FISCAL YEAR ENDED: 12/31/2014

ANNUAL REPORT CHECKLIST

RECEIVED
MAY 05 2015
CONTINUING CARE CONTRACTS BRANCH

PROVIDER(S): Atherton Baptist Homes

CCRC(S): Atherton Baptist Homes

PROVIDER CONTACT PERSON: Jackie Pascual, CFO

TELEPHONE NO.: (626) 863-1738 EMAIL: jpascual@abh.org

● ●

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

☒ Annual Report Checklist.

☒ Annual Provider Fee in the amount of: $13,671
  ❑ If applicable, late fee in the amount of: $__________

☒ Certification by the provider's ***Chief Executive Officer*** that:
  ☒ The reports are correct to the best of his/her knowledge.
  ☒ Each continuing care contract form in use or offered to new residents has been approved by the Department.
  ☒ The provider is maintaining the required *liquid* 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. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).

☒ "Continuing Care Retirement Community Disclosure Statement" for ***each*** community.

☒ Form 7-1, "Report on CCRC Monthly Service Fees" for ***each*** community.

❑ Form 9-1, "Calculation of Refund Reserve Amount", *if applicable*.

☒ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	303
[2]	Number at end of fiscal year	313
[3]	Total Lines 1 and 2	616
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	308
	All Residents	
[6]	Number at beginning of fiscal year	355
[7]	Number at end of fiscal year	364
[8]	Total Lines 6 and 7	719
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	359.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	0.86

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$20,976,338
[a]	Depreciation	$2,559,333	
[b]	Debt Service (Interest Only)	$2,460,533	
[2]	Subtotal (add Line 1a and 1b)		$5,019,866
[3]	Subtract Line 2 from Line 1 and enter result.		$15,956,472
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		86%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$13,670,635
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$13,671

PROVIDEI Atherton Baptist Homes
COMMUN Atherton Baptist Homes

RECEIVED
MAY 05 2015
CONTINUING CARE
CONTRACTS BRANCH

April 30, 2015

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 8-3-90
Sacramento, CA 95814

Gentlemen:

I, J. Craig Statton, certify that the annual audit, reports and any amendments thereto submitted for FYE December 31, 2014 for Atherton Baptist Homes are true and correct to the best of my knowledge.

Each continuing care contract form in use or offered to new residents by Atherton Baptist Homes has been approved by the Department of Social Services.

Atherton Baptist Homes is maintaining the required liquid reserve.

Atherton Baptist Homes does not offer refundable contracts.

Sincerely,

J. Craig Statton

J. Craig Statton
President/CEO

ATHERBAP

ACORD™

EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY): 11/24/14

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

RECEIVED
MAY 05 2015
CONTINUING CARE CONTRACTS BRANCH

AGENCY — PHONE (A/C, No, Ext): 818 251-3067
USI Southern California CL
Lic # 0351162
21600 Oxnard Street, 8th Floor
Woodland Hills, CA 91367

FAX (A/C, No): 610-362-8407 — E-MAIL ADDRESS: marlo.reininger@usi.biz
CODE: — SUB CODE:
AGENCY CUSTOMER ID #: 699732

COMPANY
Philadelphia Indemnity Insurance Co.
One Bala Plaza, Suite 100
Bala Cynwyd, PA 19004-1403

INSURED
Atherton Baptist Homes
214 South Atlantic Blvd
Alhambra, CA 91801

LOAN NUMBER	POLICY NUMBER
	PHSD996463

EFFECTIVE DATE	EXPIRATION DATE	CONTINUED UNTIL TERMINATED IF CHECKED
11/24/14	11/20/15	☐

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION/DESCRIPTION
214 South Atlantic Blvd.
Alhambra, CA 91801

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Employee Fidelity Loss Sustained	$1,000,000	$1,000

REMARKS (Including Special Conditions)

Evidence issued as Proof Only.
Employee Theft and Client Coverage:
Limit of Liability $1,000,000
Ded $1,000
Coverage - Loss Sustained

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS
Atherton Baptist Homes
214 South Atlantic Blvd.
Alhambra, CA 91801-3257

☐ MORTGAGEE ☐ ADDITIONAL INSURED
☐ LOSS PAYEE ☒ Certificate Holder

LOAN #

AUTHORIZED REPRESENTATIVE
Natalie Berend

RECEIVED
MAY 05 2015
CONTINUING CARE
CONTRACTS BRANCH

Atherton Baptist Homes

Financial Forecast

Five Years Ending December 31, 2019

Richard W. Dallas, CPA

Atherton Baptist Homes

Financial Forecast

Five Years Ending December 31, 2019

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Richard W. Dallas, CPA
2007-A Opportunity Drive, Suite 7
Roseville, CA 95678-3007
Tel (916) 788-4228 Cell (916) 412-2615
rwdallas@earthlink.net

Professional Organization Memberships
American Institute of Certified Public Accountants & California Society of Certified Public Accountants

Independent Accountant's Compilation Report

Board of Trustees
Atherton Baptist Homes
Alhambra, California

I have compiled the forecasted statements of financial position, statements of operations and changes in net assets, cash flows, cash/debt service coverage ratios and other key indicators, and condensed summary of significant forecast assumptions and accounting policies of Atherton Baptist Homes (the Corporation) as of December 31, 2015 through December 31, 2019 and the years then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of the Corporation and does not include evaluation of the support for the assumptions underlying the forecast. I have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

The Corporation has elected to present a condensed summary of significant forecast assumptions and accounting policies. A more comprehensive disclosure of its accounting policies is included in the Corporation's 2013 audited financial statements. Accordingly, this forecast is not designed for those who are not informed about such matters.

Richard W. Dallas, CPA

March 23, 2015

Forecasted Statements of Operations and Changes in Net Assets

Year ending December 31,
(In Thousands of Dollars)

	Unaudited	Budget	Forecast			
	2014	2015	2016	2017	2018	2019
Revenues, gains and other support						
Residential services	$ 6,625	$ 7,083	$ 7,263	$ 7,539	$ 7,849	$ 8,173
Nursing center revenue	8,071	8,511	8,930	9,167	9,411	9,664
Amortization of entrance fees	1,715	1,625	1,674	1,724	1,776	1,829
Investment income	713	309	313	316	316	323
Gifts and donations	347	469	474	479	484	489
Other revenue	104	120	120	120	120	120
Total operating revenues	17,575	18,117	18,774	19,345	19,956	20,598
Expenses						
Salaries and benefits	8,266	7,336	7,330	7,392	7,395	7,403
Purchased goods and services	7,536	8,347	8,461	8,431	8,625	8,836
Interest	2,337	2,269	2,240	2,195	2,161	2,125
Depreciation and amortization	2,760	2,824	2,872	2,931	2,979	3,027
Provision for doubtful accounts	50	50	50	50	50	50
Other	26	-	-	-	-	-
Total operating expenses	20,975	20,826	20,953	20,999	21,210	21,441
Income (loss) from operations	(3,400)	(2,709)	(2,179)	(1,654)	(1,254)	(843)
Transfers (to) from affiliate						
Unrealized gains (losses) on investments	(206)	-	-	-	-	-
Increase (decrease) in unrestricted net assets	(3,606)	(2,709)	(2,179)	(1,654)	(1,254)	(843)
Changes in temporarily restricted net assets:						
Investment income	4	-	-	-	-	-
Unrealized gains (losses) on investments	(3)	-	-	-	-	-
Changes in value associated with obligations under charitable remainder trusts	(11)	-	-	-	-	-
Increase (decrease) in temporarily restricted net assets	(10)	-	-	-	-	-
Increase (decrease) in net assets	(3,616)	(2,709)	(2,179)	(1,654)	(1,254)	(843)
Net assets at the beginning of the year	(779)	(4,395)	(7,104)	(9,283)	(10,937)	(12,191)
Net assets at the end of the year	$ (4,395)	$ (7,104)	$ (9,283)	$ (10,937)	$ (12,191)	$ (13,034)

See Condensed Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Compilation Report.

Forecasted Statements of Cash Flow

Year ending December 31,
(In Thousands of Dollars)

	Unaudited	Budget	Forecast			
	2014	2015	2016	2017	2018	2019
Cash flows from operating activities:						
Change in net assets	$ (3,616)	$ (2,709)	$ (2,179)	$ (1,654)	$ (1,254)	$ (843)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:						
Turnover entrance fee activity:						
Entrance fees received	4,512	4,020	4,742	4,715	4,809	4,906
Entrance fees repaid/refunded	(1,107)	(704)	(657)	(942)	(1,086)	(1,125)
Change in entrance fees receivable	421	216	-	-	-	-
Amortization of earned entrance fees	(1,715)	(1,625)	(1,674)	(1,724)	(1,776)	(1,829)
Amortization of deferred marketing costs	201	201	201	201	201	201
Amortization of deferred financing costs	88	88	88	75	74	74
Depreciation of property and equipment	2,559	2,623	2,671	2,730	2,778	2,826
Provision for doubtful accounts	50	50	50	50	50	50
Changes in operating assets and liabilities:						
Accounts receivable	(162)	(24)	(83)	(78)	(81)	(81)
Prepaid expenses	(2)	54	(3)	(1)	(7)	(7)
Accounts payable and ST note payable	68	81	11	(3)	19	20
Accrued expenses and liabilities	176	(92)	-	4	1	-
Deposits on entrance fees	16	57	(2)	8	7	8
Pension liability	151	-	-	-	-	-
Accrued interest	(212)	(13)	(15)	(15)	(17)	(17)
Other, net	119	101	(96)	(1)	1	(1)
Net Cash Provided by Operating Activities	1,547	2,324	3,054	3,365	3,719	4,182
Cash flows from investing activities:						
Purchases and construction of property and equipment	(1,198)	(1,964)	(2,021)	(1,911)	(1,991)	(2,045)
Proceeds from the sale of property and equipment	1	-	-	-	-	-
Increase (decrease) in liabilities under charitable remainder trusts, pooled income funds and gift annuities	9	-	-	-	-	-
Net Cash Used by Investing Activities	(1,188)	(1,964)	(2,021)	(1,911)	(1,991)	(2,045)
Cash flows from financing activities:						
Expansion residential unit entrance fee activity:						
Entrance fees received from initial occupants	685	-	-	-	-	-
Entrance fees repaid to initial occupants	(350)	-	-	-	-	-
Principal payments on Series 2010 Bonds	(6,350)	(360)	(380)	(415)	(440)	(470)
Principal payments on line of credit	(174)	-	-	-	-	-
Net Cash Provided By (Used In) Financing Activities	(6,189)	(360)	(380)	(415)	(440)	(470)

