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CONTINUING CARE
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THE BRITISH HOME IN CALIFORNIA, LTD.

CONTINUING CARE ~~RESERVE~~ ^{ANNUAL} REPORT

**FOR THE YEAR ENDED
NOVEMBER 30, 2014**

THE BRITISH HOME IN CALIFORNIA, LTD.
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NOVEMBER 30, 2014

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**FORM 1-1
RESIDENT POPULATION**

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	4
[2]	Number at end of fiscal year	3
[3]	Total Lines 1 and 2	7
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	3.5
All Residents		
[6]	Number at beginning of fiscal year	34
[7]	Number at end of fiscal year	33
[8]	Total Lines 6 and 7	67
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	33.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.1045

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$1,607,703
[a]	Depreciation	\$133,354
[b]	Debt Service (Interest Only)	\$0
[2]	Subtotal (add Line 1a and 1b)	\$133,354
[3]	Subtract Line 2 from Line 1 and enter result.	\$1,474,349
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	10.45%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$154,069
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$154

PROVIDER: THE BRITISH HOME IN CALIFORNIA, LTD.
COMMUNITY: 647 MANZANITA AVENUE, SIERRA MADRE, CA 91204

NOTE FOR FORM 1-2

NOVEMBER 30, 2014

For purposes of calculating Total Operating Expenses used on Form 1-2, we considered the following amounts:

Resident care	\$ 1,199,978
Home administration	401,088
Cost of direct benefits to donors for special events	<u>6,637</u>
Total Operating Expenses	<u>\$ 1,607,703</u>

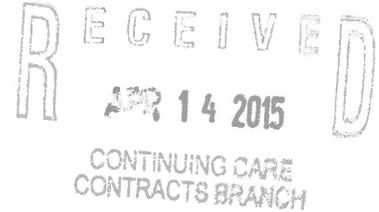


The British Home in California, Ltd.

647 Manzanita Avenue, Sierra Madre, California 91024

License 191501668 COA 064

Tel: (626) 355-7240 Fax: (626) 355-7267 www.britishhome-ca.us info@britishhome-ca.us



CERTIFICATION BY CHIEF EXECUTIVE OFFICER

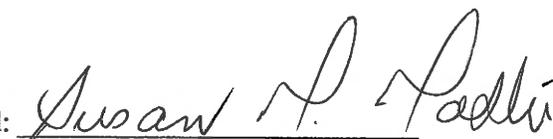
Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 10-90
Sacramento, CA 95814

I certify to the best of my knowledge and belief that the Continuing Care Reserve Report including financial statements and the various reports relating to the reserve requirements of The British Home in California, Ltd. are correct, and that there are no known misstatements or material errors.

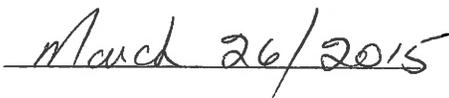
I certify that the Continuing Care Contract Form currently in use has been approved by the Department of Social Services.

I certify that the British Home in California, Ltd. is maintaining the required liquid reserve and refund reserve as of today.

Signed:


Susan Masters, President

Dated:





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
3/26/2015

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

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Church & Casualty Ins Agency Inc 3440 Irvine Ave Newport Beach CA 92660		CONTACT NAME: Sherry Selleck CIC PHONE (A/C No. Ext): (800) 995-7525 FAX (A/C No.): (800) 995-7521 E-MAIL ADDRESS: Sherry@churchandcasualty.com	
INSURED THE BRITISH HOME IN CALIFORNIA LTD 647 MANZANITA AVE SIERRA MADRE CA 91024-2217		INSURER(S) AFFORDING COVERAGE INSURER A: Church Mutual Insurance Co INSURER B: Developers Surety & Indemnity INSURER C: INSURER D: INSURER E: INSURER F:	NAIC # 18767

COVERAGES **CERTIFICATE NUMBER: CL1532618993** **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:		0257414-02-742341	11/23/2014	11/23/2015	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 300,000
						MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 3,000,000
						PRODUCTS - COMP/OP AGG	\$ 1,000,000
						Non-owned	\$ 1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		0257414-09-736997	11/23/2014	11/23/2015	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
						Waiver of Collision Deductible	\$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE	\$
						AGGREGATE	\$
							\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	0257414-07-748552	1/1/2015	1/1/2016	PER STATUTE	
						OTHER	
						E.L. EACH ACCIDENT	\$ 1,000,000
						E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
B	Surety Bond		350896c	6/23/2014	6/23/2015	Limit of Insurance:	\$5,000

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

CERTIFICATE HOLDER TO WHOM IT MAY CONCERN	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE S Selleck CIC/SHERRY <i>Sherry Selleck</i>

ACORD 25 (2014/01)
INS025 (201401)

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R E C E I V E D
APR 14 2015
CONTINUING CARE
CONTRACTS BRANCH

THE BRITISH HOME IN CALIFORNIA, LTD.

