

RECEIVED
JUN 26 2015

ANNUAL REPORT
CHECKLIST
FOR
FISCAL YEAR ENDED: December 31, 2014

CONTINUING CARE
CONTRACTS BRANCH

PROVIDER: California Friends Homes

FACILITY(IES): Rowntree Gardens Senior Living

CONTACT PERSON: _____

TELEPHONE NO.: _____

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

- This cover sheet.
- Annual Provider Fee in the amount of: \$ 2,948.74
- 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 reserve and refund reserve.
- Evidence of the provider's fidelity bond.
- The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- The provider's "Continuing Care Retirement Community Disclosure Statement" for each community.

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June 25, 2015

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

Re: Annual Report of Rowntree Gardens Senior Living
Certification by Chief Operating Officer

Dear Allison

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

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

As of June 25, 2015 Rowntree Gardens Senior Living is maintaining the required liquid reserve and refund reserve.

Sincerely



Randal Brown, Chief Executive Officer
Rowntree Gardens Senior Living
California Friends Homes

/js

Phone: 714-530-9100
Fax: 714-530-0945
RowntreeGardens.org

12151 Dale Street
Stanton, CA 90680

Where devotion meets compassion.

**FORM 1-1
RESIDENT POPULATION**

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	48
[2]	Number at end of fiscal year	43
[3]	Total Lines 1 and 2	91
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x 0.50
[5]	Mean number of continuing care residents	45.5

All Residents

[6]	Number at beginning of fiscal year	232
[7]	Number at end of fiscal year	234
[8]	Total Lines 5 and 6	466
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x 0.50
[10]	Mean number of all residents	233
[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).	0.20

**FORM 1-2
ANNUAL PROVIDER FEE**

Line	TOTAL
[1] Total Operating Expenses	15,794,957
[a] Depreciation	668,183
[b] Debt Service (Interest Only)	26,634
[2] Subtotal (add Line 1a and 1b)	694,817
[3] Subtract Line 2 from Line 1 and enter result.	15,100,140
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.20
[5] Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4)	2,948,740
[6] Total Amount Due (multiply Line 5 by .001)	x 0.001 2,948.74

Provider: California Friends Homes
Community: Rowntree Gardens Senior Living



SURETY RIDER

RECEIVED
NATIONWIDE MUTUAL INSURANCE COMPANY
BOND DEPARTMENT
1100 LOCUST STREET, DEPARTMENT 2006
DES MOINES, IA 50391-2006
JUN 26 2014

TO BE ATTACHED TO AND FORM PART OF
Community Care License Bond
IN FAVOR OF State of CA

CONTINUING CARE
CONTRACTS BRANCH
BOND NUMBER BD 7900647573

ON BEHALF OF California Friends Home dba Quaker Gardens
(Obligee)
(Principal)

IT IS AGREED THAT, in consideration of the original premium charged for this bond, and any additional premium that may be properly chargeable as a result of this rider,

1. The Surety hereby gives its consent to amend the following:

Principal Name _____;

From:

California Friends Home dba Quaker Gardens

To:

California Friends Home dba Rowntree Gardens

Effective: November 20, 2014

2. PROVIDED, however, that this attached bond shall be subject to all its agreements, limitations, and considerations except as herein expressly modified, and that the liability of the Surety under the attached bond as changed by this rider shall not be cumulative.

3. Signed and sealed this 10th day of December, 2014.

Nationwide Mutual Insurance Company

BY: Ashlee Schuling
Ashlee Schuling, Attorney in Fact

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS THAT:

Nationwide Mutual Insurance Company, an Ohio corporation
Farmland Mutual Insurance Company, an Iowa corporation
Nationwide Agribusiness Insurance Company, an Iowa corporation

AMCO Insurance Company, an Iowa corporation
Allied Property and Casualty Insurance Company, an Iowa corporation
Depositors Insurance Company, an Iowa corporation

hereinafter referred to severally as the "Company" and collectively as the "Companies," each does hereby make, constitute and appoint:

