work Tables - Kitchen	\$2,800	1984	70	41	\$7,000	\$100
26.126	Stainless Steel Serving Racks - Kitchen	\$128	2011	15	13	\$1,913	\$128
26.127	Stove - Small One Burner - Kitchen	\$1,587	1984	30	1	\$1,700	\$57
26.128	Dish Dolly & Racks	\$93	2011	15	13	\$1,394	\$93
26.129	Charcoal Grille - FS Kitchen	\$3,605	1984	40	11	\$5,150	\$129
26.130	Replacement Shelving - Lower Freezer	\$300	2010	20	17	\$3,000	\$150
26.131	Reach In Refrigerator # 1	\$625	2007	20	14	\$2,500	\$125
26.132	Reach In Refrigerator # 2	\$927	2006	20	13	\$3,090	\$155
26.133	Pellet Warmer	\$901	2005	20	12	\$2,575	\$129
26.134	Bread Warmers (2)	\$5,250	2005	8	0	\$6,000	\$750
26.200	FOOD SERV. EQUIP. & APPL. - DINING ROOM						
26.202	J Soup Warmers - Dining Room	\$2,500	1987	30	4	\$3,000	\$100
26.203	Faucets - Kitchen & Dining Room	\$2,084	2007	7	1	\$2,917	\$417
26.204	Buffet Table w/ Guard	\$11,588	2003	20	10	\$25,750	\$1,288
26.205	Tables & Chairs	\$12,720	2009	25	21	\$106,000	\$4,240
26.206	Cabinets/Countertops - South Wait Station	\$1,393	2007	20	14	\$5,570	\$279
26.207	Cabinets/Countertops - Other	\$0	2012	8	7	\$2,575	\$322
26.208	Plate Warmers	\$900	2009	10	6	\$3,000	\$300
26.300	FOOD SERV. EQUIP. & APPL. - ROOF						
26.301	Hood Exhaust Fan Motor - Roof	\$240	2009	25	21	\$2,000	\$80
26.400	FOOD SERV. EQUIP. & APPL. - LOADING DOCK						
26.401	Ice Machine - LL Freight Dock	\$1,459	2009	12	8	\$5,835	\$486
26.402	Steel Lockers	\$800	1984	70	41	\$2,000	\$29
26.403	Lower Level Walk-In Freezer and Refrigerator	\$2,000	2011	25	23	\$50,000	\$2,000
26.404	Wait Station Ice Cream Freezer	\$400	2007	25	19	\$2,000	\$80
26.405	PCU Ice Maker	\$500	2007	20	14	\$2,000	\$100
26.406	Walk In Fridge Kitchen	\$0	2012	25	24	\$15,000	\$600
27.000	OFFICE EQUIPMENT						
001	Administration Office Furniture & Cabinets	\$1,500	2011	2	0	\$3,000	\$1,500
27.007	Computer - Hard Duty (8) & Computers	\$4,667	2011	3	1	\$14,000	\$4,667