AUDITED FINANCIAL STATEMENTS

NOVEMBER 30, 2014

**GARIBIAN & ASSOCIATES
ACCOUNTANCY CORPORATION
417 S. FIRST AVE.
ARCADIA, CA 91006**

THE BRITISH HOME IN CALIFORNIA, LTD.

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Garibian & Associates
ACCOUNTANCY CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The British Home in California, Ltd.

We have audited the accompanying financial statements of The British Home in California, Ltd. (a nonprofit organization), which comprise the statement of financial position as of November 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The British Home in California, Ltd. as of November 30, 2014, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Garibian & Associates
GARIBIAN & ASSOCIATES
ACCOUNTANCY CORPORATION

Arcadia, California
March 25, 2015

THE BRITISH HOME IN CALIFORNIA, LTD.
STATEMENT OF FINANCIAL POSITION
NOVEMBER 30, 2014

ASSETS

Current assets	
Cash and cash equivalents	\$ 839,325
Investment income receivable	167,882
Employee loan receivable	1,802
Prepaid expenses	32,040
Total current assets	1,041,049
Investments	19,661,609
Land, building, furniture and fixtures, net of accumulated depreciation	2,287,364
TOTAL ASSETS	\$ 22,990,022

LIABILITIES AND NET ASSETS

Liabilities	
Current liabilities	
Accounts payable	\$ 51,454
Accrued salaries and payroll taxes	54,303
Monthly resident deposits	60,478
Total current liabilities	166,235
Non-current liabilities	
Non-refundable advances	1,571
Refundable advances	39,566
Estimated obligation to provide future services and the use of the facilities in excess of amounts received or to be received for such services	146,111
Total non-current liabilities	187,248
Total liabilities	353,483
Net assets	
Unrestricted	22,636,539
Total net assets	22,636,539
TOTAL LIABILITIES AND NET ASSETS	\$ 22,990,022

See accompanying independent auditors' report
and notes to the financial statements.

**THE BRITISH HOME IN CALIFORNIA, LTD.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2014**

Public support	
Contributions - chapter	\$ 112,558
Contributions - other	330,764
Special events	33,133
Less: direct cost of events	<u>(6,637)</u>
Net revenues from special events	<u>26,496</u>
Total public support	<u>469,818</u>
Revenue	
Investment income	619,196
Residents' income and dues	921,728
Interest income	66
Other income	1,145
Unrealized gain on investments	1,568,666
Realized gain on sale of investments	356,590
Amortization of refundable advances	16,529
Amortization of non-refundable advances	572
Change in the obligation to provide future services	<u>54,674</u>
Total revenue	<u>3,539,166</u>
Total public support and revenue	<u>4,008,984</u>
Expenses	
Home administration	401,088
Resident care	<u>1,199,978</u>
Total expenses	<u>1,601,066</u>
Change in net assets, unrestricted	2,407,918
Net assets, beginning of year, unrestricted	<u>20,228,621</u>
Net assets, end of year, unrestricted	<u>\$ 22,636,539</u>

See accompanying independent auditors' report
and notes to the financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2014

Cash flows from operating activities	
Resident income and dues	\$ 921,728
Contributions	443,322
Investment income	618,774
Special events	33,133
Other income	1,145
Interest income	66
Cash paid to suppliers and employees	(1,475,861)
Net cash provided by operating activities	<u>542,307</u>
Cash flows from investing activities	
Purchases of fixed assets	(96,084)
Purchases of investments	(5,187,156)
Proceeds from sale of investments	4,995,378
Net cash used by investing activities	<u>(287,862)</u>
Net increase in cash and cash equivalents	254,445
Cash and cash equivalents at beginning of year	<u>584,880</u>
Cash and cash equivalents at end of year	<u>\$ 839,325</u>
Reconciliation of change in net assets to net cash provided by operating activities	
Change in net assets	\$ 2,407,918
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	133,354
Unrealized gain on investments	(1,568,666)
Realized gain on sale of investments	(356,590)
Amortization of refundable advances	(16,529)
Amortization of non-refundable advances	(572)
Decrease in estimated obligation to provide future services and the use of the facilities in excess of amounts received or to be received for such services	(54,674)
Changes in operating assets and liabilities:	
Increase in investment income receivable	(422)
Decrease in employee loan receivable	3,826
Increase in prepaid expenses	(14,904)
Increase in accounts payable	963
Increase in accrued salaries and payroll taxes	2,103
Increase in resident deposits	6,500
Net cash provided by operating activities	<u>\$ 542,307</u>

See accompanying independent auditors' report
and notes to the financial statements