(Continued)

Forecasted Statements of Cash Flow (Continued)

Year ending December 31,
(In Thousands of Dollars)

	Unaudited 2014	Budget 2015	Forecast 2016	2017	2018	2019
Net increase (decrease) in cash	(5,830)	-	653	1,039	1,288	1,667
Cash and investments at beginning of the year	18,422	12,592	12,592	13,245	14,284	15,572
Cash and investments at end of the year	$ 12,592	$ 12,592	$ 13,245	$ 14,284	$ 15,572	$ 17,239
Summary of Balances Held in Accounts:						
Current Assets:						
Cash and cash equivalents	$ 1,033	$ 1,289	$ 1,298	$ 1,301	$ 1,317	$ 1,335
Investments	1,624	1,504	1,514	1,517	1,536	1,557
Assets whose use is limited or restricted - required for current liabilities	1,460	1,465	1,485	1,495	1,508	1,491
	4,117	4,258	4,297	4,313	4,361	4,383
Investments	216	1,531	2,120	3,127	4,312	5,895
Assets whose use is limited:						
Board designated	2,374	3,867	3,894	3,902	3,950	4,004
Entrance fee deposits	322	379	377	385	392	400
	2,696	4,246	4,271	4,287	4,342	4,404
Assets whose use is limited or restricted:						
Bond Fund - Series 2010 Bonds	1,458	1,465	1,485	1,495	1,508	1,491
Debt Service Reserve Fund - Series 2010 Bonds	2,786	2,557	2,557	2,557	2,557	2,557
Project Fund - Series 2010 Bonds	243	-	-	-	-	-
Operating Reserve Fund - Series 2010 Bonds	2,536	-	-	-	-	-
Total limited or restricted assets	7,023	4,022	4,042	4,052	4,065	4,048
Less portion required for current liabilities	(1,460)	(1,465)	(1,485)	(1,495)	(1,508)	(1,491)
Assets whose use is limited or restricted, net	5,563	2,557	2,557	2,557	2,557	2,557
Total cash and investments	$ 12,592	$ 12,592	$ 13,245	$ 14,284	$ 15,572	$ 17,239
Supplemental Disclosure:						
Cash paid during the year for interest	$ 2,549	$ 2,282	$ 2,255	$ 2,210	$ 2,178	$ 2,142

See Condensed Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Compilation Report.

Forecasted Statements of Financial Position

Year ending December 31,
(In Thousands of Dollars)

	Unaudited 2014	Budget 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Assets						
Cash and cash equivalents	$ 1,033	$ 1,289	$ 1,298	$ 1,301	$ 1,317	$ 1,335
Investments	1,624	1,504	1,514	1,517	1,536	1,557
Accounts receivable	880	854	887	915	946	977
Resident trust assets	217	120	120	120	120	120
Prepaid expenses and other	570	516	519	520	527	534
Assets whose use is limited or restricted - required for current liabilities	1,460	1,465	1,485	1,495	1,508	1,491
Insurance recoveries receivable	921	921	921	921	921	921
Total current assets	6,705	6,669	6,744	6,789	6,875	6,935
Investments	216	1,531	2,120	3,127	4,312	5,895
Entrance fee receivable	216	-	-	-	-	-
Other assets	84	84	84	84	84	84
Assets whose use is limited:						
Board designated	2,374	3,867	3,894	3,902	3,950	4,004
Deposits on entrance fees	322	379	377	385	392	400
	2,696	4,246	4,271	4,287	4,342	4,404
Assets whose use is limited or restricted:						
Bond Fund - Series 2010 Bonds	1,458	1,465	1,485	1,495	1,508	1,491
Debt Service Reserve Fund - Series 2010 Bonds	2,786	2,557	2,557	2,557	2,557	2,557
Project Fund - Series 2010 Bonds	243	-	-	-	-	-
Operating Reserve Fund - Series 2010 Bonds	2,536	-	-	-	-	-
Total limited or restricted assets	7,023	4,022	4,042	4,052	4,065	4,048
Less portion required for current liabilities	(1,460)	(1,465)	(1,485)	(1,495)	(1,508)	(1,491)
Assets whose use is limited or restricted, net	5,563	2,557	2,557	2,557	2,557	2,557
Property and equipment, net	39,976	39,317	38,667	37,848	37,061	36,280
Deferred marketing costs, net	1,752	1,551	1,350	1,149	947	746
Deferred financing costs, net	980	903	829	756	682	609
Original Issue Discount - Series 2010 Bonds	30	16	1	-	-	-
Total assets	58,218	56,874	56,623	56,597	56,860	57,510
Liabilities and Net Assets						
Accounts and short-term note payable	719	800	811	808	827	847
Accrued expenses and liabilities	594	502	502	506	507	507
Accrued interest	1,098	1,085	1,070	1,055	1,038	1,021
Resident trust funds payable	217	217	120	120	120	120
Deposits on entrance fees	322	379	377	385	392	400
Current portion of long-term debt	360	380	415	440	470	470
Workers' compensation liability	921	921	921	921	921	921
Total current liabilities	4,231	4,284	4,216	4,235	4,275	4,286
Long-term debt	28,610	28,230	27,815	27,375	26,905	26,435
Pension liability	2,468	2,468	2,468	2,468	2,468	2,468
Deferred revenues:						
Repayable and refundable entrance fees	11,122	11,671	12,684	13,545	14,362	15,182
Unearned entrance fees	14,975	16,118	17,516	18,704	19,834	20,966
Gift annuities payable	1,101	1,101	1,101	1,101	1,101	1,101
Liabilities under charitable remainder trusts and pooled income funds	106	106	106	106	106	106
Total liabilities	62,613	63,978	65,906	67,534	69,051	70,544
Net assets	(4,395)	(7,104)	(9,283)	(10,937)	(12,191)	(13,034)
Total liabilities and net assets	$ 58,218	$ 56,874	$ 56,623	$ 56,597	$ 56,860	$ 57,510

See Condensed Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Compilation Report.

Forecasted Cash/Debt Service Coverage Ratios and other Key Performance Indicators

Year ending December 31,
(In Thousands of Dollars)

	Unaudited 2014	Budget 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019
Debt Service Coverage Ratio:						
Income (loss) from operations	$ (3,400)	$ (2,709)	$ (2,179)	$ (1,654)	$ (1,254)	$ (843)
Deduct: Revenue not resulting in receipt of cash						
Amortization of deferred entrance fees	(1,715)	(1,625)	(1,674)	(1,724)	(1,776)	(1,829)
Add: Items included in operations not requiring expenditure of cash						
Depreciation and amortization	2,760	2,824	2,872	2,931	2,979	3,027
Provision for doubtful accounts	50	50	50	50	50	50
Interest expense	2,337	2,269	2,240	2,195	2,161	2,125
Entrance fees received from reoccupancy	4,512	4,020	4,742	4,715	4,809	4,906
Entrance fees refunded/repaid	(1,107)	(704)	(657)	(942)	(1,086)	(1,125)
Cash Available for Debt Service	$ 3,437	$ 4,125	$ 5,394	$ 5,571	$ 5,883	$ 6,311
Maximum Annual Debt Service (MADS) (1)	$ 2,616	$ 2,557	$ 2,557	$ 2,557	$ 2,557	$ 2,557
MADS Coverage Ratio (2)	1.31	1.61	2.11	2.18	2.30	2.47
MADS Coverage Ratio - Revenue Basis (3) & (4)	0.01	0.32	0.51	0.70	0.84	0.99
Days Operating Cash on Hand:						
Unrestricted cash and investments:						
Cash and cash equivalents	$ 1,033	$ 1,289	$ 1,298	$ 1,301	$ 1,317	$ 1,335
Investments (current)	1,624	1,504	1,514	1,517	1,536	1,557
Investments (non-current)	216	1,531	2,120	3,127	4,312	5,895
Assets whose use is limited:						
Board designated	2,374	3,867	3,894	3,902	3,950	4,004
Operating Reserve Fund - Series 2010 Bonds	2,536	-	-	-	-	-
	$ 7,783	$ 8,191	$ 8,826	$ 9,847	$ 11,115	$ 12,791
Cash operating expenses:						
Total expenses	$ 20,975	$ 20,826	$ 20,953	$ 20,999	$ 21,210	$ 21,441
Less: Depreciation and amortization	(2,760)	(2,824)	(2,872)	(2,931)	(2,979)	(3,027)
	$ 18,215	$ 18,002	$ 18,081	$ 18,068	$ 18,231	$ 18,414
One day's cash operating expenses	$ 50	$ 49	$ 50	$ 50	$ 50	$ 50
Days Operating Cash on Hand (2)	156	166	178	199	223	254
Liquidity Ratio:						
Total cash and investments:						
Unrestricted cash and investments, per above	$ 7,783	$ 8,191	$ 8,826	$ 9,847	$ 11,115	$ 12,791
Bond Fund - Series 2010 Bonds	1,458	1,465	1,485	1,495	1,508	1,491
Debt Service Reserve Fund - Series 2010 Bonds	2,786	2,557	2,557	2,557	2,557	2,557
	$ 12,027	$ 12,213	$ 12,868	$ 13,899	$ 15,180	$ 16,839
Long-Term Debt (5)	$ 28,610	$ 28,230	$ 27,815	$ 27,375	$ 26,905	$ 26,435
Liquidity Ratio (4)	42.04%	43.26%	46.26%	50.77%	56.42%	63.70%

(1) Maximum annual debt service on the Series 2010 Bonds excludes the debt service requirement in the twelve months prior to final maturity.
(2) Calculation as described in the Indenture of Trust between the Corporation and the Trustee.
(3) Excludes net proceeds from entrance fees.
(4) Ratio or measurement not required by Series 2010 Bonds Loan Agreement.
(5) Long-Term Debt includes only the Series 2010 Bonds.