Anita R. Calderon, Dana R. Clark, Mike Kuper, Michael Paez, Keith E. Clements, Matthew Gilmer, Joshua Severson, Stephen Moore, Andrew Roby, Lesley Bailey, Jeff Thielen, Christopher Hansen, Robert N. Johnston, Elizabeth Moore, Ashlee Schuling, Patricia M. Vermace, Paulette M. Dyson, Ben Lewis, Kerry Christensen, Susan Corey, Jeff Mohr, Morgan Collins, Andy Andersen, Ryan J. O'Lear, Becky Nichols, Richelle Smith, Aaron J. Jamison, Kim Wells, Jeff Cose, Carmon R. Wilson, Sandra Alitz, Spencer Paris, Jesse Huston, Kristina Meyer, Larry D. Sleg, Janelle Duffy, Kyler Stahle, Richard E. Harman IV

each in their individual capacity, its true and lawful attorney-in-fact, with full power and authority to sign, seal, and execute on its behalf any and all bonds and undertakings, and other obligatory instruments of similar nature, in penalties not exceeding the sum of

FIVE MILLION AND NO/100 DOLLARS (\$5,000,000.00)

and to bind the Company thereby, as fully and to the same extent as if such instruments were signed by the duly authorized officers of the Company; and all acts of said Attorney pursuant to the authority given are hereby ratified and confirmed.

This power of attorney is made and executed pursuant to and by authority of the following resolution duly adopted by the board of directors of the Company:

"RESOLVED, that the president, or any vice president be, and each hereby is, authorized and empowered to appoint attorneys-in-fact of the Company, and to authorize them to execute and deliver on behalf of the Company any and all bonds, forms, applications, memorandums, undertakings, recognizances, transfers, contracts of indemnity, policies, contracts guaranteeing the fidelity of persons holding positions of public or private trust, and other writings obligatory in nature that the business of the Company may require; and to modify or revoke, with or without cause, any such appointment or authority; provided, however, that the authority granted hereby shall in no way limit the authority of other duly authorized agents to sign and countersign any of said documents on behalf of the Company."

"RESOLVED FURTHER, that such attorneys-in-fact shall have full power and authority to execute and deliver any and all such documents and to bind the Company subject to the terms and limitations of the power of attorney issued to them, and to affix the seal of the Company thereto; provided, however, that said seal shall not be necessary for the validity of any such documents."

This power of attorney is signed and sealed under and by the following bylaws duly adopted by the board of directors of the Company.

Execution of Instruments. Any vice president, any assistant secretary or any assistant treasurer shall have the power and authority to sign or attest all approved documents, instruments, contracts, or other papers in connection with the operation of the business of the company in addition to the chairman of the board, the chief executive officer, president, treasurer or secretary; provided, however, the signature of any of them may be printed, engraved, or stamped on any approved document, contract, instrument, or other papers of the Company.

IN WITNESS WHEREOF, the Company has caused this instrument to be sealed and duly attested by the signature of its officer the 13th day of February, 2014.



Terrance Williams, President and Chief Operating Officer of Nationwide Agribusiness Insurance Company and Farmland Mutual Insurance Company; and **Vice President** of Nationwide Mutual Insurance Company, AMCO Insurance Company, Allied Property and Casualty Insurance Company, and Depositors Insurance Company

ACKNOWLEDGMENT

STATE OF IOWA, COUNTY OF POLK: ss
On this 13th day of February, 2014, before me came the above-named officer for the Companies aforesaid, to me personally known to be the officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, deposes and says, that he is the officer of the Companies aforesaid, that the seals affixed hereto are the corporate seals of said Companies, and the said corporate seals and his signature were duly affixed and subscribed to said instrument by the authority and direction of said Companies.



Sandy Alitz
Notarial Seal - Iowa
Commission Number 152785
My Commission Expires March, 24, 2017

Notary Public
My Commission Expires
March 24, 2017

CERTIFICATE

I, Robert W Horner III, Secretary of the Companies, do hereby certify that the foregoing is a full, true and correct copy of the original power of attorney issued by the Company; that the resolution included therein is a true and correct transcript from the minutes of the meetings of the boards of directors and the same has not been revoked or amended in any manner; that said Terrance Williams was on the date of the execution of the foregoing power of attorney the duly elected officer of the Companies, and the corporate seals and his signature as officer were duly affixed and subscribed to the said instrument by the authority of said board of directors; and the foregoing power of attorney is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto subscribed my name as Secretary, and affixed the corporate seals of said Companies this 10th day of December, 2014.