**THE BRITISH HOME IN CALIFORNIA, LTD.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED NOVEMBER 30, 2014**

	<u>Home Administration</u>	<u>Resident Care</u>	<u>Total</u>
Salaries	\$ 136,044	\$ 659,191	\$ 795,235
Payroll taxes	11,481	55,628	67,109
Employee health insurance	1,084	5,257	6,341
Employee training expense	128	622	750
401K administrative expenses	1,520	-	1,520
Uniforms	-	1,018	1,018
Insurance expense	14,793	71,679	86,472
Taxes and licenses	25,058	-	25,058
Food	-	75,540	75,540
Entertainment	-	3,706	3,706
Household furnishings	-	3,541	3,541
General supplies	-	10,322	10,322
Kitchen supplies	695	4,172	4,867
Utilities	9,120	54,721	63,841
Telephone	2,581	2,580	5,161
Repairs and maintenance	7,548	45,286	52,834
Garden maintenance	3,883	23,300	27,183
Gifts and donations	-	4,155	4,155
Advertising	3,174	-	3,174
Dues and subscriptions	-	4,254	4,254
Auto expenses	4,758	4,759	9,517
Residents' allowances	-	4,070	4,070
Medical expenses	-	45,215	45,215
Miscellaneous	1,188	-	1,188
Office expense	8,312	-	8,312
Flowers	507	-	507
Accounting fees	5,225	-	5,225
Auditing fees	24,500	-	24,500
Legal and professional fees	127	-	127
Investment advisor fees	108,242	-	108,242
Bank charges	3	-	3
Internet services	3,084	-	3,084
Resident activities and crafts	-	3,468	3,468
Travel and conferences	7,259	-	7,259
Postage and printing	1,065	-	1,065
Payroll processing fees	658	3,191	3,849
Depreciation	19,051	114,303	133,354
Total Functional Expenses	<u>\$ 401,088</u>	<u>\$ 1,199,978</u>	<u>\$ 1,601,066</u>

See accompanying independent auditors' report
and notes to the financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – The British Home in California, Ltd. (“Home”) was incorporated under the not-for-profit corporation laws of the State of California and has been granted tax exempt status under provisions of the Internal Revenue Code Section 501(c)(3).

The Home operates a State of California licensed retirement facility in Southern California, accommodating a maximum of 41 residents. The facility provides both ongoing continuing life care and assisted living services. Continuing life care is provided to residents who enter into a contractual agreement with the Home to advance their assets and future revenue to provide such care, which includes assisted living services, medical services, and convalescent care as may be required throughout the life of the resident. Assisted living services are also provided to residents who enter into monthly contractual agreements with the Home. Such monthly contracts do not provide life long medical and convalescent care nor require a commitment of assets and future revenue.

Continuing Care Contracts and Residential Contracts – Continuing life care residents enter into contracts whereby individual assets and ongoing future revenue is transferred to the Home for use in the resident’s care. The continuing care contract may be cancelled by a resident with 90 days notice. The refund of transferred assets is subject to a 1.67% deduction for each month of residence (20% per year) or a deduction based upon a calculated monthly service cost, whichever is greater. The continuing care contract may be cancelled by the Home without cause during the initial 90 day period subject to the refund of transferred assets as described above and with 90 days notice thereafter with cause. Month to month residential contracts require monthly payments for residential care (and a deposit) based upon level of service and may be cancelled by either the resident or Home upon notice as described in the contract. The Home is no longer accepting continuing life care residents.

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States. The Home is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. The Home’s net assets were unrestricted at November 30, 2014.

Contributions and Promises to Give – Contributions are recognized when the donor makes a promise to give to the Home that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. If determined applicable, an allowance is recorded related to uncollectible amounts. No promises to give were recorded at November 30, 2014.

Cash and Cash Equivalents – All highly liquid instruments (not specifically earmarked solely as investments), with an original maturity of three months or less are considered to be cash equivalents.

Receivables – Receivables consist of investment income and employee loan receivables. Management believes both receivables are fully collectible. Therefore, no allowance for doubtful accounts exists at November 30, 2014.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Functional Expenses – Expenses are charged to the resident care (program) and home administration (administrative) functions based on the direct expenditures incurred. Other functional expenses have been allocated between categories based on space utilized for related activities. With the exception of minimal special event activity, the Home does not engage in fundraising activities.

Special Events – The Home’s annual fundraising event and other events consist of selling crafts and other articles made by the residents in addition to providing social activities..

Advertising – Advertising costs are expensed as they are incurred. Advertising expense for the year ended November 30, 2013 was \$3,174.

Buildings, Improvements, Furniture and Fixtures – Buildings, improvements, and furniture and fixtures are stated at cost. Donations are recorded at fair value and reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. The Home does not imply a time restriction that expires over the useful life of donated assets if those long-lived assets are received without stipulations. The Home capitalizes expenditures for equipment in excess of \$1,000. Depreciation is computed on a straight-line basis over the estimated useful lives of 3 to 30 years. Depreciation expense was \$133,354 for the year ended November 30, 2014.