See Condensed Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Compilation Report.

Comparison of Atherton Financial Ratios to Industry Ratios (1) and Series 2010 Bonds Loan Agreement

Year ending December 31, (In Thousands of Dollars)	Unaudited	Budget	Forecast			
	2014	2015	2016	2017	2018	2019
MADS Coverage Ratio (2)						
Atherton	1.31	1.61	2.11	2.18	2.30	2.47
Series 2010 Bonds - Loan Agreement	1.20	1.20	1.20	1.20	1.20	1.20
CCAC - 50th Percentile	2.19	2.19	2.19	2.19	2.19	2.19
Fitch - 'BBB'	2.00	2.00	2.00	2.00	2.00	2.00
Standard and Poors - 'BBB'	2.00	2.00	2.00	2.00	2.00	2.00
MADS Coverage Ratio - Revenue Basis (1) & (2)						
Atherton	0.01	0.32	0.51	0.70	0.84	0.99
CCAC - 50th Percentile	0.89	0.89	0.89	0.89	0.89	0.89
Fitch - 'BBB'	0.90	0.90	0.90	0.90	0.90	0.90
Standard and Poors - 'BBB'	0.60	0.60	0.60	0.60	0.60	0.60
Days Operating Cash on Hand						
Atherton	156	166	178	199	223	254
Series 2010 Bonds - Loan Agreement	180	180	180	180	180	180
CCAC - 50th Percentile	290	290	290	290	290	290
Fitch - 'BBB'	408	408	408	408	408	408
Standard and Poors - 'BBB'	422	422	422	422	422	422
Operating Ratio (2) & (3)						
Atherton	120.49%	112.35%	108.75%	105.40%	103.02%	100.73%
CCAC - 50th Percentile	98.5	98.5	98.5	98.5	98.5	98.5
Fitch - 'BBB'	97.4	97.4	97.4	97.4	97.4	97.4
Standard and Poors - 'BBB'	95.7	95.7	95.7	95.7	95.7	95.7
Average Age of Facility (2) & (4)						
Atherton	12.33	13.03	13.80	14.50	15.25	15.99
CCAC - 50th Percentile	11.50	11.50	11.50	11.50	11.50	11.50
Fitch - 'BBB'	11.70	11.70	11.70	11.70	11.70	11.70
Standard and Poors - 'BBB'	11.60	11.60	11.60	11.60	11.60	11.60

(1) See calculation details and comments on page 6.
(2) Ratio or measurement not required by Series 2010 Bonds Loan Agreement.
(3) Operating Ratio = Total Operating Expenses, less Depreciation and Amortization / Total Operating Revenues, less Amortization of Entrance Fees, Gain on Sale of Investments and Gift Income.
(4) Average Age of Facility = Accumulated Depreciation / Depreciation Expense

See Condensed Summary of Significant Forecast Assumptions and Accounting Policies and Independent Accountant's Compilation Report.

Condensed Summary of Significant Forecast Assumptions and Accounting Policies (1)

2014 Operating Results - Based on twelve months actual results -Unaudited
2014 Entrance Fee Receipts - Based on twelve months actual results -Unaudited

Forecasted Operating Results - Based on Atherton's 2015 Operating Budget and its 2016-2019 operating projections.

Forecasted Capital Improvements - Based on Atherton's 2015 - 2019 Capital Budget

Inflation Rates:	Revenue-SN			4.0%
	Revenue-IL & AL	3.5%	-	4.0%
	Expenses	0.0%	-	4.8% (2)
	Entrance Fees	2.0%	-	4.0%
Investment Earnings Rates:		2.1%	-	2.6%
Entrance Fees:	Courtyard - 90%, 70% & 50% Repayable			
	Classic IL & AL - Fully Amortized			
	Classic IL incentives			15.0% (3)

Depreciation:	Buildings & Improvements - 40 years
	Furniture & Fixtures - 12 years
Amortization:	Deferred Marketing Costs - 10 years
	Deferred Financing Costs - 30 years
	Original Issue Discount - Written off in 2014, with retirement of Series 2010B Entrance Fee Redemption Bonds
	Repayable Entrance Fees - Not amortized
	Unearned Entrance Fees - Over the estimated average remaining life of residents

Basis of Forecasting Other Items

Current Assets, Current Liabilities and Changes in Working Capital

Working capital components have been estimated, based on the Corporation's historical experience and expectations during the forecast period. Major working capital components were forecasted as follows:

Cash and cash equivalents: 30 days cash operating expenses, excluding interest expense.

Current investments: 35 days cash operating expenses, excluding interest expense.

Accounts receivable: 20 days of residential services and nursing center revenues.

Prepaid expenses and other: 12 days of cash operating expenses, excluding interest expense.

Current portion of assets whose use is limited or restricted: Principal and interest held by trustee and due to bondholders in the following year.

Assets whose use is limited - Board designated: 90 days cash operating expenses, excluding interest expense.

Assets whose use is limited - Deposits on entrance fees: 8% of entrance fees received in the following year.

Accounts payable: 35 days of purchased services.

Accrued expenses and liabilities: 25 days of salaries and benefits.

Accrued interest: Interest accrued and payable to holders of the Series 2010 Bonds.

(1) The accounting policies followed in compiling the financial forecast are consistent with those disclosed in greater detail in the Corporation's 2013 audited financial statements. See independent accountant's compilation report.

(2) Salaries and benefits are budgeted and forecasted at 1.5% in 2015-2019.

(3) Assumed Classic IL unit entrance fee move-in incentive during 2015-2019.

Source: The Corporation

Assumed Average Available/Occupied Units/Beds

Table 1

	Actual	Budget	Assumed			
	2014	2015	2016	2017	2018	2019
Residential Living:						
Classic Units:						
Average available units	170.00	170.00	170.00	170.00	170.00	170.00
Average occupied units	135.60	143.00	148.00	152.00	154.00	156.00
Average occupancy	79.76%	84.12%	87.06%	89.41%	90.59%	91.76%
Courtyard Units:						
Average available units	50.00	50.00	50.00	50.00	50.00	50.00
Average occupied units	48.50	48.50	48.00	48.00	48.00	48.00
Average occupancy	97.00%	97.00%	96.00%	96.00%	96.00%	96.00%
Total Units:						
Average available units	220.00	220.00	220.00	220.00	220.00	220.00
Average occupied units	184.10	191.50	196.00	200.00	202.00	204.00
Average occupancy	83.68%	87.05%	89.09%	90.91%	91.82%	92.73%
Assisted Living - Traditional:						
Average available units	32.00	32.00	32.00	32.00	32.00	32.00
Average occupied units	28.00	28.00	28.00	28.00	28.00	28.00
Average occupancy	87.50%	87.50%	87.50%	87.50%	87.50%	87.50%
Assisted Living - Memory Care:						
Average available units	6.00	6.00	6.00	6.00	6.00	6.00
Average occupied units	4.00	4.00	4.00	4.00	4.00	4.00
Average occupancy	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%
Skilled Nursing:						
Average available beds	99.00	99.00	99.00	99.00	99.00	99.00
Average daily census:						
Private Pay	40.00	44.00	44.00	44.00	44.00	44.00
Medicare	5.00	4.00	5.00	5.00	5.00	5.00
Hospice	1.00	38.00	38.00	38.00	38.00	38.00
HMO	5.00	4.00	4.00	4.00	4.00	4.00
Medi-Cal	38.00	4.00	4.00	4.00	4.00	4.00
Average daily census	89.00	94.00	95.00	95.00	95.00	95.00
Average occupancy	89.90%	94.95%	95.96%	95.96%	95.96%	95.96%

Source: The Corporation

Report of Independent Auditors
and Financial Statements for

Atherton Baptist Homes

December 31, 2014 and 2013

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

CONTENTS

REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
Atherton Baptist Homes

Report on Financial Statements

We have audited the accompanying financial statements of Atherton Baptist Homes, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of operations, changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MOSS-ADAMS LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atherton Baptist Homes as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Los Angeles, California
April 29, 2015

ATHERTON BAPTIST HOMES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
Current Assets		
Cash and cash equivalents	$ 1,355,044	$ 6,568,414
Investments - general fund	1,624,228	1,945,766
Accounts receivable, less allowance for doubtful accounts of $80,000 in 2014 and $150,000 in 2013	880,329	768,042
Assets limited as to use, required for current liabilities	1,460,000	1,639,797
Prepaid expenses and other current assets	787,208	714,519
Insurance recoveries receivable	920,740	1,041,744
Total current assets	7,027,549	12,678,282
Noncurrent Assets		
Assets limited as to use	7,937,074	8,049,010
Property and equipment, net	39,976,025	41,363,332
Deferred costs, net	2,762,361	3,051,924
Other investments	215,411	217,700
Other assets	300,204	728,057
Total noncurrent assets	51,191,075	53,410,023
Total Assets	$ 58,218,624	$ 66,088,305

LIABILITIES AND NET DEFICIT

	2014	2013
Current Liabilities		
Accounts payable	$ 718,846	$ 651,021
Accrued liabilities	1,860,401	1,847,782
Line of credit	-	173,596
Deposits on entrance fees	322,290	305,664
Current portion of long-term debt	372,000	6,361,481
Workers' compensation liability	920,740	1,041,744
Total current liabilities	4,194,277	10,381,288
Noncurrent Liabilities		
Long-term debt, net of current portion	28,648,292	29,020,278
Deferred revenue from entrance fees	11,121,493	9,931,055
Repayable entrance fees liability	14,975,015	14,141,602
Pension liability	2,461,283	2,317,887
Gift annuities payable	1,101,169	976,951
Liabilities under charitable remainder trusts and pooled income funds	106,167	97,440
Total noncurrent liabilities	58,413,419	56,485,213
Total Liabilities	62,607,696	66,866,501
Net Deficit		
Unrestricted	(4,528,394)	(928,134)
Temporarily restricted	139,322	149,938
Total net deficit	(4,389,072)	(778,196)
Total Liabilities and Net Deficit	$ 58,218,624	$ 66,088,305

See accompanying notes.