Secretary

This Power of Attorney Expires March 24, 2017

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JUN 26 2015

CONTINUING CARE
CONTRACTS BRANCH

**CALIFORNIA FRIENDS HOMES
dba ROWNTREE GARDENS**

FINANCIAL STATEMENTS

**YEAR ENDED DECEMBER 31, 2014
WITH
INDEPENDENT AUDITOR'S REPORT**

CALIFORNIA FRIENDS HOMES

Year Ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

**CONTINUING CARE
CONTRACTS BRANCH**

Board of Directors
California Friends Homes
dba Rowntree Gardens

We have audited the accompanying financial statements of California Friends Homes, dba Rowntree Gardens (a non-profit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets and statement of 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 the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Friends Homes, dba Rowntree Gardens as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'M. Damon', with a long horizontal line extending to the right.

Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
June 15, 2015

CALIFORNIA FRIENDS HOMES
STATEMENT OF FINANCIAL POSITION
December 31, 2014

Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,721,191
Accounts receivable, net	1,846,870
Supplies and prepaid expenses	680,406
Total current assets	<u>4,248,467</u>
Property and equipment, net	<u>7,314,906</u>
Other assets:	
Capital investments	876,602
Note receivable	1,446,277
Total other assets	<u>2,322,879</u>
 Total assets	 <u><u>\$ 13,886,252</u></u>
Liabilities and Net Assets:	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,518,727
Current portion long-term debt	86,467
Refundable deposits	6,700
Total current liabilities	<u>1,611,894</u>
Long-term debt, net of current portion	1,760,259
Deferred revenue from entrance fees	<u>1,693,976</u>
Total liabilities	<u>5,066,129</u>
Net assets:	
Unrestricted	8,782,981
Temporarily restricted	37,142
Total net assets	<u>8,820,123</u>
 Total liabilities and net assets	 <u><u>\$ 13,886,252</u></u>

See notes to financial statements

CALIFORNIA FRIENDS HOMES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For The Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Resident service fees	\$ 8,431,481	\$ -	\$ 8,431,481
Health center revenue	5,715,973	-	5,715,973
Entrance fees earned	454,887	-	454,887
Contributions	244,041	53,842	297,883
Friends Church endowment income	23,178	-	23,178
Interest income	1,020	-	1,020
Interest income, note receivable	55,626	-	55,626
Other revenue	240,402	7	240,409
	<u>15,166,608</u>	<u>53,849</u>	<u>15,220,457</u>
Net assets released from restriction	46,384	(46,384)	-
	<u>15,212,992</u>	<u>7,465</u>	<u>15,220,457</u>
Expenses:			
Program services:			
Dietary services	2,569,176	-	2,569,176
Facility services and utilities	2,247,939	-	2,247,939
Health and social services	7,857,723	-	7,857,723
General and administrative:			
Administrative and marketing	2,425,302	-	2,425,302
Interest	26,634	-	26,634
Depreciation	668,183	-	668,183
Total expenses	<u>15,794,957</u>	<u>-</u>	<u>15,794,957</u>
Operating income	<u>(581,965)</u>	<u>7,465</u>	<u>(574,500)</u>
Other Changes:			
Unrealized change in value of capital investment	142,959	-	142,959
Total other changes	<u>142,959</u>	<u>-</u>	<u>142,959</u>
Change in net assets	(439,006)	7,465	(431,541)
Net assets, beginning of year	9,221,987	29,677	9,251,664
Net assets, end of year	<u>\$ 8,782,981</u>	<u>\$ 37,142</u>	<u>\$ 8,820,123</u>

CALIFORNIA FRIENDS HOMES
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2014