Long-lived Assets – Long-lived assets, including buildings, improvements, and furniture and fixtures, are reviewed for impairment whenever events or changes in circumstances indicate that the stated amount of an asset might not be recoverable. Recoverability is measured by a comparison of the stated amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the stated amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge, equal to the amount by which the asset’s stated amount exceeds its fair value, is recognized. No impairment losses were recognized for the year ended November 30, 2014.

Contributed Materials and Services – The Home has not recognized amounts of contributed materials or services in the accompanying statement of activities. The criteria for recognition of such amounts in accordance with generally accepted accounting principles have not been satisfied.

Income Taxes – The Home is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Law. The Home has evaluated its tax positions and concluded that its tax exempt status has been maintained and that it has no uncertain tax positions requiring adjustments to the financial statements. Certain short-term rental income has been determined to not result in unrelated business income. As a result no provision for income taxes has been recorded. Exempt organization tax filings for both federal and state, for the years ending 2010, 2011, 2012, and 2013, are be subject to examination generally for three to four years after they are filed.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported accounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Investment Securities – The Home values all investments in marketable securities at fair value.

401K Plan – The Home has a 401K plan available to all employees meeting certain minimum age and service requirements. No matching contributions were applicable during the year ended November 30, 2014.

Concentration of Credit Risk – Financial instruments that potentially subject the Home to concentration of credit risk consist principally of significant securities held in a brokerage firm consisting of \$19,661,609 in investments and \$263,215 in cash and cash equivalents. Cash in bank accounts of \$576,110 included in cash and cash equivalents exceeded FDIC insured limits by \$62,694 at November 30, 2014.

The Home has significant investments in securities and is therefore subject to concentrations of credit risk. Investments are managed by third party investment managers and are monitored by the Home. Although the market value of investments is subject to fluctuation on a year-to-year basis, the Home believes their investment policy is prudent for the long-term welfare of the Home and its beneficiaries. (See Note 2)

Concentration of Market Risk – The Home has invested in California issued (state and local) municipal bonds of approximately \$3.5 million which represents a concentration of market risk. Additionally, total investments are comprised of 54% equities, 43% municipal bonds and 3% other.

Policies on Refundable/Non-Refundable Advances – Assets advanced to the Home by the residents in accordance with signed contractual agreements are recorded as liabilities and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. After ninety (90) days, a non-refundable entrance fee is charged. (See Note 5)

Fair Value of Financial Instruments – The stated amount reported in the statement of financial position for cash, cash equivalents, investment income receivable, employee loan receivable, accounts payable, and other accrued liabilities are stated at cost which approximates their fair value, due to the short term nature of these assets and liabilities.

Subsequent Events – The Home has evaluated subsequent events through March 25, 2015, the date which the financial statements were available to be issued, and has concluded that no events occurred to change the financial statements or disclosures.

NOTE 2 – INVESTMENTS

Investments consist of debt (governmental obligations), equity (common stock and partnership interests) and mutual fund securities recorded at fair value (see note 3). Interest and dividend revenue are recorded when earned. Realized and unrealized gains and losses (including changes in fair value) are recorded when they occur. All investments are considered long-term in nature and are in the custody of one major brokerage firm. Total unearned net income for the year was \$1,568,666 of which \$545,969 represents an increase in value for a single stock holding in the amount of \$1,644,207.

NOTE 2 – INVESTMENTS (CONTINUED)

Investments at November 30, 2014 consist of the following:

	Maturity Date	Interest Rate	Fair Value
U.S. Treasury and other			
U.S. government obligations	May 2016	5.125% - 7.25%	\$ 182,028
Municipal bonds	Years 2015-2039	4.3% - 8.5%	8,268,671
Equities			10,574,902
Mutual fund			636,008
			<u>\$ 19,661,609</u>

NOTE 3 – FAIR VALUE MEASUREMENT

Fair value is defined 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. A three level fair value hierarchy prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. Transfers occur between the hierarchy when the Home has determined that such change in investments has occurred by transaction or intent. There were no transfers between levels for the year ended November 30, 2014. The three levels of input used to measure fair values are as follows:

Level 1 – Inputs to the valuation methodology are quoted market prices for identical assets and liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are based estimated future expenditures over an identified period of time using historical cost information and adjusting for reasonable projected increases. Such valuation techniques are generally unobservable.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables provide information as of November 30, 2014 about the Home’s assets and liabilities measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

Assets Description	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
U.S. Treasury bonds	\$ 180,049	\$ 180,049		
Other U.S. government obligations	1,979	1,979		
Municipal bonds	8,268,671		\$ 8,268,671	
Equities	10,574,902	10,574,902		
Mutual fund	636,008	636,008		
Total	<u>\$ 19,661,609</u>	<u>\$ 11,392,938</u>	<u>\$ 8,268,671</u>	<u>\$ -</u>