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Code #	Component Description	2012/13 End Req'd in Bank	Year New	Useful Life	Rmng. (13/14)	Total Cost	Annual Contrib.
.008	Computer - Medium/Hard Duty (8) & Computers	\$0	2012	3	2	\$14,000	\$4,667
27.009	Computer - Medium Duty (8) Memo	\$0	2011	3	1	\$0	\$0
27.010	Computer - Light Duty (8) Memo	\$0	2011	3	1	\$0	\$0
27.028	Software - Medical/ Keane - Re-Occuring Allowance	\$5,000	2012	1	0	\$5,000	\$5,000
27.029	Software - Financial - Re-Occuring Allowance	\$4,000	2012	1	0	\$4,000	\$4,000
27.030	Operating System Software, etc.	\$3,333	2011	6	4	\$20,000	\$3,333
27.031	Time Clocks & Programming	\$333	2011	12	10	\$4,000	\$333
27.032	File Server	\$5,000	2011	4	2	\$20,000	\$5,000
27.033	Network Cable	\$1,714	2006	7	0	\$2,000	\$286
27.034	In-House Network Back Up System	\$0	2012	5	4	\$5,000	\$1,000
27.037	Computer Switches (2)	\$2,286	2008	7	2	\$4,000	\$571
27.038	Computer Hub (2)	\$1,000	2008	8	3	\$2,000	\$250
27.039	Computer/Telephone Room Improvements	\$750	2006	8	1	\$1,000	\$125
27.040	HP Printer 4000 TN Network	\$0	2012	7	6	\$1,500	\$214
27.043	Laptop Art Committee Computer	\$250	2011	6	4	\$1,500	\$250
27.044	Software - GL, FS, AP	\$56,000	1998	15	0	\$60,000	\$4,000
27.045	Software - Healthcare	\$37,333	1998	15	0	\$40,000	\$2,667
27.047	Mac Laptop Computer & Printer	\$0	2012	6	5	\$2,500	\$417
27.048	Offsite Network Backup	\$0	2012	8	7	\$10,000	\$1,250
27.049	Community WIFI System	\$21,000	2005	10	2	\$30,000	\$3,000
30.000	COMMON AREAS						
30.001	Mail Boxes	\$11,200	1992	60	39	\$33,600	\$560
30.002	Common Area Furniture Replacement Allowance	\$16,578	2012	1	0	\$16,578	\$16,578
30.003	Piping & Fixtures & Painting Allowance	\$7,000	2012	1	0	\$7,000	\$7,000
30.007	Server Room Fire Suppression System	\$19,310	1984	29	0	\$20,000	\$690
30.008	Commercial Treadmills (2)	\$0	2012	7	6	\$7,000	\$1,000
30.010	LOBBY						
30.013	Counter Tops & Cabinets	\$2,060	2012	1	0	\$2,060	\$2,060
30.014	Main Lobby Holiday Tree	\$250	2011	10	8	\$2,500	\$250
30.020	AUDITORIUM						
30.021	Auditorium Sound System	\$12,133	2005	15	7	\$26,000	\$1,733
30.022	Grand Piano/Bench	\$8,487	1984	70	41	\$21,218	\$303
30.023	Auditorium Chairs & Walls	\$0	2012	15	14	\$30,000	\$2,000
30.024	Auditorium Projection Equipment	\$2,625	2005	8	0	\$3,000	\$375
30.030	LIBRARY						
30.031	Furniture	\$531	2007	30	24	\$3,183	\$106
30.040	FIRST FLOOR ATRIUM NORTH						
30.041	Grand Piano/Bench	\$8,487	1984	70	41	\$21,218	\$303
30.050	THIRD FLOOR CENTRAL LOUNGE						
30.051	Upright Piano	\$2,334	1984	70	41	\$5,835	\$83
30.060	HOUSEKEEPING MANAGERS OFFICE						
30.061	Built In File Cabinet	\$902	1995	60	42	\$3,183	\$53
30.070	MAINTENANCE MANAGERS OFFICE						
30.072	Engraving Machine	\$2,345	1998	20	5	\$3,350	\$168
31.000	PA SYSTEM						
31.001	PA System & Associated Cabinets & Microphones	\$10,815	2005	20	12	\$30,900	\$1,545
31.002	Two Channel Portable Sound System	\$103	2011	10	8	\$1,030	\$103
31.003	Auditorium Podium with Amplification System	\$100	2011	10	8	\$1,000	\$100
31.100	Health Center Portable Sound	\$100	2010	20	17	\$1,000	\$50
31.101	PA System for Card Room	\$0	2012	10	9	\$1,500	\$150
33.000	LIGHTING & ELECTRICAL						
33.001	Interior Lighting Replacement Allowance	\$3,207	2012	1	0	\$3,207	\$3,207
33.003	Fire Alarm/Exit Lights/Etc. Replacement Allowance	\$1,147	2012	1	0	\$1,147	\$1,147
33.004	Exterior Lighting Replacement	\$11,124	2007	25	19	\$55,620	\$2,225
33.005	Load Centers & Panel Boards Replacement Allowance	\$1,030	2012	1	0	\$1,030	\$1,030
33.006	Circuit Breakers - Disconnects Replacement Allowance	\$3,000	2012	1	0	\$3,000	\$3,000
Total Value of Components:						\$8,680,633	
Annual Component Contribution:							\$609,211
		2012/13 End					
Total Dollars Necessary to be 100% Funded:		\$3,759,839					

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VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2013
(UNAUDITED)**

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **after-tax interest rate** of **2-1/2%** on replacement fund cash balances and an annual **inflation rate** of **1-1/2%** on major component replacement costs. The replacement fund **cash** and investment balances at October 31, 2013 totaled **\$1,264,395**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$3,760,000**. The portion of **2014** regular **assessments** budgeted to be allocated to the replacement fund totals **\$725,000**.

See independent auditors' report and accompanying notes.

LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

R E C E I V E D
FEB 28 2014

**CONTINUING CARE
CONTRACTS BRANCH**

INDEPENDENT AUDITORS' REPORT

Board Of Directors
Villa Marin Homeowners' Association
San Rafael, California

We have audited the accompanying continuing care reserve report schedules, Forms 1-1 through 5-5 (including Form 5-5 Attachments) (the Schedules) of **Villa Marin Homeowners' Association** (the Association) as of October 31, 2013. These Schedules are the responsibility of the Association's management. Our responsibility is to express an opinion on these Schedules 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 Schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules were prepared for the purpose of complying with California Health and Safety Code Section 1790(a) as described in Note 2, in accordance with the instructions provided by the State of California Department of Social Services and are not intended to be a complete presentation of the Association's assets, liabilities, revenues and expenses.

In our opinion, the Schedules referred to above present fairly, in all material respects, the liquid reserve requirements of **Villa Marin Homeowners' Association** as of October 31, 2013 in conformity with accounting principles generally accepted in the United States of America and the report preparation provision of California Health and Safety Code Section 1790(a).

This report is intended solely for the use of the Association and for filing with the California Department of Social Services and is not intended to be and should not be used by anyone other than these specified parties.

Levy Erlanger & Company

December 10, 2013

R E C E I V E D
FEB 28 2014

CONTINUING CARE
CONTRACTS BRANCH

VILLA MARIN HOMEOWNERS' ASSOCIATION

**INDEPENDENT AUDITORS' REPORT AND CONTINUING CARE
RESERVE REPORT SCHEDULES**

YEAR ENDED OCTOBER 31, 2013

VILLA MARIN HOMEOWNERS' ASSOCIATION

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YEAR ENDED OCTOBER 31, 2013**

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**FORM 1-1
RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	271
[2]	Number at end of fiscal year	269
[3]	Total Lines 1 and 2	540
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	270
All Residents		
[6]	Number at beginning of fiscal year	273
[7]	Number at end of fiscal year	271
[8]	Total Lines 6 and 7	544
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	272
[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).	0.99

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$10,956,980
[a]	Depreciation	\$323,152
[b]	Debt Service (Interest Only)	
[2]	Subtotal (add Line 1a and 1b)	\$323,152
[3]	Subtract Line 2 from Line 1 and enter result.	\$10,633,828
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	99%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$10,555,638
[6]	Total Amount Due (multiply Line 5 by .001)	\$10,556

PROVIDER: Villa Marin Homeowners Association
 COMMUNITY: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules

**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					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:					\$0

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

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

See independent auditors' report and accompanying notes to schedules

PROVIDER: Villa Marin Homeowners Association

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

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

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

PROVIDER: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$0
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)	
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$0

PROVIDER: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules

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

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$10,956,980
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	\$323,152
	d. Amortization	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$200,750
	f. Extraordinary expenses approved by the Department	
3	Total Deductions	\$523,902
4	Net Operating Expenses	\$10,433,078
5	Divide Line 4 by 365 and enter the result.	\$28,584
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$2,143,783

PROVIDER: Villa Marin Homeowners Association
COMMUNITY: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules

**Villa Marin
Department of Social Services
Detail of Reserves - Property
Health & Safety Code Section 1790(a)(2)
Attachment to Form 5-5
Fiscal Year Ended 10-31-2013**

See independent auditors' report and accompanying notes to schedules

PROPERTY RESERVE LIQUIDITY:
(see note 4 Property Reserve Disclosures)

Property
Reserves
Liquidity

Cash in Property Reserve Accounts Morgan Stanley CD's, Money Markets, etc

\$1,264,395

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO CONTINUING CARE RESERVE REPORT SCHEDULES
YEAR ENDED OCTOBER 31, 2013**

NOTE 1 - THE ASSOCIATION

Villa Marin Homeowners' Association (the Association) is a common interest development located in San Rafael, California which consists of 224 residential units and certain common area property. The Association was organized as a nonprofit mutual benefit corporation in September 1983 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association's Board of Directors.

NOTE 2 - CONTINUING CARE RESERVE REPORT SCHEDULES

The California Health and Safety Code Section 1790 requires continuing care contract providers to establish and maintain statutory and refund reserves to ensure financial resources will be available to fulfill contractual obligations to residents. The continuing care reserve report schedules (Schedules), which calculate reserve requirements, are prepared in accordance with Annual Report Instructions provided by the State of California Department of Social Services. The Schedules are required to be submitted annually to the California Department of Social Services within four months of year-end.