Cash Flows from Operating Activities:	
Cash received from customers	\$ 13,848,166
Other operating cash receipts	320,233
Cash paid to employees and suppliers	(15,466,283)
Interest paid	(26,634)
Contributions received	297,883
Net cash provided (used) by operating activities	<u>(593,635)</u>
Cash Flows from Investing Activities:	
Purchases of property and equipment	(2,347,334)
Interest income, note receivable	(55,625)
Net cash provided (used) by investing activities	<u>(2,402,959)</u>
Cash Flows from Financing Activities:	
Entrance fee refund paid on early termination	(107,055)
Proceeds from new debt issuance	1,941,312
Principal payments on loan payable	(94,586)
Net cash provided (used) by financing activities	<u>1,739,671</u>
Net increase (decrease) in cash and cash equivalents	(1,256,923)
Cash and cash equivalents, January 1, 2014	<u>2,978,114</u>
Cash and cash equivalents, December 31, 2014	<u>\$ 1,721,191</u>
Adjustments to Reconcile to Net Cash Provided (Used) by Operating Activities:	
Increase (decrease) in net assets	\$ (431,541)
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	668,183
Entrance fees earned	(454,887)
Unrealized change in value of capital investment	(142,959)
Net changes in:	
Accounts receivable, net	(296,988)
Supplies and prepaid expenses	(137,907)
Accounts payable and accrued expenses	(228,236)
Refundable fees	(2,300)
Net cash provided (used) by operating activities	<u>\$ (593,635)</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities:	
Property and equipment purchases financed with accounts payable and accrued expenses	<u>\$ 103,742</u>

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – CORPORATION

Corporation and basis of presentation – California Friends Homes, dba Rowntree Gardens (formerly Quaker Gardens) Senior Living (the Corporation) was founded in 1962 as a California non-profit public benefit corporation for charitable purposes. The corporation was established to provide residential facilities, health and welfare programs, and various services and sponsor programs for the elderly and operates a continuing care retirement community in Stanton, California. The community consists of 167 independent and assisted living apartments, 58 bed skilled nursing facility, and 50 memory care beds.

During 2014, the Corporation changed the name of the facility to Rowntree Gardens Senior Living and embarked on a marketing campaign to promote the new branding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Corporation have been prepared on the accrual basis of accounting and are presented in accordance with accounting for financial statements of not-for-profit Corporations, which requires classification of an Corporation's net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be presented in a statement of financial position and that the amounts of change in each of those classes of net assets be presented in a statement of activities. The Corporation does not currently have any permanently restricted net assets. The assets, liabilities, revenues, expenses, and net assets of the Corporation are reported in the following categories:

Unrestricted net assets: represent unrestricted resources available to support the Corporation's operations and temporarily restricted revenues which have become available for use by the Corporation in accordance with the intention of the donor.

Temporarily restricted net assets: represent contributions that are limited in use by the Corporation in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Corporation according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets. Temporarily restricted net assets are available primarily for chapel expenses as designated by the donors.

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

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

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents - Cash and cash equivalents include cash and other commercial paper with maturities of three months or less at the date of acquisition.

Accounts Receivable - Accounts receivable primarily represent amounts due from residents for living accommodations, services, and amounts due from third parties. An allowance for doubtful accounts is established based on past collection history and specific identification of uncollectable amounts. The Corporation's policy is to charge off uncollectible receivables when management determines the receivable will not be collected.

Supplies inventory - The accounting method used to record inventory is the FIFO (First In First Out) method. Inventory is valued at the lower of cost or market value as of December 31, 2014.

Property and Equipment - Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value as of the date of contribution. Maintenance, repairs, and minor replacements are charged to expense when incurred. Replacements and betterments with a cost of \$1,000 or more are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the Statement of Activities and Changes in Net Assets for the period.

The Corporation, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets when indicators of impairment are identified. No impairment losses were present for the year ended December 31, 2014.

Refundable Fees - The Corporation requires each applicant for independent living and assisted living to pay a \$1,175 application fee; and each applicant for memory care and skilled nursing care pay a \$495 application fee. This fee will be refunded if no move-in occurs. Should the resident move out within the first three months, the fee is subject to a pro-rated refund.

Deferred Revenue from Entrance Fees - Fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and are amortized to income over the estimated remaining actuarial life expectancy of the resident. The Corporation has two different non-refundable continuing care contracts, a Lifecare (Type A) contract and a Modified (Type B) contract. California law requires a 90 day cancellation period during which the resident is entitled to a refund of the amounts subject to a fee to process the cancellation. After the cancellation period, residents are entitled to refunds of their entrance fee reduced by 1.67% for each month of residency should they withdraw within the first 60 months. There is no refund of the entrance fee in the event of death. No refunds were pending as of December 31, 2014.