THE BRITISH HOME IN CALIFORNIA, LTD.
NOTES TO FINANCIAL STATEMENTS
NOVEMBER 30, 2014

NOTE 3 – FAIR VALUE MEASUREMENT (CONTINUED)

Liabilities Description	Total	Fair Value Measurements		
		Level 1	Level 2	Level 3
Estimated obligation to provide future services	\$ 146,111			\$ 146,111
Total	\$ 146,111	\$ -	\$ -	\$ 146,111

**Level 3 Fair Value Measurement
Using Significant Unobservable
Inputs :**

	<u>Estimated obligation to provide future services</u>
Balance at November 30, 2013	\$ 200,785
Change in estimate (included in change in net assets)	<u>(54,674)</u>
Balance at November 30, 2014	<u>\$ 146,111</u>

The Home classifies estimated obligations to provide future services at level 3. The Home used unobservable inputs and a present value technique for the fair value measurement of this obligation. The change in estimate was recognized as a result of a decrease in the overall estimated obligation to provide future services (see note 7).

NOTE 4 – LAND, BUILDINGS, FURNITURE AND FIXTURES

Land	\$ 648,881
Automobiles	110,387
Equipment	1,501
Buildings & improvements	3,086,039
Generators	145,021
Furniture & fixtures	<u>417,467</u>
	4,409,296
Less accumulated depreciation and amortization	<u>(2,121,932)</u>
	<u>\$ 2,287,364</u>

NOTE 5 – NON-REFUNDABLE ADVANCES

Non-refundable advances represent a \$2,500 - \$5,000 per (continuing life care) resident entrance fee, determined by financial ability to pay. The fee becomes non-refundable after a three-month probationary period. The Home amortizes the non-refundable advances as income using a straight-line method over the resident's life expectancy. The amount amortized during the fiscal year ended November 30, 2014 was \$572 with the balance remaining of \$1,571.

NOTE 6 – REFUNDABLE ADVANCES

Refundable advances represent the value of the assets (cash and securities) each continuing life care resident advances to the Home. Individual refundable advance accounts are reduced annually by a yearly amount based on the estimated life expectancy of each resident. The advance accounts are refundable to the resident upon leaving the facility (under certain circumstances), after deducting a cost associated with care during the year to date and a reasonable processing fee.

Resident advance accounts become the Home's revenue upon the resident's death. Refundable advances of \$16,529 were recognized as revenue in the current year. The refundable advance balance was \$39,566 at November 30, 2014. The interest earned on the advances is used by the Home for general operating expenses.

NOTE 7 – ESTIMATED OBLIGATION TO PROVIDE FUTURE SERVICES

The Home records an obligation to provide services to the continuing life care residents representing the excess of the present value of estimated future resident care expenses (assuming certain annually increasing expenses) over future revenues (net cash outflows) further adjusted by the remaining non-refundable and refundable advances and use of facility (depreciation) charges.

The amount calculated at November 30, 2014 is as follows:

Present value of net cash outflows	\$ 175,973
Less: remaining non-refundable advances	(1,571)
Less: remaining refundable advances	(39,566)
Add: estimated use of facility depreciation	<u>11,275</u>
Estimated obligation to provide future services and use of the facility	<u>\$ 146,111</u>

The amount of net cash outflow of \$182,978 at November 30, 2014, was recorded at present value in the amount of \$175,973. The discount rate used to calculate the present value was 1.8% (3.1% less a 1.3% rate of inflation) over an approximate 4 year period.

The obligation is subject to certain assumptions used to estimate such amount. The change in obligation is affected by the number of life care residents which may vary from year to year.

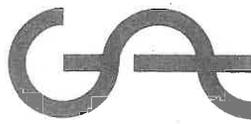
NOTE 8 – DONATIONS FROM THE DAUGHTERS OF THE BRITISH EMPIRE

The Home was opened in 1931 under the auspices of the Daughters of the British Empire, Inc. (D.B.E.). The D.B.E. chapters are volunteer organizations that raise money to help support the Home. There are nine states in the western district whose presidents are directors on the Home's Board of Directors. As stated in the Home's Continuing Care Agreement, the D.B.E. chapters have no financial or legal liability for the operation of the Home or for the promises and obligations to residents. During the fiscal year ended November 30, 2014, the chapters donated \$112,558 to the Home. No fundraising expenses were incurred by the Home related to this donation.

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CONTINUING CARE
CONTRACTS BRANCH

PART 5
LIQUID RESERVES



Garibian & Associates
ACCOUNTANCY CORPORATION

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CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The British Home in California, Ltd.

Report on the Report

We have audited the accompanying continuing care reserve report ("Report") of The British Home in California, Ltd. ("Home") as of November 30, 2014 and the related notes.