ATHERTON BAPTIST HOMES
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Revenues, Gains, and Other Support		
Residential services, including amortization of entrance fees of $1,715,542 in 2014 and $1,750,237 in 2013	$ 8,340,839	$ 7,856,354
Nursing center revenue	8,070,738	8,597,120
Investment income	713,345	388,398
Gifts	346,904	1,685,942
Other income	103,606	163,806
Net assets released from restrictions, used for operations	-	10,000
Total revenues	17,575,432	18,701,620
Operating Expenses		
Salaries and benefits	8,265,873	8,946,297
Purchased goods and services	7,537,472	6,254,981
Interest	2,538,308	2,926,262
Depreciation	2,559,333	2,737,939
Provision for doubtful accounts	49,721	110,151
Other expenses	25,631	337,142
Total operating expenses	20,976,338	21,312,772
Operating Loss	$ (3,400,906)	$ (2,611,152)

See accompanying notes.

ATHERTON BAPTIST HOMES
STATEMENTS OF CHANGES IN NET DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Change in Unrestricted Net Deficit		
Operating loss	$ (3,400,906)	$ (2,611,152)
Unrealized gains (losses) on investments, net	(206,225)	682,731
Net assets released from restrictions used for purchase of property and equipment	-	144,350
Change in minimum pension liability	6,871	190,502
Change in unrestricted net deficit	(3,600,260)	(1,593,569)
Temporarily Restricted Net Assets		
Investment income	4,261	18,405
Unrealized gains (losses) on investments, net	(3,539)	16,324
Change in value associated with obligations under charitable remainder trusts and pooled income funds	(11,338)	20,453
Net assets released from restrictions used for operations	-	(10,000)
Net assets released from restrictions used for purchase of property and equipment	-	(144,350)
Change in temporarily restricted net assets	(10,616)	(99,168)
Change in Net Deficit	(3,610,876)	(1,692,737)
Net Asset (Deficit), Beginning of Year	(778,196)	914,541
Net Deficit, End of Year	$ (4,389,072)	$ (778,196)

ATHERTON BAPTIST HOMES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from residents and third-party payors	$ 12,627,929	$ 11,950,015
Cash received from noncontracted residents	2,209,136	2,560,920
Cash received from deferred entrance fees	2,761,465	4,060,974
Cash received from entrance fees from re-occupancy	1,632,946	-
Contributions received	346,904	1,725,942
Dividend and interest income received	713,345	388,398
Other receipts	287,543	21,943
Processing fees	4,700	67,500
Cash received for services to nonresidents	16,278	18,874
Cash paid to employees, suppliers, and others	(15,741,633)	(15,165,469)
Interest paid	(2,460,533)	(2,636,766)
Repayments of repayable entrance fees from reoccupancy	(951,165)	-
Cash paid for fundraising costs	(55,033)	(65,203)
Net cash provided by operating activities	1,391,882	2,927,128
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,198,327)	(1,526,902)
Proceeds from sale of property and equipment	670	87,967
Purchases of investments, assets held by bond indenture trustee and assets limited by Board as to use	(11,401,461)	(5,497,151)
Proceeds from sale of investments, assets held by bond indenture trustee and assets limited by Board as to use	12,199,383	6,336,816
Increase (decrease) in liabilities under charitable remainder trusts, pooled income funds, and gift annuities	132,945	(280,984)
Collections of principal on notes receivable	18,303	13,522
Net cash used in investing activities	(248,487)	(866,732)
Cash Flows from Financing Activities		
Repayments on line of credit	(173,596)	(299,068)
Principal payments on long-term debt	(6,350,000)	(934)
Principal payments on capital lease	(11,470)	-
Proceeds from repayable entrance fees and deposits	684,853	3,867,013
Refunds of deposits and refundable entrance fees	(350,000)	-
Refunds of entrance fees and deposits	(156,552)	-
Net cash provided by (used in) financing activities	(6,356,765)	3,567,011
Net Change in Cash and Cash Equivalents	(5,213,370)	5,627,407
Cash and Cash Equivalents, Beginning of Year	6,568,414	941,007
Cash and Cash Equivalents, End of Year	$ 1,355,044	$ 6,568,414

See accompanying notes.

ATHERTON BAPTIST HOMES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Reconciliation of Change in Net Deficit to Net Cash Provided by Operating Activities		
Change in net deficit	$ (3,610,876)	$ (1,692,737)
Adjustments to reconcile change in net deficit to net cash provided by operating activities:		
Depreciation	2,559,333	2,737,939
Amortization of deferred costs	289,563	289,496
Change in minimum pension liability	(6,871)	(190,502)
Provision for doubtful accounts	49,721	110,151
Loss (gain) on disposal of property and equipment	25,631	(62,114)
Amortization of entrance fees	(1,715,542)	(1,750,237)
Unrealized losses (gains) on investments, net	209,762	(699,055)
Realized gains on investments, net	(392,124)	(93,165)
Changes in operating assets and liabilities:		
Accounts receivable	(162,008)	105,928
Contribution (pledge) receivable	-	40,000
Prepaid expenses and other current assets	(83,465)	49,228
Entrance fee receivable	420,326	-
Costs of acquiring initial care contracts	-	(11,832)
Accounts payable	67,825	264,685
Accrued liabilities	12,619	(85,047)
Deposits on entrance fees	16,626	(304,230)
Deferred revenue from entrance fees	2,879,314	4,060,974
Entrance fees from re-occupancy, net	681,781	-
Pension liability	150,267	157,646
Net cash provided by operating activities	$ 1,391,882	$ 2,927,128
Supplemental Cash Flow Information:		
Noncash investing and financing activities:		
Equipment financed through capital lease obligations	$ -	$ 62,693

Note 1 – Nature of Organization

Organization and business activity – Atherton Baptist Homes ("Atherton") is a Non-profit corporation, established in 1914 and licensed by the State of California, Department of Social Services as a continuing care retirement community. Atherton's principal mission is sponsoring a Christian retirement community fostered and supported by the American Baptist Churches, its original sponsoring body, Transformation Ministries, its successor body, and other friends, offering a full range of living options and services to ministers, missionaries and their spouses, and to the lay community. Atherton offers four levels of care, namely, 220 residential living units consisting of one, two, and three bedroom cottages or apartments; 32 congregate assisted living units consisting of one and two rooms; a 6-bed memory support care facility; and a 99-bed skilled nursing facility on an approximately 15-acre campus located in Alhambra, California.

Although Atherton receives no financial assistance directly from the American Baptist Churches, the original sponsoring body, it does receive support from nearly 200 churches from that denomination and its successor body and other friends, which is used to subsidize the difference between the amount paid by residents and the actual cost of operating its facilities. In recognition of support from individual Baptist Churches over the years, ministers and missionaries who have served such churches are given financial assistance upon demonstrated need and as funds are available.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – Atherton accounts for its financial transactions using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of presentation – Atherton's financial statement presentation follows the recommendations prescribed in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Entities*. Under ASC Topic 958, Atherton is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents – Atherton considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Accounts receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for doubtful accounts, and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Note 2 – Summary of Significant Accounting Policies (continued)

Workers' compensation – In accordance with Accounting Standards Update (ASU) No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, Atherton discloses in the statements of financial position the estimated liability outstanding for workers' compensation claims as well as the related insurance recoveries. The estimated liability and insurance recoveries for workers' compensation claims amounted to approximately $921,000 and $1,042,000 for the years ended December 31, 2014 and 2013, respectively.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Fair value is established based on quoted prices from recognized securities exchanges. Investment income (including realized gains and losses on investments, interest, and dividends) is included in operating income unless the income (loss) is restricted by donor or law.

Other-than-temporary impairments of investments – Atherton determines whether a decline in the fair value of investments below the cost basis is other-than temporary based on objective evidence as well as subjective factors including knowledge of recent events and assumptions regarding future events. If the decline in fair value is judged to be other-than temporary, the cost basis of the individual security is written down to fair value as a new cost basis and the amount of the write-down is included in operating loss.

Property and equipment – Property and equipment are stated on the basis of cost, less accumulated depreciation. Donated assets are recorded at estimated fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method with lives of 5 to 50 years. Atherton capitalizes all expenditures for property and equipment in excess of $1,000.

Construction in progress – Construction in progress consists of costs incurred on construction projects that have not been completed. Depreciation begins when related assets are placed in service.

Accounting for the impairment of long-lived assets and long-lived assets to be disposed of – Atherton reviews long-lived assets for impairment when events or changes in business conditions indicate that their carrying value may not be recoverable. Atherton considers assets to be impaired, and writes them down to fair value if expected associated cash flows are less than the carrying amounts. Fair value is the present value of the associated cash flows. Atherton has determined that no long-lived assets were impaired at December 31, 2014 and 2013.

Deferred costs – Costs incurred in obtaining long-term financing are amortized over the respective terms of the related obligations using the interest method. Costs of acquiring initial continuing care contracts, which represent certain advertising and marketing costs incurred with acquiring initial continuing care contracts related to the construction and completion of The Courtyard at Atherton, are amortized on a straight-line basis over the average expected remaining lives of the residents under the contract.

Note 2 – Summary of Significant Accounting Policies (continued)

Obligation to provide future services – Annually, Atherton calculates the present value (using a 3.0% discount rate at December 31, 2014 and 2013, respectively) of the estimated net cost of future services to be provided to current continuing care residents, and, to the extent this amount exceeds the sum of deferred revenue from entrance fees, repayable entrance fees, monthly maintenance fees and other contractually committed revenue, a liability would be recorded for the obligation to provide future services with a corresponding charge included in the statements of operations. The change in the obligation during a year would be reported as a current year change in obligation to provide future services in the statements of operations. No such liability was necessary at December 31, 2014 or 2013.