Obligation to Provide Future Services - Every five years the Corporation calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At December 31, 2014, no future service liability is deemed to exist.

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Liability Policy - The Corporation has secured claims-made policies for general liability insurance with self-insured retentions of \$1,000,000 per claim and \$3,000,000 aggregate per policy period. The Corporation has also secured excess general and professional liability insurance with limits of \$5,000,000 aggregate per policy period. Policy period begins January 1, 2014, and ends January 1, 2015. The Corporation has accrued no liability as its best estimate of the cost of known claims incurred, or claims incurred but not yet reported, prior to December 31, 2014, which are within the retention amount. These liabilities would be included in accounts payable and accrued expenses in the accompanying statement of financial position.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as temporarily restricted contributions and net assets released from restriction in the accompanying financial statements.

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

Charity Care - As part of their charitable mission the Corporation provides care without charge or at amounts less than its established rates to residents who meet certain criteria under its charity care policy. Total charges for charity care services amounted to \$254,083 for the year ended December 31, 2014.

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

The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At December 31, 2014, there were no such uncertain tax positions. The Corporation is generally no longer subject to federal and state income tax examinations for the years prior to 2010.

Advertising - The Corporation expenses advertising costs as incurred. The Corporation incurred advertising costs for the year ended December 31, 2014 of \$279,691.

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Credit Risk - The Corporation maintains cash balances in several financial institutions located in California. These balances may subject the Corporation to concentrations of risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2014 cash balances exceeded amounts insured by the FDIC. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Concentration of credit risk results from the Corporation granting credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables at December 31, 2014 from residents and third-party payors, is listed at Note 3.

New Accounting Pronouncements – In April 2013, the FASB issued ASU No. 2013-06, *Services Received from Personnel of an Affiliate* (“ASU 2013-06”) to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. However, if measuring a service received from personnel of an affiliate at cost will significantly overstate or understate the value of the service received, the recipient not-for-profit entity may elect to recognize that service received at either (1) the cost recognized by the affiliate for the personnel providing that service or (2) the fair value of that service. The adoption of ASU 2013-06 is effective for the Corporation beginning January 1, 2014. The adoption of ASU 2013-06 is not expected to have a material impact on the Corporation’s financial statements.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 consisted of the following:

Resident monthly fees	\$	56,801
Health care		1,435,502
Entrance fees receivable		320,700
Miscellaneous receivables		179,013
		<u>1,992,016</u>
Subtotal accounts receivable		
Less allowance for doubtful accounts		(145,146)
Total accounts receivable	\$	<u>1,846,870</u>

Health care accounts receivable, net by payor mix, consisted of the following at December 31, 2014:

Self pay	8%
Medicare	58%
HMO	34%

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2014 consisted of the following:

Land improvements	\$ 1,302,722
Building	13,376,616
Furniture and equipment	3,524,540
Automobiles	216,700
Total	<u>18,420,578</u>
Less accumulated depreciation	(12,170,886)
Land	1,039,386
Construction in progress	25,828
	<u><u>\$ 7,314,906</u></u>

NOTE 5 – CAPITAL INVESTMENTS

The Corporation has made two investments in which they are active participants: Captive Insurance Company and a Risk Retention Group.

Captive Insurance Company: The Corporation is a shareholder with one other unaffiliated retirement communities in Alternative RE Holdings Limited; Cell 16L, a Bermuda holding company. The Corporation has a 50% ownership in the captive insurance company. There is a separate indemnification agreement where profits and losses are allocated based upon the percentage of participation and profitability of each facility. Arch Insurance Group maintains a re-insurance contract with Cell 16L of Alternative RE to be reimbursed for individual worker's compensation losses for the first \$350,000 per claim. There is a separate re-insurance policy purchased by Cell 16L of Alternative RE for individual losses in excess of \$350,000 and an aggregate loss limit that includes the two facilities. The group aggregate loss limit changes annually based upon the total payroll for the two facilities. The policy provides coverage as required by the statutory limits of the State of California.