Management's Responsibility for the Report

Management is responsible for the preparation and fair presentation of the Report in accordance with the financial reporting provisions of California Department of Social Services, Continuing Care Licensing Division for the purpose of complying with California Health and Safety Code section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Report that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Report 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 Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 schedule.

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

Opinion

In our opinion, the Report referred to above, presents fairly, in all material respects, the liquid reserve requirements of the Home as of November 30, 2014 in accordance with the basis of accounting in accordance with the financial reporting provisions of the California Department of Social Services, Continuing Care Licensing Division for the purpose of complying with California Health and Safety Code section 1792.

Other Matter

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Home as of and for the year ended November 30, 2014 and our report thereon, dated March 25, 2015 expressed an unmodified opinion on those financial statements.

Basis of Accounting

We draw attention to Note A to the Report, which describes the basis of accounting. The Report was prepared by the Home on the basis of the financial reporting provision of the California Department of Social Services, Continuing Care Licensing Division, Continuing Care Reserve Report requirements which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the California Health and Safety Code section 1792 as notes above. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Home 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. However, this report is a matter of public record and its distribution is not limited.

Garibian & Associates

GARIBIAN & ASSOCIATES

Arcadia, California

March 25, 2015

**FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:					\$0

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

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

PROVIDER: THE BRITISH HOME IN CALIFORNIA, LTD.

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

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

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

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

PROVIDER: THE BRITISH HOME IN CALIFORNIA, LTD.

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

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

PROVIDER: THE BRITISH HOME IN CALIFORNIA, LTD.

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

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$1,607,703
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$0
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$0
	c. Depreciation	\$133,354
	d. Amortization	\$0
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$862,830
	f. Extraordinary expenses approved by the Department	\$0
3	Total Deductions	\$996,184
4	Net Operating Expenses	\$611,519
5	Divide Line 4 by 365 and enter the result.	\$1,675
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$125,625

PROVIDER: THE BRITISH HOME IN CALIFORNIA, LTD.
COMMUNITY: 647 MANZANITA AVENUE, SIERRA MADRE, CA 91204

THE BRITISH HOME IN CALIFORNIA, LTD.

NOTE FOR FORM 5-4

NOVEMBER 30, 2014

The amount of \$862,630 reported on Form 5-4 Line 2 (e) is part of the residents' income and dues that is allocated from the Statement of Activities and consists of the following:

Monthly dues received from non-continuing care residents	\$ 862,630
Pension and continuing care residents' other income	31,160
Social Security benefits	<u>27,938</u>
Total residents income per Statement of Activities	<u><u>\$ 921,728</u></u>

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: THE BRITISH HOME IN CALIFORNIA, LTD.

Fiscal Year Ended: 30-Nov-14

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 30-Nov-14 and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$0
[2] Operating Expense Reserve Amount	\$125,625
[3] Total Liquid Reserve Amount:	\$125,625

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

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$0	\$839,525
[5] Investment Securities	\$0	\$3,450,695
[6] Equity Securities	\$0	\$11,210,918
[7] Unused/Available Lines of Credit	\$0	\$0
[8] Unused/Available Letters of Credit	\$0	\$0
[9] Debt Service Reserve	\$0	(not applicable)
[10] Other: <u>[REDACTED]</u> (describe qualifying asset)	\$0	\$0
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$0 [12]	\$20,500,934
Reserve Obligation Amount: [13]	\$0 [14]	\$125,625
Surplus/(Deficiency): [15]	\$0 [16]	\$20,375,309

Signature:

Susan J. Padli
(Authorized Representative)

Date: 12/15/14

SUSAN MASTERS, PRESIDENT
(Title)

**THE BRITISH HOME IN CALIFORNIA, LTD
PER CAPITA COST CALCULATION
NOVEMBER 30, 2014**

Total Expenses	\$	1,607,703
Additions:		
No direct allocations		
Deductions:		
Depreciation	\$	133,354
Total Deductions	\$	<u>133,354</u>
Adjusted Operating Costs	\$	1,474,349
Average Number of Residents		<u>33.50</u>
Annual per Capita Cost	\$	<u><u>44,010</u></u>

Note:

This calculation is consistent with the definition of "Per capita cost" defined on P.7 of Continuing Care Contract Statutes dated January 1, 2015.

THE BRITISH HOME IN CALIFORNIA, LTD
DESCRIPTION OF RESERVES UNDER SB 1212
NOVEMBER 30, 2014

Total Qualifying Assets as Filed:

Additional Comments

Cash and Cash Equivalents	\$ 839,325	
Investments	<u>19,661,609</u>	Investments are comprised of about 57% equities and 43% fixed income
Total Qualifying Assets as Filed	20,500,934	

Reservations and Designations:

Reserved for Refundable Entrance Fees	<u>39,566</u>	Refundable entrance fees received and subject to refund provisions under section 1792.6 of CCC Statutes.
Total Reservations and Designations	<u>39,566</u>	
Remaining Liquid Reserves	<u><u>\$ 20,461,368</u></u>	

No additional amounts were accumulated for identified projects or purposes other than to provide care to residents.