NOTE 3 - EVIDENCE OF FIDELITY BOND

The Association is in compliance with the fidelity bond requirement through their commercial crime insurance policy purchased through a commercial insurance carrier.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO CONTINUING CARE RESERVE REPORT SCHEDULES
YEAR ENDED OCTOBER 31, 2013
(CONTINUED)**

NOTE 4 - PROPERTY RESERVE DISCLOSURES

The following disclosures are in accordance with Health and Safety Code Section 1790(a)(3):

Cash and investments in property reserve fund at October 31, 2013 were \$1,264,395.

The Association maintains a property reserve fund for the purposes of maintaining and/or replacing its fixed assets in compliance with the Association's non-profit mutual benefit corporation status. All property reserve amount are designated for future projects consistent with the Association's non-profit mutual benefit corporation status. An annual study is performed projecting cash requirements and project expenditures over an ongoing 30 year basis. The Association utilizes a threshold funding method to project adequate property reserve funding be available each year over the next 30 years. The current property reserve study dated May 28, 2013 by Reserve Analysis Consulting, LLC shows adequate property reserve funding over each of the next 30 years with projected annual deposits, disbursements, rate of inflation, and return on investments to meet the threshold funding requirements of the next 30 years.

The following are the Association's major property reserve fund projects designated to be performed during the year ending October 31, 2013 as permitted by and in accordance with the Association's non-profit mutual benefit corporation status:

Refurbish rear main building face	\$ 360,000
Software replacement	100,000
Carpeting 1 st floor	60,000
Heating and air conditioners replacement	30,000
Exterior structural repairs	30,000
1 st floor bathrooms	30,000
Unscheduled replacement items	42,064

See independent auditors' report.

LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

R E C E I V E D
FEB 28 2014

CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITORS' REPORT

Board Of Directors
Villa Marin Homeowners' Association
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of **Villa Marin Homeowners' Association** (the Association) as of October 31, 2013, and have issued our report thereon dated December 10, 2013. We have also audited the accompanying statement of cash flows-direct method of **Villa Marin Homeowners' Association** for the year ended October 31, 2013. This statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit of the statement of cash flows-direct method 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 statement of cash flows-direct method is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of cash flows-direct method referred to above presents fairly, in all material respects, the cash flows of **Villa Marin Homeowners' Association** for the year ended October 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

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

Levy, Erlanger & Company

December 10, 2013

VILLA MARIN HOMEOWNERS' ASSOCIATION

STATEMENT OF CASH FLOWS - DIRECT METHOD
YEAR ENDED OCTOBER 31, 2013

	Operating Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
OPERATING ACTIVITIES					
Cash received from residents	\$ 8,384,575	\$ -	\$ 650,000	\$ -	\$ 9,034,575
Cash from resident medical income	1,610,293				1,610,293
Cash from non-resident medical income	200,793				200,793
Cash received from license fee revenue	219,722				219,722
Interest received for operations	13,859				13,859
Interest received for property reserve			10,075		10,075
Interest received for gifts & bequests				658	658
Cash received from other revenue	233,875			4,300	238,175
Cash paid to suppliers and employees	(10,625,436)		(716,792)	(136)	(11,342,364)
Cash for (from) interfund loans	32,277	(19,917)	(12,360)		-
Net cash provided by (used in) operating activities	69,958	(19,917)	(69,077)	4,822	(14,214)
INVESTING ACTIVITIES					
Net (purchase) sale of certificates of deposit	-	159,000	75,000	-	234,000
Net (purchase) sale of fixed assets	(287,699)				(287,699)
	(287,699)	159,000	75,000	-	(53,699)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(217,741)	139,083	5,923	4,822	(67,913)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	292,419	(1)	(254,551)	(37,867)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	942,987	94,607	508,023	36,388	1,582,005
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,017,665	\$ 233,689	\$ 259,395	\$ 3,343	\$ 1,514,092

See independent auditors' report

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

Date Prepared: 2-9-14



FACILITY NAME: Villa Marin Homeowners Association
 ADDRESS: 100 Thorndale Drive San Rafael, CA ZIP CODE: 94903 PHONE: 415-499-8711
 PROVIDER NAME: Villa Marin H/O Assoc. FACILITY OPERATOR: _____
 RELATED FACILITIES: None RELIGIOUS AFFILIATION: None CONTINUING CARE
 YEAR OPENED: 1985 NO. OF ACRES: 16 MULTI-STORY: X SINGLE STORY: CONTRACT BOTH BRANCH
 MILES TO SHOPPING CTR: 1/4 Mile MILES TO HOSPITAL: 1/2 Mile