The captive insurance company allocates premiums and losses on an entity-specific basis and therefore, the Corporation accounts for its investment based on its specifically identified premiums paid, hard costs incurred, paid losses, outstanding loss reserves and incurred but not reported reserves, plus the investment income, less dividend distributions multiplied by the percentage of cash in the captive as of the reporting date. Claim experience is identified to each participating entity within the captive insurance company and subsequent premiums will be modified based on the entity's experience. At December 31, 2014 the Corporation's estimated investment in Alternative RE Holdings Limited; Cell 16L was \$440,043.

**CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 5 – CAPITAL INVESTMENTS (continued)

Risk Retention Group: The Corporation invested in a traditional risk retention group which converted to a reciprocal mutual insurance exchange. It was formed under the Federal Liability Risk Retention Act to insure various affiliated members (subscribers) of a group of faith-based retirement Corporations. The investment amount is recorded at cost plus a reciprocal adjustment, for a total of \$436,559 at December 31, 2014. The fair value of the investment is not estimated as there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value. The Corporation documents authorize the return of the charter capital account of a discontinued or withdrawing subscriber within seven years without interest as long as it doesn't cause substantial harm to the group's asset position.

NOTE 6 – LONG-TERM DEBT

On January 30, 2014, the Corporation entered into a \$2,500,000 Business Loan Agreement and Promissory Note with Farmers & Merchants Bank of Long Beach (the Bank). The Corporation entered into the Business Loan Agreement for the purpose of assisting with the cost of deferred maintenance and upgrades. Monthly payments of principal and interest of \$14,360 are due commencing March 1, 2014 (actual payments commenced on May 30, 2014 as the first draw on the note did not occur until April 2014). The initial fixed rate payment was calculated using a term of 300 months. Interest will be fixed at 4.75% for the first 60 months and will then reset to 2.75% over the weekly 10-year nominal constant maturity U.S. Treasury. The loan matures with a final balloon payment on February 1, 2024. The loan is secured by a Deed of Trust on the real property owned by the Corporation.

The loan agreement contains a subjective acceleration clause, which gives the Bank the right to accelerate repayment upon the Bank's determination of a material adverse change in the Corporation's financial position. Management has evaluated the likelihood of the Bank exercising the clause to be remote. As a result, the amounts owed are classified based upon the stated payment schedule.

Interest charged to expense for the year ended December 31, 2014 totaled \$26,634.

Maturities of long-term debt are shown as follows:

Year Ending December 31,		
2015	\$	86,467
2016		90,665
2017		95,066
2018		99,681
2019		104,521
Thereafter		1,370,327
	<u>\$</u>	<u>1,846,726</u>

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 – RELATED PARTY TRANSACTIONS

Friends Church Southwest Yearly Meeting (FCSYM) is the sole corporate member of California Friends Inc. (CFI), CFI is the sole corporate member of the Corporation. CFI is also the sole corporate member of California Friends Foundation, Inc. (CFF).

At December, 31, 2014, \$9,487 was due from CFI related to various operational activities.

The Corporation carries a note receivable with CFF in the amount of \$1,446,277. The note receivable is classified as a long term asset as the note does not require annual principal payments. Interest is accrued at 4% per annum. Unpaid interest of \$55,626 was accrued to the note receivable balance for the year ended December 31, 2014. Management has determined the full amount of this receivable to be collectible after an evaluation of the underlying assets of CFF.

On February 28, 2013, the Boards of Directors of California Friends Inc. and the Corporation elected to retain the services of a current Board Member of the Corporation. The current Board Member is serving as the contract Chief Executive Officer for the Corporation. For the year ended, December 31, 2014, the Corporation paid \$143,000 to this Board Member for management and oversight services.

NOTE 8 – DEFERRED COMPENSATION PLAN

The Corporation had one non-qualified deferred compensation plan for a former member of executive management, the Deferred Compensation Agreement (a defined benefit plan).

The Deferred Compensation Agreement provided vested payments in the amount of \$40,000 per year, through the termination of the agreement after payment of the vested amount in 2017. On October 19, 2011, the board of directors renegotiated the deferred compensation package for the former member of executive management. The Deferred Compensation Agreement was amended to change the vested amount to \$44,000 per year beginning in 2012 through the termination of the agreement after payment of the vested amount in 2017.