The California Health and Safety Code requires continuing care contract providers to establish and maintain statutory and refund reserves to assure financial resources will be available to fulfill contractual obligations to residents. A reserve fund escrow account is not required of Atherton. The California Health and Safety Code Section 1790 mandate a statutory reserve and a liquid asset requirement. The mandates were met for the years ended December 31, 2014 and 2013.

Net assets – Atherton's net assets comprise the following:

> **Unrestricted net assets** – Unrestricted net assets represent the portion of expendable net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. These net assets are available for support of the ordinary operations and administration of Atherton.
>
> **Temporarily restricted net assets** – Temporarily restricted net assets are those whose use by Atherton has been limited by donors to a specific time or purpose. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. When a donor restriction expires, that is, when a stipulated time restriction and/or purpose restriction is met, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Donor-restricted contributions where restrictions are met within the same year as received, are reflected as unrestricted contributions in the statements of operations.
>
> **Permanently restricted net assets** – Permanently restricted net assets are those whose use by Atherton has been restricted by the donor in perpetuity. As of December 31, 2014 and 2013, Atherton did not have any permanently restricted net assets.

Note 2 – Summary of Significant Accounting Policies (continued)

Deferred giving programs – Atherton has various arrangements with donors under the following terms:

Gift annuities: As consideration for certain irrevocable gifts made to Atherton for benevolent purposes, Atherton enters into agreements to make fixed annual payments to the donors or their beneficiaries for life. A liability is established for the present value of future payments, discounted at 6.5%, under the terms of the outstanding annuity contracts, with the difference recorded as unrestricted gifts. Gift annuity assets in excess of the liabilities are available to Atherton for corporate use without approval of the California Department of Insurance. However, the Board of Trustees (the "Board") has limited the use of the excess assets until the gift matures (the death of the beneficiary).

Charitable remainder trusts: Atherton is the beneficiary of several revocable charitable remainder trust agreements. Revocable trusts may be revoked by the respective trustors at any time and, therefore, the obligations are carried at an amount equal to the fair value of the assets. Income earned on assets held under revocable trusts is recognized as adjustments to the assets and obligations. Contributions are recognized as temporarily restricted support when the agreements become irrevocable. Upon the death of the trustor, the remaining assets are transferred to unrestricted net assets.

Pooled income funds: Various donors have entered into irrevocable gift agreements whereby income earned on the funds is distributed to donor-designated beneficiaries. Under such agreements, contributions are recognized as temporarily restricted support based on the fair value of the assets contributed less the present value of the payments expected to be made to the beneficiaries. The pooled income fund obligations are reflected as liabilities discounted at 6.00%. Upon termination of the irrevocable gift agreements, the remaining assets are transferred to unrestricted net assets.

Concentration of credit risk – Atherton maintains its cash balances in several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000 per financial institution, with the exception of balances at Christian Community Credit Union, which are insured by American Private Insurance up to $250,000. From time to time, cash balances may exceed these insured limits. Atherton has not experienced any losses in such accounts.

Financial instruments, which potentially subject Atherton to concentration of credit risk, consist primarily of investments and receivables. Investments are managed by professional investment managers within the guidelines established by the Board, which, as a matter of policy, limit the amounts that may be invested in anyone issuer. Concentration of credit risk with respect to receivables is limited due to the number of payors comprising Atherton's customer base. As of December 31, 2014 and 2013, Atherton had no significant concentration of credit risk.

Donated services – No amounts have been reflected in the financial statements for donated services. Atherton generally pays for services requiring specific expertise. However, many individuals volunteer their time, and perform a variety of tasks that assist Atherton with specific assistance programs.

Note 2 – Summary of Significant Accounting Policies (continued)

Nursing center revenue – Nursing center revenue is reported on the accrual basis in the period in which services are provided, net of third-party contractual allowances for Medicare, Medicaid, and other programs. Contractual allowances include differences between established billing rates and amounts estimated by management as reimbursable under various cost reimbursement formulas and contracts in effect.

The administrative procedures related to the cost reimbursement programs in effect generally preclude final determination of amounts due to, or payable by Atherton until cost reports are audited or otherwise reviewed and settled upon by the applicable administrative agencies. Normal estimation differences between final settlements and amounts accrued in previous years are reported as adjustments of nursing center revenue in the current year. In the opinion of management, adequate provision has been made for adjustments, if any, which might result from subsequent review.

Atherton is reimbursed for services provided to patients under certain programs administered by governmental agencies. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Atherton believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Entrance and monthly maintenance fees – Generally, in return for care to be provided by Atherton, residents pay an initial (most often a lump sum) entrance fee and an ongoing monthly maintenance fee. These initial entrance fees will vary in amount and type depending on where the resident resides.

Courtyard Contracts: Residents that live in Atherton's courtyard community ("Courtyard") pay an entrance fee that is either 90%, 70%, or 50% repayable to residents. The repayable entrance fees are recorded as a repayable entrance fee liability in the statements of financial position. At December 31, 2014 and 2013, repayable entrance fee liability totaled approximately $14,975,000 and $14,142,000, respectively.

Note 2 – Summary of Significant Accounting Policies (continued)

Atherton also offers a re-occupancy benefit contract for Courtyard residents whereby residents pay an entrance fee ranging from $298,000 for a one-bedroom unit to between $357,000 and $395,000 for a two-bedroom unit and an ongoing monthly maintenance fee. There is an additional entrance fee of $25,000 for occupancy of a second person. The entrance fee is refundable if the resident should leave Atherton as follows:

1. During the first ninety days, the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy terminates subsequent to the first ninety days, Atherton offers the following re-occupancy benefit refunds to the resident (or their estate) once the unit has been re-occupied:
   a. Re-occupancy benefit equal to 50% of the paid entrance fees.
   b. Re-occupancy benefit equal to 70% of the paid entrance fees.
   c. Re-occupancy benefit equal to 90% of the paid entrance fees.

Classic Contracts: Residents that live in Atherton's independent living units excluding the Courtyard ("Classic") pay a one-time entrance fee that is 100% non-refundable.

The 10%, 50% or 100% non-refundable portion of entrance fees paid by Courtyard and Classic contracted residents are recorded as deferred revenue from entrance fees in the statements of financial position and are amortized over the estimated life of the resident. Under the re-occupancy benefit contract agreements, Atherton amortizes the non-repayable portion of the paid entrance fee over the resident's expected life. The net deferred revenue from entrance fees for residents under the Classic contracts amounted to approximately $11,121,000 and $9,931,000 at December 31, 2014 and 2013 respectively.

Residents pay for the right to occupy Atherton's units and for access to its services, but do not obtain title to any of its real estate. Monthly maintenance fees are reported on the accrual basis in the period in which services are provided.

Advertising costs – Advertising costs (not associated with acquiring initial continuing-care contracts) are charged to operations when incurred. Total advertising expense for the years ended December 31, 2014 and 2013 were approximately $167,000 and $265,000, respectively.

Income taxes – Atherton is organized as a non-profit corporation under the general non-profit corporation laws of the State of California, and is exempt from federal income taxation under Internal Revenue Code section 501(c)(3). Non-profit organizations are generally not liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

Note 2 – Summary of Significant Accounting Policies (continued)

Atherton considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes. Atherton evaluates its uncertain tax positions using the provisions with accounting principles generally accepted in the United States of America ("GAAP"). These standards require management to perform an evaluation of all tax positions taken, or expected to be taken in the course of preparing the Atherton's tax returns. Management believes the tax positions taken more likely than not will be sustained under examination by the applicable tax authorities. Examples of tax positions include tax-exempt status of Atherton, and various positions related to the potential sources of unrelated business taxable income. Since tax matters are subject to some degree of uncertainty, there can be no assurance that Atherton's tax returns will not be challenged by the taxing authorities, and that Atherton will not be subject to tax, penalties, and interest as a result of such challenge. Generally, Atherton's tax returns remain open for three years for federal income tax examination and four years for state income tax examination.

Use of estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair value measurements – FASB ASC Topic 820, *Fair Value Measurements and Disclosures,* prescribes fair value measurements and disclosures for financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements. FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The carrying amounts reported in the statements of financial position for cash and cash equivalents, accounts receivable, prepaid expenses and other current assets, other assets and accrued liabilities approximate fair value. The fair values of assets limited as to use and investments are disclosed in Note 4. The fair values of long-term debt are disclosed in Note 11.

Comparative financial statements – Certain amounts included in the 2013 financial statements and related notes have been reclassified for comparative purposes to conform to the presentation in the 2014 financial statements.

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

Note 3 – Investments

Investments are classified in the accompanying statements of financial position as follows:

	2014	2013
Investments - general fund	$ 1,624,228	$ 1,945,766
Assets held by bond indenture trustee, required for current liabilities	1,460,000	1,639,797
Assets limited by Board as to use	4,910,258	4,386,539
Assets held by bond indenture trustee, net of current portion	3,026,816	3,662,471
Other investments (held under charitable remainder trusts and pooled income funds)	215,411	217,700
	$ 11,236,713	$ 11,852,273

Assets recognized under gift annuities are included in assets limited by Board as to use and total approximately $1,989,000 and $1,497,000 at December 31, 2014 and 2013, respectively.

The following table discloses the composition of investment return for the years ended December 31:

	2014	2013
Unrestricted net assets:		
Interest and dividend income	$ 317,131	$ 305,615
Realized gains, net	396,214	82,783
Unrealized gains (losses), net	(206,225)	682,731
	$ 507,120	$ 1,071,129
Temporarily restricted net assets:		
Interest and dividend income	$ 8,351	$ 8,023
Realized gains (losses), net	(4,090)	10,382
Unrealized gains (losses), net	(3,539)	16,324
	$ 722	$ 34,729

Atherton paid approximately $108,000 and $99,000 in investment consulting fees during the years ended December 31, 2014 and 2013, respectively, which is included in purchased goods and services expense on the statements of operations.