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>34</u>	ASSISTED LIVING <u>28</u>
APARTMENTS - 1 BDRM	<u>135</u>	SKILLED NURSING <u>31</u>
APARTMENTS - 2 BDRM	<u>34 + 20 (3bdr)</u>	SPECIAL CARE _____
COTTAGES/HOUSES	<u>1</u>	DESCRIBE SPECIAL CARE: _____
% OCCUPANCY AT YEAR END	<u>100%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: _____

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

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: Ownership
 FYE 10-31-2014 Monthly Fees (no entrance fees):
 RANGE OF ENTRANCE FEES: \$2,618 TO \$6,216 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	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH <u>4</u>	
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY <u>1</u>	<u>2</u>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE <u>Yes</u>	
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/> <input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/> <input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/> <input checked="" type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/> <input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/> <input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/> <input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/> <input type="checkbox"/>
SHUFFLEBOARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/> <input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/> <input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input checked="" type="checkbox"/> <input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/> <input checked="" type="checkbox"/>
TENNIS COURT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/> <input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____ Phone _____	<input type="checkbox"/> <input checked="" type="checkbox"/>
OTHER <u>Private Dining</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<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: Villa Marin Homeowners Association

CCRCs

LOCATION (City, State)

PHONE (with area code)

Villa Marin Homeowners Assoc.

San Rafael, CA

415-499-8711

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

* PLEASE INDICATE IF THE FACILITY IS LIFE CARE.

PROVIDER NAME: Villa Marin Homeowners Association

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	\$10,332,598	\$10,544,583	\$10,907,864	\$10,626,655
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	\$10,171,046	\$10,344,118	\$10,568,188	\$10,633,828
NET INCOME FROM OPERATIONS	<u>\$161,552</u>	<u>\$200,465</u>	<u>\$339,676</u>	<u>\$(7,173)</u>
LESS INTEREST EXPENSE	_____	_____	_____	_____
PLUS CONTRIBUTIONS	_____	_____	_____	_____
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	_____	_____	_____	_____
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>\$161,552</u>	<u>\$200,465</u>	<u>\$339,676</u>	<u>\$(7,173)</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END				N/A	
LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

FINANCIAL RATIOS (see next page for ratio formulas)	2011 CCAC Medians 50 th Percentile (optional)	2011	2012	2013
	DEBT TO ASSET RATIO	_____	N/A	N/A
OPERATING RATIO	_____	.98	.97	1.00
DEBT SERVICE COVERAGE RATIO	_____	N/A	N/A	N/A
DAYS CASH-ON-HAND RATIO	_____	71.83	74.57	74.85

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

	2010	%	2011	%	2012	%	2013
STUDIO	\$ 2,416	2.3	\$ 2,472	2.6	\$ 2,535	.4	\$ 2,544
ONE BEDROOM	\$ 2,555	2.4	\$ 2,616	2.7	\$ 2,687	.7	\$ 2,706
TWO BEDROOM	\$ 3,146	2.7	\$ 3,232	3.3	\$ 3,337	1.9	\$ 3,399
COTTAGE/HOUSE	\$ 5,455	3.4	\$ 5,639	4.2	\$ 5,877	3.9	\$ 6,108
ASSISTED LIVING	\$ 2,918	2.6	\$ 2,995	3.1	\$ 3,087	1.5	\$ 3,132
SKILLED NURSING	\$ 2,918	2.6	\$ 2,995	3.1	\$ 3,087	1.5	\$ 3,132
SPECIAL CARE							

COMMENTS FROM PROVIDER: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

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)	\$ 2,544 To \$ 6,108	Same	Same
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	.36% To 3.93%	Same	Same

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: 11-1-2012
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: Villa Marin Homeowners Association
COMMUNITY: Villa Marin Homeowners Association

Villa Marin Homeowners Association
DSS Form 7-1
Report on CCRC Monthly Service Fees

Line (5) "Explanation for the increase in monthly service fees including the amount of the increase"

For Fiscal Year Ending 10-31-2013, Villa Marin HOA Fees increased an average of from .4% to 3.9%. FYE 10-31-2013 Monthly Homeowners' fees range from \$2,544 to \$6,108 depending on size of condo owned. These fees were increased to accommodate increase in operational fees including but not limited to labor increases, utility increases, food cost increases, Health Care cost increases, building maintenance, insurance, etc.