The deferred compensation expense for the year ended December 31, 2014 was \$44,000.

NOTE 9 – THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

Approximately 50% of health center revenue for the year ended December 31, 2014, was derived under federal third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position, the changes in net assets, or cash flows of the Corporation.

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 10 – RETIREMENT PLAN

On June 1, 2011 the Corporation adopted a new 403(b) matching retirement plan that covers employees who have reached the age of 21 and have completed 12 months of eligibility service. Employees who normally work fewer than 30 hours per week are not covered under the plan for purposes of receiving employer contributions. Contributions to the plan are based on a match of the employee's own contribution, which is discretionary, up to a maximum of 2.5% of employee's eligible compensation.

Total contributions charged to expense for the plan was \$62,109 for the year ended December 31, 2014.

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted contributions have been received and are available for the following purposes at December 31, 2014:

Activities	\$	1,367
Chapel		4,743
Chapel maintenance		6,003
Employee general purpose		22,118
Employee assistance		2,911
Total temporarily restricted net assets	<u>\$</u>	<u>37,142</u>

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investment in the near term.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of financial position at December 31, 2014, as well as the general classification of such instruments pursuant to the valuation hierarchy.

The Corporation has an interest in a Captive Insurance Company. The Corporation accounts for its investment based upon on its specifically identified premiums paid, hard costs incurred, paid losses, outstanding loss reserves and incurred but not reported reserves, plus the investment income, less dividend distributions multiplied by the percentage of cash in the captive as of the reporting date.

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

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Capital investment in Captive Insurance	-	-	440,043	440,043
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 440,043</u>	<u>\$ 440,043</u>

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

	<u>Level 3 Funds</u>
Balance, January 1, 2014	\$ 297,084
Total realized and unrealized gains and losses:	
Included in changes in unrestricted net assets	142,959
Balance, December 31, 2014	<u>\$ 440,043</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

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

CALIFORNIA FRIENDS HOMES
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

Health Care Reform – In March 2010, President Obama signed the Health Care Reform Legislation into law. The Affordable Care Act addresses a broad range of topics affecting the health care industry, including a significant expansion of healthcare coverage. The expansion is accomplished primarily through incentives to individuals to obtain and employers to provide healthcare coverage and an expansion in Medicaid eligibility. The Affordable Care Act also includes incentives for medical research and the use of electronic health records, changes designed to curb fraud, waste and abuse, and creates new agencies and demonstration projects to promote the innovation and efficiency in the healthcare delivery system. Some provisions of the healthcare reform legislation were effective immediately; others will be phased in through 2016. Further legislative policies are required for several provisions that will be effective in future years. The impact of this legislation will likely affect the Corporation. The effect of the changes that will be required in future years are not determinable at this time.

Commercial Credit Line – The Corporation has two commercial credit line commitments from two financial institutions. The first credit line is from Citibank, in the amount of \$500,000 with interest at 4.5%. The second credit line is from Farmers & Merchants Bank in the amount of \$700,000 with interest at 6.5%. The Corporation did not draw upon these lines of credits during 2014.

Lifecare Agreement – The Corporation has agreed to enter into a Lifecare Agreement with a former member of executive management and his spouse. As part of this agreement, the entrance fee and all monthly fees (at all levels of care) will be waived. On January 16, 2012, the Lifecare Agreement was executed. The former executive has yet to move into the facility.

NOTE 14 – HEALTH AND SAFETY CODE SECTION 1790(A)(3) DISCLOSURE

In order to provide up-to-date health care facilities for the Corporation's continuum of care, the Board of Directors in 2014 approved a \$2,500,000 Business Loan Agreement and Promissory Note with Farmers & Merchants Bank of Long Beach. The Corporation entered into the Business Loan Agreement for the purpose of assisting with the cost of deferred maintenance and upgrades. At December 31, 2014, expenditures for construction costs and capital improvements totaled \$2,451,076. Consistent with the Corporation's non-profit status, the loan was necessary to improve facilities essential to their provision of housing, health care, and financial security to their aged residents.

NOTE 15 – SUBSEQUENT EVENTS

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

The Corporation evaluated all events or transactions that occurred after December 31, 2014 up through June 15, 2015, the date the financial statements were available to be issued.