Note 4 – Fair Value Measurements

In accordance with FASB ASC Topic 820, Atherton classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not considered to be active or financial instruments without quoted market prices, but for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table sets forth by level, within the fair value hierarchy, assets at fair value at December 31, 2014:

	Investment Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
U.S. equities	$ 5,327,681	$ -	$ -	$ 5,327,681
Corporate bonds	2,038,628	-	-	2,038,628
Money market funds	1,994,922	-	-	1,994,922
Exchange traded funds	1,667,650	-	-	1,667,650
Government bonds	207,832	-	-	207,832
	$ 11,236,713	$ -	$ -	$ 11,236,713

Note 4 – Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, assets at fair value at December 31, 2013:

	Investment Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
U.S. equities	$ 7,164,940	$ -	$ -	$ 7,164,940
Corporate bonds	2,279,169	-	-	2,279,169
Exchange traded funds	1,671,675	-	-	1,671,675
Government bonds	370,563	-	-	370,563
Money market funds	365,926	-	-	365,926
	$ 11,852,273	$ -	$ -	$ 11,852,273

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of other investments pursuant to the valuation hierarchy:

> *U.S. equities, corporate bonds, government bonds, exchange-traded funds and money market funds*: valued at fair value by reference to quoted market prices in active markets for identical assets or liabilities (unadjusted) and other relevant generated market transactions that Atherton has the ability to access at the measurement date.
>
> *Split-interest agreements*: Split-interest agreements include charitable remainder trusts, charitable gift annuities and pooled income funds. Split–interest agreements are valued at fair value by estimating the present value of expected future cash inflows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at December 31, 2014 and 2013.

Note 5 – Assets Held in Trust for Residents

Residents can deposit personal-use funds into trust accounts maintained by Atherton. These funds are maintained strictly for use by the residents for their personal expenses, including monthly charges for personal and nursing care at agreed-upon rates. If a resident leaves Atherton, the balance remaining in the fund is returned. Assets held in trust for residents, included in prepaid expenses and other current assets, amounted to approximately $217,000 and $120,000 as of December 31, 2014 and 2013, respectively. As these funds do not represent assets of Atherton, a corresponding trust account liability is included in accrued liabilities.

Note 6 – Assets Limited as to Use

Assets limited as to use are comprised of the following at December 31:

	2014	2013
Assets limited by Board as to use	$ 4,910,258	$ 4,386,539
Assets held by bond indenture trustee	4,486,816	5,302,268
	$ 9,397,074	$ 9,688,807

Assets limited by Board as to use consisted of board-designated funds, including unrestricted gifts received by Atherton. Although such funds are not legally restricted as to use, it is the Board's current intention that these assets would remain intact and that only the interest earned on these assets would be available to subsidize operations. Atherton's Board has designated these assets for this purpose, however such designation can be changed at any time.

As part of the bond indenture (Note 11), several restricted funds were established and are maintained by the Trustee. These funds are the Debt Service Reserve Fund, Project Fund, and Bond Fund. These funds consist of cash and cash equivalents and fixed income securities. The balance in each fund as of December 31 is as follows:

	2014	2013
Debt Service Reserve Fund	$ 2,785,622	$ 3,883,105
Project Fund	243,185	393,179
Bond Fund	1,458,009	1,025,984
	4,486,816	5,302,268
Less: current portion	1,460,000	1,639,797
	$ 3,026,816	$ 3,662,471

Note 6 – Assets Limited as to Use (continued)

Per the bond indenture, Atherton must also maintain an Operating Reserve Fund; however, it is not required to be maintained by the Trustee. The Operating Reserve Fund, which totals approximately $2,536,000 and $2,454,000 as of December 31, 2014 and 2013, respectively, is included in the accompanying statements of financial position under assets limited by Board as to use.

Note 7 – Property and Equipment

Property and equipment at December 31 consists of the following:

	2014	2013
Land	$ 3,350,093	$ 3,350,093
Buildings and improvements	56,541,084	55,836,953
Major movable and fixed equipment	10,080,929	9,788,681
Construction in progress	936,764	1,024,150
	70,908,870	69,999,877
Less accumulated depreciation	30,932,845	28,636,545
	$ 39,976,025	$ 41,363,332

Depreciation expense for the years ended December 31, 2014 and 2013 amounted to approximately $2,559,000 and $2,738,000, respectively.

Note 8 – Deferred Costs, Net

Deferred costs, net of accumulated amortization, are comprised of the following at December 31:

	2014	2013
Deferred financing costs	$ 1,435,365	$ 1,435,365
Less: accumulated amortization	423,816	339,186
Deferred financing costs, net	1,011,549	1,096,179
Costs of acquiring initial continuing care contracts	2,443,110	2,443,110
Less: accumulated amortization	692,298	487,365
Costs of acquiring initial continuing care contracts, net	1,750,812	1,955,745
Deferred costs, net	$ 2,762,361	$ 3,051,924

Note 8 – Deferred Costs, Net (continued)

Amortization expense for the years ended December 31, 2014 and 2013 amount to approximately $290,000 and $289,000, respectively and is included in interest expense in the statements of operations.

Note 9 – Accrued Workers' Compensation Claims

On November 20, 2013, Atherton entered into a guaranteed cost policy insurance program to cover workers' compensation claims. Under the current policy, Atherton is covered up to $1,000,000 per claim with no deductible. The terms of the policy were renewed on November 20, 2014.

Prior to November 20, 2013, Atherton participated in a self-insured workers compensation program with two other retirement communities. Under this program, Atherton purchased workers' compensation policies from a commercial insurance carrier, and subsequently reinsured back a portion of their claims costs through a captive insurance company. The arrangement with the other retirement communities allowed for the sharing of the captive expenses, but not the cost of workers' compensation claims unless default occurred with the other retirement communities. Under the program, in the event that the commercial insurance company is called to satisfy any outstanding obligation of the retirement communities, the insurer has the right of indemnification from each retirement community on a joint and several basis. Atherton assumed the cost of its workers' compensation claims up to $350,000 of each claim, plus allocated loss adjustment expense.

Atherton deposited funds in the captive insurance company on an annual basis and recorded this as an insurance premium expense. In addition, Atherton has pledged letters of credit totaling approximately $656,000 as additional funding of this liability. Under an agreement with the captive insurance company, Atherton and the other two members of the captive group receive returns of the excess profits periodically. Returns of the excess profits received in a given calendar year are recognized as a decrease in insurance premium expense. The remaining funds are held by the captive insurance company for future potential liabilities. The captive insurance company annually estimates reserves for unpaid losses. Estimates used for reserves may or may not be sufficiently covered by deposits in any individual year or collectively, and may require additional funding. As of December 31, 2014 and 2013, management believes that the captive insurance company is adequately funded for the workers' compensation claim costs.

Note 10 – Line of Credit

Atherton has a $500,000 unsecured revolving line of credit that is renewable annually. The line of credit bears interest at 1.5% above the prime rate published in the Wall Street Journal (with a floor rate of 4.0%) per annum. The interest rate was 4.0% as of December 31, 2014. The amount outstanding on the line of credit amounted to approximately $0 and $174,000 as of December 31, 2014 and 2013, respectively.

Note 11 – Long-Term Debt

During 2010, Atherton issued 2010 Bonds pursuant to an Indenture of Trust dated as of January 1, 2010, ("Indenture") among the City of Alhambra, California ("Issuer"), Atherton and Wells Fargo Bank ("Trustee"). The 2010 Bonds were issued to fund the construction of the Courtyard project, which consists of 50 one bedroom, 1 and 1/2 bathroom, and two bedroom, two bathroom independent living units on the southeast portion of its campus. The Courtyard project commenced in February 2010, and was completed in July 2011.

The proceeds of the 2010 Bonds, together with other available funds from Atherton, were applied to pay a portion of the costs of the Courtyard project as described above; to fund interest on the portion of the 2010 Bonds that is allocated to the Courtyard project and other expenses incidental to the Courtyard project; to fund a debt service reserve fund; and to pay the costs of issuance.

Long-term debt at December 31 consists of the following:

	2014	2013
Series 2010A bonds with semi-annual principal payments due through 2030 and 2040, at a stated interest rate of 7.5% and 7.625% per annum, respectively. Interest is payable semi-annually on January 1 and July 1.	$ 28,970,000	$ 29,300,000
Series 2010B bonds with semi-annual principal payments due through 2017, at a stated interest rate of 6.625% per annum. Interest is payable semi-annually on January 1 and July 1. The Series 2010B bonds were repaid in full in 2014.	-	6,020,000
Capital lease, secured by equipment, with monthly principal payments due through 2018, at a stated interest rate of 4.50% per annum. Interest is payable monthly on the 10th of each month.	50,292	61,759
	29,020,292	35,381,759
Less: current maturities	372,000	6,361,481
	$ 28,648,292	$ 29,020,278

Note 11 – Long-Term Debt (continued)

As part of the indenture, Atherton granted to the Trustee the following:

1. First lien on the land and buildings owned by Atherton.
2. Security interest in substantially all assets and gross revenue of Atherton.
3. Assignment of Atherton's right in resident agreements.

Atherton is also required to comply with various restrictive and financial covenants as specified in the indenture. The financial covenants include cumulative cash used in operations, debt service coverage ratio, liquidity ratio, marketing targets, and occupancy requirements. Atherton was only required to comply with the liquidity ratio and occupancy requirements as of December 31, 2014. The other covenants will be required to be complied with upon occupancy and stabilization of the Courtyard. Atherton was in compliance with the occupancy requirement as of December 31, 2014; however, Atherton was not in compliance with the liquidity ratio. As a result, Atherton hired a financial consultant and prepared a financial forecast report as required under the indenture agreement to remedy non-compliance with this covenant. Since these actions were taken, the covenant violation does not constitute an event of default under the terms of the loan agreement.