The British Home of California, Ltd.
Note to the Reserve Schedules, Forms 5-1 through 5-5
NOVEMBER 30, 2014

Note A - Basis of Accounting Other Than Generally Accepted Accounting Principles

The reserve schedules have been presented in accordance with a basis of accounting per the California Health and Safety Code Section 1792.2 in so far as it relates to accounting and reporting matters. The liquid reserve is a statutory requirement of assets to be maintained as available by the continuing care organization.

The basis of accounting for the liquid reserve involves two calculations; a debt service reserve and an operating expense reserve. The debt service reserve is calculated on Forms 5-1 through 5-3 by combining principal and interest payments during the current year on debts existing at the beginning of the fiscal year with principal and interest payments to be made in the next twelve months on debts incurred during the current year. The operating expense reserve is calculated on Form 5-4 by reducing net operating expenses by certain allowable deductions and determining the amount allocable to 75 days. Form 5-5 combines the debt service reserve with the operating expense reserve to determine the total liquid reserve amount.

CONTINUING CARE RESIDENTS
FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$1,263-\$2,264	\$1,017-\$1,432	
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)			

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

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

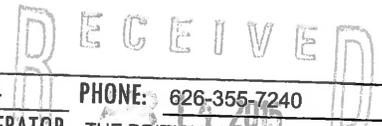
[4] Check each of the appropriate boxes:

- 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: THE BRITISH HOME IN CALIFORNIA, LTD.
COMMUNITY: 647 MANZANITA AVE., SIERRA MADRE, CA 91024

Disclosure Statement
General Information



FACILITY NAME: THE BRITISH HOME IN CALIFORNIA, LTD.
ADDRESS: 647 MANZANITA AVE, SIERRA MADRE, CA
PROVIDER NAME: THE BRITISH HOME IN CALIFORNIA, LTD.
RELATED FACILITIES: N/A
YEAR OPENED: 1931
ZIP CODE: 91024
PHONE: 626-355-7240
FACILITY OPERATOR: THE BRITISH HOME IN CALIFORNIA, LTD.
RELIGIOUS AFFILIATION: N/A
MILES TO SHOPPING CTR: .33
MILES TO HOSPITAL: 2.5

NUMBER OF UNITS: RESIDENTIAL LIVING
APARTMENTS - STUDIO:
APARTMENTS - 1 BDRM:
APARTMENTS - 2 BDRM:
COTTAGES/HOUSES: 29 UNITS
HEALTH CARE
ASSISTED LIVING: 12 UNITS
SKILLED NURSING:
SPECIAL CARE:
DESCRIPTION: >
RLU OCCUPANCY (%) AT YEAR END: 80%

TYPE OF OWNERSHIP: [X] NOT-FOR-PROFIT [] FOR-PROFIT ACCREDITED?: [] YES [] NO BY:

FORM OF CONTRACT: [X] CONTINUING CARE [] LIFE CARE [] ENTRANCE FEE [] FEE FOR SERVICE
[] ASSIGNMENT OF ASSETS [] EQUITY [] MEMBERSHIP [] RENTAL

REFUND PROVISIONS: (Check all that apply) [] 90% [] 75% [] 50% [X] FULLY AMORTIZED [] OTHER:

RANGE OF ENTRANCE FEES: \$ 2500 - \$ 5000 LONG-TERM CARE INSURANCE REQUIRED? [] YES [] NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: ALL REQUIRED

ENTRY REQUIREMENTS: MIN. AGE: 65 PRIOR PROFESSION: NONE OTHER: AMULATORY

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > THE BOARD ACCEPTS ONE CONTINUING CARE
RESIDENT TO PARTICIPATE AS A NONVOTING REPRESENTATIVE ON THE BOARD.

Table with columns: COMMON AREA AMENITIES, AVAILABLE, FEE FOR SERVICE, FACILITY SERVICES AND AMENITIES, SERVICES AVAILABLE, INCLUDED IN FEE, FOR EXTRA CHARGE. Lists amenities like Beauty/Barber Shop, Billiard Room, etc., and services like Housekeeping, Meals, etc.

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: THE BRITISH HOME IN CALIFORNIA, LTD.

OTHER CCRCs

THE BRITISH HOME IN CALIFORNIA, LTD.