Daniel V. Walker, CFO

A handwritten signature in black ink, appearing to read "D.V. Walker", written in a cursive style.

Villa Marin HOA
 Form 8-1 (lines 6 thru 15))
 FYE 10-31-2013

	fye 2008	fye 2009	fye 2010	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018
Deferred Revenue from Entrance Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Line 6:

Deferred Revenue from Entrance Fees

	fye 2008	fye 2009	fye 2010	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018
Net Annual Entrance Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Line 7:

Net Annual Entrance Fees

	fye 2008	fye 2009	fye 2010	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018
Unrestricted net Assets	\$4,783,959	\$4,581,216	\$4,766,779	\$4,965,174	\$5,076,411	\$4,672,402	\$4,742,488	\$4,813,625	\$4,885,830	\$4,959,117	\$5,033,504
Unrestricted net Assets(\$000)	\$4,784	\$4,581	\$4,767	\$4,965	\$5,076	\$4,672	\$4,742	\$4,814	\$4,886	\$4,959	\$5,034

Line 8:

Unrestricted net Assets

Unrestricted net Assets(\$000)

	fye 2008	fye 2009	fye 2010	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018
Annual Capital Asset Expenditure:											
Fixed Assets Beginning of year	\$3,846,373	\$4,160,863	\$4,592,652	\$4,568,048	\$4,328,344	\$4,612,114	\$4,706,073	\$4,847,255	\$4,992,673	\$5,142,453	\$5,296,727
Fixed Assets End of year	\$4,160,863	\$4,592,652	\$4,568,048	\$4,328,344	\$4,612,114	\$4,706,073	\$4,847,255	\$4,992,673	\$5,142,453	\$5,296,727	\$5,455,628
Subtotal	\$314,490	\$431,789	(\$24,604)	(\$239,704)	\$283,770	\$93,959	\$141,182	\$145,418	\$149,780	\$154,274	\$158,902
Add Deletions of Fixed Assets	\$0	\$0	\$306,598	\$646,326	\$103,646	\$193,740	\$0	\$0	\$0	\$0	\$0
Capital Purchases	\$314,490	\$431,789	\$281,994	\$406,622	\$387,416	\$287,699	\$141,182	\$145,418	\$149,780	\$154,274	\$158,902
Add: Property Reserve Fund Expensed	\$494,130	\$297,829	\$232,302	\$215,864	\$496,280	\$736,437	\$742,163	\$281,317	\$614,966	\$417,530	\$376,952
ANSWER:											
Annual Capital Asset Expenditure	\$808,620	\$729,618	\$514,296	\$622,486	\$883,696	\$1,024,136	\$883,345	\$426,735	\$764,746	\$571,804	\$535,854
Annual Capital Asset Expend (\$000)	\$809	\$730	\$514	\$622	\$884	\$1,024	\$883	\$427	\$765	\$572	\$536

Line 9:

Annual Capital Asset Expenditure:

	fye 2008	fye 2009	fye 2010	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018
Annual Debt Service Cover. Rev Basis	no debt										
Annual Debt Service Coverage	no debt										
Annual Debt Service to Revenue ratio	no debt										
Average Annual Effective Interest Rate	no debt										
Unrestricted Cash & Investments to LTT	no debt										
Average Age of Facility ratio:											
Accumulated Depreciation	\$2,781,134	\$3,057,072	\$3,044,868	\$2,708,026	\$2,931,611	\$3,061,023	\$3,152,854	\$3,247,439	\$3,344,862	\$3,445,208	\$3,548,565
divided by annual Depreciation Exp	\$271,312	\$275,936	\$294,394	\$309,483	\$327,232	\$323,152	\$332,847	\$342,832	\$353,117	\$363,710	\$374,622
ANSWER:											
Average Age of Facility ratio	10.25	11.08	10.34	8.75	8.96	9.47	9.47	9.47	9.47	9.47	9.47

Line 10:

Annual Debt Service Cover. Rev Basis

Line 11:

Annual Debt Service Coverage

Line 12:

Annual Debt Service to Revenue ratio

Line 13:

Average Annual Effective Interest Rate

Line 14:

Unrestricted Cash & Investments to LTT

Line 15:

Average Age of Facility ratio:

Accumulated Depreciation
 divided by annual Depreciation Exp

ANSWER:

Average Age of Facility ratio