Principal payments due are as follows:

Fiscal Year	Principal Payments
2015	$ 372,020
2016	392,560
2017	428,137
2018	452,575
2019	470,000
Thereafter	26,905,000
Totals	$ 29,020,292

Long-term debt is carried at amortized cost. The fair value of Atherton's long-term debt is estimated to equal its carrying value based on Level 2 inputs, such as the quoted market prices for the same or similar issues or on the current rates offered to Atherton for debt of the same remaining maturities. The following table presents Atherton's estimated fair values of the long-term debt in accordance with FASB ASC Topic 825, *Financial Instruments*, at December 31, 2014 and 2013:

	2014		2013	
	Carrying	**Fair Value**	**Carrying**	**Fair Value**
Series 2010A Bonds	$ 28,970,000	$ 31,526,722	$ 29,300,000	$ 29,829,983
Series 2010B Bonds	$ -	$ -	$ 6,020,000	$ 6,039,384

Note 12 – Pension Plans

Atherton has two noncontributory employee retirement plans; a defined contribution plan and a defined benefit plan.

The defined contribution plan covered all employees effective January 1, 2004. The Ministers and Missionaries Benefit Board of the American Baptist Churches maintain this plan. Contributions to this plan are based on a percentage of participating employees' salaries. The defined contribution plan expense for the years ended December 31, 2014 and 2013 totaled approximately $231,000 and $249,000, respectively.

The defined benefit plan (the "pension plan") was frozen effective December 31, 2003. However, pension plan funding was to continue until such time that the pension plan was terminated and all obligations were satisfied. The plan is expected to be fully funded by 2015.

The following tables summarize the obligations and funded status of Atherton's pension plan:

	2014	2013
Benefit obligation at December 31	$ 3,435,465	$ 3,404,871
Benefit payments	144,584	277,317
Fair value of plan assets at December 31	974,182	1,086,984
Net unfunded status of plan	2,461,283	2,317,887

Amounts recognized in the statements of financial position consist of:

	2014	2013
Pension liability	$ 2,461,283	$ 2,317,887

Amounts recognized in the statements of changes in unrestricted net assets:

	2014	2013
Actuarial losses	$ 1,156,663	$ 1,163,534

The projected benefit obligation, accumulated obligation, and fair value of plan assets for plans with accumulated benefit obligations in excess of plan assets were as follows:

	2014	2013
Project benefit obligation	$ 3,435,465	$ 3,404,871
Accumulated benefit obligation	$ 3,435,465	$ 3,404,871
Fair value of plan assets	$ 974,182	$ 1,086,984

Note 12 – Pension Plans (continued)

The net periodic benefit cost recognized in the statements of changes in net assets is as follows:

	2014	2013
Net periodic pension cost	$ 150,267	$ 157,646

Atherton has recognized, in the accompanying statements of financial position, the minimum liability of the unfunded accumulated benefit obligation as unfunded pension liability with an offsetting adjustment to unrestricted net assets. For the year ended December 31, 2014, the minimum pension liability was increased by approximately $143,000, bringing the total unfunded pension liability to approximately $2,461,000 at December 31, 2014. For the year ended December 31, 2013, the minimum pension liability was increased by approximately $33,000, bringing the total unfunded pension liability to approximately $2,318,000 at December 31, 2013.

The actuarial loss that will be amortized from unrestricted net assets (deficit) into net periodic pension cost over the next fiscal year is approximately $83,000.

Assumptions:

The weighted-average assumptions used to determine benefit obligations at December 31 were as follows:

	2014	2013
Discount rate	4.50%	4.50%
Rate of compensation increase	N/A	N/A

The weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31 were as follows:

	2014	2013
Discount rate	4.50%	4.50%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	N/A	N/A

The expected return on plan assets was determined based on historical and expected future returns of the various asset classes.

The primary investment objective of Atherton is to preserve and protect the assets of Atherton while earning a rate of return that is appropriate for each fund. After preservation of capital, the objectives of Atherton are (1) the growth of principal and income to offset inflation, and (2) the production of a current income.

Note 12 – Pension Plans (continued)

To accomplish Atherton's investment objectives, balanced portfolios of equity (common stocks and convertible securities), fixed income, and short-term reserves are utilized. As a guide to accomplishing these objectives the following maximum and minimum percentage guidelines (percentage of market value) are to be observed as long-term controls:

Asset Class	Target Allocation (Max/Min)
Equity	90%/10%
Fixed income	90%/10%
Short-term reserves	10%/5%

The fair values of Atherton's plan assets at December 31 (the measurement date), by asset category, are as follows:

Contributions –Since January 2006, Atherton has been setting aside an annual amount of $180,000 of general fund assets to fund the pension plan; however, Atherton did not make a contribution to its pension plan during 2014. The balance of the general fund assets totaled approximately $1,410,000 and $1,800,000 as of December 31, 2014 and 2013, respectively.

Measurement date – The measurement date used to determine pension benefit measures for the plan is December 31.

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash	$ 9,985	$ -	$ -	$ 9,985
Equity securities	800,756	-	-	800,756
Fixed income securities	226,400	-	-	226,400
Total plan assets	1,037,141	-	-	1,037,141
Net of prepayment and payable	(62,959)	-	-	(62,959)
Net plan assets	$ 974,182	$ -	$ -	$ 974,182

	Assets at Fair Value as of December 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash	$ 12,970	$ -	$ -	$ 12,970
Equity securities	805,620	-	-	805,620
Fixed income securities	302,675	-	-	302,675
Total plan assets	1,121,265	-	-	1,121,265
Net of prepayment and payable	(34,281)	-	-	(34,281)
Net plan assets	$ 1,086,984	$ -	$ -	$ 1,086,984

Note 12 – Pension Plans (continued)

As of December 31, 2014, expected future benefit payments were as follows:

Years ending December 31,		
2015	$	159,366
2016		168,323
2017		171,992
2018		175,328
2019		189,617
Thereafter		1,044,206
	$	1,908,832

Note 13 – Functional Expenses

Atherton provides residential and nursing center services to its residents. Expenses related to providing these services for 2014 and 2013 are as follows:

		2014		2013
Residential services	$	8,775,126	$	8,419,182
Nursing center services		8,614,875		9,118,479
General and administrative		3,448,764		3,612,104
Fundraising		137,573		163,007
	$	20,976,338	$	21,312,772

Note 14 – Contingencies

Atherton is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation unknown or unasserted regulatory actions. Government activity, with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. Management believes any actions that may result from investigations of non-compliance with laws and regulations will not have a material effect on Atherton's future financial position or results of operations.

Note 15 – Subsequent Events

Atherton has evaluated subsequent events through April 29, 2015, which is the date the financial statements were issued, and concluded that there were no additional events or transactions that need to be disclosed.

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Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules with
Supplementary Schedules for

Atherton Baptist Homes

As of and for the year ended
December 31, 2014

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors of
Atherton Baptist Homes
Alhambra, California

Financial Statements

We have audited the accompanying financial statements of Atherton Baptist Homes, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MOSS-ADAMS LLP

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserve of Atherton Baptist Homes as of and for the year ended December 31, 2014, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Supplementary Schedules to Forms 5-1 and 5–5, Reconciliation to Audit Report, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

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

Moss Adams LLP

Los Angeles, California
April 29, 2015

CONTINUING CARE LIQUID RESERVE SCHEDULES

ATHERTON BAPTIST HOMES
FORM 5-1
LONG-TERM DEBT INCURRED IN PRIOR FISCAL YEAR
DECEMBER 31, 2014

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	01/28/10	$330,000	$2,457,978	$0	$2,787,978
2	12/10/13	$11,470	$2,555		$14,025
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$341,470	$2,460,533	$0	$2,802,003

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

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

PROVIDER: Atherton Baptist Homes

ATHERTON BAPTIST HOMES
FORM 5-2
LONG-TERM DEBT INCURRED DURING FISCAL YEAR
DECEMBER 31, 2014

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					
3					
4					
5					
6					$0
7					$0
8					
	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: Atherton Baptist Homes

ATHERTON BAPTIST HOMES
FORM 5–3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
DECEMBER 31, 2014

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$2,802,003
2	Total from Form 5-2 bottom of Column (e)	$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	$0
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$2,802,003

PROVIDER: Atherton Baptist Homes

ATHERTON BAPTIST HOMES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES
DECEMBER 31, 2014

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$20,976,338
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$2,460,533	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$2,559,333	
	d.	Amortization	$289,563	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$2,209,136	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$7,518,565
4		Net Operating Expenses		$13,457,773
5		Divide Line 4 by 365 and enter the result.		$36,871
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve		$2,765,296

PROVIDER: Atherton Baptist Elder Ministries
COMMUNITY: Atherton Baptist Homes

FORM 5-5
ANNUAL RESERVE CERTIFICATION
DECEMBER 31, 2014

Provider Name: Atherton Baptist Elder Ministries
Fiscal Year Ended: 12/31/2014

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2014 and are in compliance with those requirements.

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

		Amount
[1]	Debt Service Reserve Amount	$2,802,003
[2]	Operating Expense Reserve Amount	$2,765,296
[3]	**Total Liquid Reserve Amount:**	$5,567,299

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

	Qualifying Asset Description	Amount Debt Service Reserve		Operating Reserve
[4]	Cash and Cash Equivalents			$1,670,588
[5]	Investment Securities			$284,893
[6]	Equity Securities			$5,934,049
[7]	Unused/Available Lines of Credit			
[8]	Unused/Available Letters of Credit			
[9]	Debt Service Reserve	$4,243,631		(not applicable)
[10]	Other: (describe qualifying asset)			
	Total Amount of Qualifying Assets	$4,243,631	[12]	$7,889,530
[13]	**Reserve Obligation Amount:**	$2,802,003	[14]	$2,765,296
[15]	**Surplus/(Deficiency):**	$1,441,628	[16]	$5,124,234

Signature:

(Authorized Representative)

Date: April 29, 2015

Chief Financial Officer
(Title)

SUPPLEMENTARY SCHEDULES

ATHERTON BAPTIST HOMES
SUPPLEMENTARY SCHEDULE TO FORM 5-1
RECONCILIATION TO AUDIT REPORT
DECEMBER 31, 2014

Principal Paid During Fiscal Year		
Principal payments on long-term debt per audited statement of cash flows	$	6,350,000
Principal payments on capital lease per audited statement of cash flows		11,470
Less voluntary early redemption of 2010 Series B Bonds		(6,020,000)
Total per Form 5-1	$	341,470

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	$ 516 to $ 4,585	$ 1,576 to $ 5,052	$ 235/day to $ 280/day
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.0%	3.0%	3.0%

☐ 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: January 1, 2014
(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: Atherton Baptist Homes
COMMUNITY: Atherton Baptist Homes

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

Attachment to Item [5]:

Rate increases on monthly fees for the following levels of care were approved by the Board of Trustees based on projected operating costs of the continuing care retirement community, projected per capita costs, and economic indicators:

	Rate Increase	Range of Monthly Fees
Residential living	3.0%	$ 516 to $4,585 *
Assisted living	3.0%	$1,576 to $5,052
Skilled nursing care	3.0%	$235/day to $280/day **

* Range of monthly fees effective January 1, 2014 based on grid pricing schedule.
** Plus $20 per day for non-contracted residents in skilled nursing care.