LOCATION (City, State)

SIERRA MADRE, CA

PHONE (with area code)

626-355-7240

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	684,163	893,745	907,092	921,728
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	1,171,340	1,327,177	1,464,897	1,474,349
NET INCOME FROM OPERATIONS	-487,177	-433,432	-557,805	-552,621
LESS INTEREST EXPENSE	0	0	0	0
PLUS CONTRIBUTIONS	187,542	406,504	178,569	476,455
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	928,226	932,811	1,842,022	2,600,337
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	628,591	905,833	1,462,786	2,524,171
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	0	0	0	0

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

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2013 CCAC Medians 50th Percentile (optional)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
DEBT TO ASSET RATIO				
OPERATING RATIO		1.48	1.61	1.60
DEBT SERVICE COVERAGE RATIO				
DAYS CASH ON HAND RATIO		4,662	4,547	5,075

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage) CONTINUING CARE RESIDENTS ONLY:

	<u>2011</u>	<u>%</u>	<u>2012</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2014</u>
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE	1,455	1.9	1,482	14.7	1,700	3.8	1,764
ASSISTED LIVING	1,956	-6.1	1,837	-12.5	1,607	-23.8	1,225
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: >

- > THE HISTORICAL MONTHLY SERVICE FEES REPRESENT ONLY CONTINUING CARE RESIDENTS.
- > ALTHOUGH NO MONTHLY FEES ARE ACTUALLY CHARGED TO CONTINUING CARE RESIDENTS, THE MONTHLY AVERAGE WAS CALCULATED
- > USING PENSION & SOCIAL SECURITY BENEFITS. SEE NEXT PAGE FOR MONTHLY RESIDENTS.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	684,163	893,745	907,092	921,728
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	1,171,340	1,327,177	1,464,897	1,474,349
NET INCOME FROM OPERATIONS	<u>-487,177</u>	<u>-433,432</u>	<u>-557,805</u>	<u>-552,621</u>
LESS INTEREST EXPENSE	0	0	0	0
PLUS CONTRIBUTIONS	187,542	406,504	178,569	476,455
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	928,226	932,811	1,842,022	2,600,337
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>628,591</u>	<u>905,833</u>	<u>1,462,786</u>	<u>2,524,171</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	0	0	0	0

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

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2013 CCAC Medians 50th Percentile (optional)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
DEBT TO ASSET RATIO				
OPERATING RATIO		1.48	1.61	1.60
DEBT SERVICE COVERAGE RATIO				
DAYS CASH ON HAND RATIO		4,662	4,547	5,075

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage) **NON-CONTINUING CARE RESIDENTS ONLY:**

	<u>2011</u>	<u>%</u>	<u>2012</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2014</u>
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE	2,274	0.3	2,280	-4.3	2,182	6.2	2,317
ASSISTED LIVING	2,837	-6.9	2,642	5.2	2,780	1.1	2,811
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: > THE HISTORICAL MONTHLY SERVICE FEES REPRESENT ONLY NON-CONTINUING CARE RESIDENTS
 > WITH MONTHLY CONTRACTS. SEE PREVIOUS PAGE FOR CONTINUING CARE RESIDENTS.
 >

Date Prepared: 3/25/15

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KEY INDICATORS REPORT
The British Home in California, Ltd.

Swan, J. Fabs
Chief Executive Officer Signature

	Historical										Forecast		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
OPERATIONAL STATISTICS													
1. Average Annual Occupancy by Site (%)													
	45%	65%	78%	82%	82%	82%	82%	82%	82%	82%	82%	82%	
MARGIN (PROFITABILITY) INDICATORS													
2. Net Operating Margin (%)													
	-74%	-23%	-9%	-31%	-31%	-30%	-29%	-28%	-27%	-26%	-25%	-25%	
3. Net Operating Margin - Adjusted													
	-74%	-23%	-9%	-31%	-31%	-30%	-29%	-28%	-27%	-26%	-25%	-25%	
LIQUIDITY INDICATORS													
4. Unrestricted Cash & Investments (\$000)													
	17,042	17,004	16,950	18,129	20,501	20,506	20,511	20,516	20,521	20,526	20,531	20,531	
5. Days Cash on Hand (Unrestricted)													
	6,094	5,299	4,662	4,547	5,075	5,077	5,079	5,081	5,083	5,085	5,087	5,087	
CAPITAL STRUCTURE INDICATORS													
6. Deferred Revenue from Entrance Fees (\$000)													
	187	142	115	58	41	32	25	20	16	13	10	10	
7. Net Annual E/F proceeds (\$000)													
	-	-	-	-	-	-	-	-	-	-	-	-	
8. Unrestricted Net Assets (\$000)													
	17,455	18,015	18,826	20,229	22,655	22,660	22,665	22,670	22,675	22,680	22,685	22,685	
9. Annual Capital Asset Expenditure (\$000)													
	115	333	991	302	96	100	103	106	109	112	115	115	
10. Annual Debt Service Coverage Revenue Basis (x)													
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
11. Annual Debt Service Coverage (x)													
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
12. Annual Debt Service/Revenue (%)													
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
13. Average Annual Effective Interest Rate (%)													
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
14. Unrestricted Cash & Investments/ Long-Term Debt (%)													
	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
15. Average Age of Facility (years)													
	16	15	15	16	16	16	17	17	17	18	18	18	