RECEIVED MAY 05 2015 CONTINUING CARE CONTRACTS BRANCH

Continuing Care Retirement Community Disclosure Statement General Information

Date Prepared: 4/28/2015

FACILITY NAME: Atherton Baptist Homes

ADDRESS: 214 S. Atlantic Blvd., Alhambra, CA ZIP CODE: 91801 PHONE: (626) 863-1738

PROVIDER NAME: Atherton Baptist Homes FACILITY OPERATOR: N/A

RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: ABC-PSW and Transformation Ministries

YEAR OPENED: 1914 # OF ACRES: 15 ☑ SINGLE STORY ☑ MULTI-STORY ☐ OTHER: ____ MILES TO SHOPPING CTR: 1/2 MILES TO HOSPITAL: 1/2

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:	4	ASSISTED LIVING:	38
APARTMENTS – 1 BDRM:	74	SKILLED NURSING:	99
APARTMENTS – 2 BDRM:	121	SPECIAL CARE:	N/A
COTTAGES/HOUSES:	21	DESCRIPTION: >	N/A
RLU OCCUPANCY (%) AT YEAR END:	86.36%	>	

* *

TYPE OF OWNERSHIP: ☑ NOT-FOR-PROFIT ☐ FOR- PROFIT ACCREDITED?: ☐ YES ☑ NO BY: ____

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

REFUND PROVISIONS: *(Check all that apply)* ☑90% ☐75% ☑50% ☑FULLY AMORTIZED ☑OTHER: 70%

RANGE OF ENTRANCE FEES: $ 90,000 - $ 431,850 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ■ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: N/A

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > 5 resident-chosen advisors have voice (no vote) in all > meetings, including finance committee and board retreat. They are encouraged to participate and fully advocate for resident issues.

* *

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	☑	☑
BILLIARD ROOM	☑	☐
BOWLING GREEN	☐	☐
CARD ROOMS	☑	☐
CHAPEL	☑	☐
COFFEE SHOP	☑	☐
CRAFT ROOMS	☑	☐
EXERCISE ROOM	☑	☐
GOLF COURSE ACCESS	☐	☐
LIBRARY	☑	☐
PUTTING GREEN	☐	☐
SHUFFLEBOARD	☐	☐
SPA	☑	☐
SWIMMING POOL-INDOOR	☑	☐
SWIMMING POOL-OUTDOOR	☐	☐
TENNIS COURT	☐	☐
WORKSHOP	☑	☐
OTHER Gift Shop	☑	☐

SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING (4 TIMES/MONTH)	☑	☑
MEALS (3 /DAY)	☑	☑
SPECIAL DIETS AVAILABLE	☑	☑
24-HOUR EMERGENCY RESPONSE	☑	☐
ACTIVITIES PROGRAM	☑	☐
ALL UTILITIES EXCEPT PHONE	☑	☑
APARTMENT MAINTENANCE	☑	☑
CABLE TV	☑	☑
LINENS FURNISHED	☑	☑
LINENS LAUNDERED	☑	☑
MEDICATION MANAGEMENT	☑	☑
NURSING/WELLNESS CLINIC	☑	☑
PERSONAL HOME CARE	☑	☑
TRANSPORTATION-PERSONAL	☑	☑
TRANSPORTATION-PREARRANGED	☑	☑
OTHER ____	☐	☐

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

PROVIDER NAME: Atherton Baptist Homes

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
Atherton Baptist Homes	Alhambra, CA	(626) 289-4178

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)
N/A		

FREE-STANDING SKILLED NURSING	LOCATION (City, State)	PHONE (with area code)
N/A		

SUBSIDIZED SENIOR HOUSING	LOCATION (City, State)	PHONE (with area code)
N/A		

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Atherton Baptist Homes

	2011	2012	2013	2014
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	$12,313,420	$14,883,249	$15,091,635	$15,409,380
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	$13,226,513	$14,284,011	$15,648,571	$15,878,697
NET INCOME FROM OPERATIONS	-$913,093	$599,238	-$556,936	-$469,317
LESS INTEREST EXPENSE	-$1,144,734	-$3,326,066	-$2,636,767	-$2,248,745
PLUS CONTRIBUTIONS	$92,911	$169,968	$1,695,942	$346,904
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$138,344	$115,689	$163,806	$103,606
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$1,826,573	-$2,441,171	-$1,333,955	-$2,267,552
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$10,412,948	$2,882,256	$7,927,987	$3,621,544

* *

DESCRIPTION OF SECURED DEBT *(as of most recent fiscal year end)*

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
2010A Revenue Bonds	$10,355,000	7.50	01/28/2010	01/01/2030	20 years
2010A Revenue Bonds	$18,615,000	7.63	01/28/2010	01/01/2040	30 years
2010B Revenue Bonds	$0	6.63	01/28/2010	01/01/2017	3 years

* *

FINANCIAL RATIOS (see next page for ratio formulas)

	2013 CCAC Medians 50th Percentile *(optional)*	2012	2013	2014
DEBT TO ASSET RATIO	37.71	54.6	43.9	49.21
OPERATING RATIO	98.54	116.1	107.9	114.3
DEBT SERVICE COVERAGE RATIO	2.55	1.29	3.50	1.30
DAYS CASH ON HAND RATIO	343	138	258	156

* *

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2011	%	2012	%	2013	%	2014
STUDIO	$539	3.0	$555	3.0	$572	3.0	$589
ONE BEDROOM	$2,430	3.0	$2,503	3.0	$2,578	3.0	$2,655
TWO BEDROOM	$3,420	3.0	$3,523	3.0	$3,629	3.0	$3,738
COTTAGE/HOUSE	$1,407	3.0	$1,449	3.0	$1,492	3.0	$1,537
ASSISTED LIVING	$3.181	3.0	$3,276	3.0	$3,374	3.0	$3,475
SKILLED NURSING	$236	3.0	$243	3.0	$250	3.0	$258
SPECIAL CARE	N/A						

* *

COMMENTS FROM PROVIDER: > Rate increases were approved by the Board of Trustees. Historical monthly service fees reflect rate increases
> charged to current residents. Beginning 2011, rates include monthly fees charged to residents occupying the new building, one-bedroom or
> two-bedroom apartment units. Skilled nursing historical daily rates reflect the average for private and semi-private rooms.

PROVIDER NAME: Atherton Baptist Homes

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

KEY INDICATORS REPORT

[insert provider's name here]

Date Prepared: 4/29/2015

Chief Financial Officer Signature

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

RECEIVED MAY 05 2015 CONTINUING CARE CONTRACTS BRANCH

	2010	2011	2012	2013	2014	Projected 2015	Forecast 2016	2017	2018	2019	Preferred Trend Indicator
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	88.27%	82.91%	83.47%	85.15%	86.27%	88.94%	90.48%	91.60%	92.16%	92.72%	N/A
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	-6.62%	10.29%	-1.28%	-3.81%	-7.55%	-0.89%	2.17%	4.99%	6.89%	8.68%	↑
3. Net Operating Margin - Adjusted (%)	-0.20%	48.40%	15.21%	9.39%	13.72%	16.80%	21.88%	22.49%	23.41%	24.65%	↓
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments ($000)	$7,391,950	$8,017,577	$6,641,780	$12,900,719	$7,889,530	$6,660,000	$6,706,000	$6,720,000	$6,803,000	$6,896,000	↑
5. Days Cash on Hand (Unrestricted)	217.55	203.63	137.66	257.52	158.86	135.03	135.37	135.75	136.2	136.69	↑
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees ($000)	$7,238,546	$16,257,920	$17,182,325	$24,072,657	$26,096,508	$27,789,000	$30,200,000	$32,249,000	$34,196,000	$36,148,000	N/A
7. Net Annual E/F proceeds ($000)	$703,975	$10,412,948	$2,735,927	$2,142,177	$3,621,544	$3,316,000	$4,085,000	$3,773,000	$3,723,000	$3,781,000	N/A
8. Unrestricted Net Assets ($000)	$8,122,838	$5,585,810	$927,632	-$928,134	-$4,528,394	-$7,104,000	-$9,283,000	-$10,937,000	-$12,191,000	-$13,034,000	N/A
9. Annual Capital Asset Expenditure ($000)	$884,170	$944,358	$1,191,865	$1,526,902	$1,198,327	$1,964,000	$2,021,000	$1,911,000	$1,991,000	$2,045,000	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	0.50	-0.11	0.31	0.49	-0.01	0.29	0.29	0.37	0.60	0.83	↑
11. Annual Debt Service Coverage (x)	1.01	1.58	1.29	1.31	1.29	1.54	1.92	2.04	2.25	2.53	↑
12. Annual Debt Service/Revenue (%)	9.48%	42.70%	16.57%	14.10%	15.88%	14.58%	14.04%	13.98%	13.53%	13.09%	↓
13. Average Annual Effective Interest Rate (%)	1.09%	3.04%	9.38%	7.45%	8.38%	7.88%	7.88%	7.83%	7.83%	7.82%	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	19.65%	23.69%	19.64%	44.45%	27.54%	23.59%	24.11%	24.55%	25.29%	26.09%	↑
15. Average Age of Facility (years)	13.05	10.60	9.17	10.46	12.09	12.42	12.41	12.38	12.41	12.46	↓