R E C E I V E **D**
JUN 26 2015

CONTINUING CARE
CONTRACTS BRANCH

**CALIFORNIA FRIENDS HOMES
dba ROWNTREE GARDENS**

**CONTINUING CARE LIQUID RESERVE SCHEDULES
YEAR ENDED DECEMBER 31, 2014**

WITH

INDEPENDENT AUDITOR'S REPORT

**CALIFORNIA FRIENDS HOMES
dba ROWNTREE GARDENS**

YEAR ENDED DECEMBER 31, 2014

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Long-Term Debt Incurred During Fiscal Year (Form 5-2)	4
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INDEPENDENT AUDITOR'S REPORT

**CONTINUING CARE
CONTRACTS BRANCH**

To the Board of Directors of
California Friends Homes, dba Rowntree Gardens

We have audited the accompanying financial statements of California Friends Homes, dba Rowntree Gardens (the Corporation), which comprise the continuing care liquid reserve schedules, Forms 5-1 through 5-5 ("Reports"), as of and for the year then ended December 31, 2014.

Management's Responsibility for the Continuing Care Reserve Schedules

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 the whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care liquid reserves of the Corporation as of and for the year then 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 the Corporation on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis 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 schedule; Part of Form 5-4, Non-Contract Resident Revenue Reconciliation is presented for the purpose of additional analysis and is 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 financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the members of the Board of Directors and management of the Corporation 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.



Mark E. Damon CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
June 17, 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					-
2					-
3					-
4					-
5					-
6					-
7					-
8					-
TOTAL		-	-	-	-

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

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

PROVIDER: California Friends Homes, DBA Rowntree Gardens

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 next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	1/30/2014	26,634	14,360	12	172,320
2					
3					
4					
5					
6					
7					
8					
TOTAL		\$ 26,634	\$ 14,360	12	\$ 172,320

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

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

PROVIDER: California Friends Homes, DBA Rowntree Gardens

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

LINE	TOTAL
1	-
	\$
2	172,320
3	-
4	172,320

PROVIDER: California Friends Homes, DBA Rowntree Gardens

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

		Amounts	TOTAL
1	Total operating expenses from financial statements		15,794,957
2	Deductions		
	a Interest paid on long-term debt (see instructions)	26,634	
	b Credit enhancement premiums paid for long-term debt (see instructions)	-	
	c Depreciation	668,183	
	d Amortization	-	
	e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	13,048,511	
	f Extraordinary expenses approved by the Department	-	
3	Total Deductions	13,743,328	
4	Net Operating Expenses	2,051,629	
5	Divide Line 4 by 365 and enter the result.		5,621
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount for this community.		421,575

PROVIDER: California Friends Homes, DBA Rowntree Gardens

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: California Friends Homes, DBA Rowntree Gardens
 Fiscal Year Ended: December 31, 2014

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

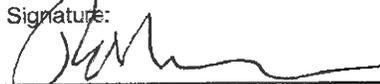
Our liquid reserve requirements, computed using the audited financial statements for the fiscal year as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$ 172,320
[2] Operating Expense Reserve Amount	<u>421,575</u>
[3] Total Liquid Reserve Amount:	<u>\$ 593,895</u>

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>
<u>Description</u>		
[4] Cash and Cash Equivalents	\$ 172,320	\$ 1,548,871
[5] Investment Securities	-	-
[6] Equity Securities	-	-
[7] Unused/Available Lines of Credit	-	1,200,000
[8] Unused/Available Letters of Credit	-	-
[9] Debt Service Reserve	-	not applicable
[10] Other: (describe qualifying asset)	<u>-</u>	<u>-</u>
Total Amount of Qualifying Assets:		
Listed for Reserve Obligation:	[11] \$ <u>172,320</u>	[12] \$ <u>2,748,871</u>
Reserve Obligation Amount:	[13] \$ <u>172,320</u>	[14] \$ <u>421,575</u>
Surplus/(Deficiency):	[15] \$ <u>-</u>	[16] \$ <u>2,327,296</u>

Signature:



 (Authorized Representative)

Date: June 17, 2015

Chief Executive Officer

 (Title)

**CALIFORNIA FRIENDS HOMES
dba ROWNTREE GARDENS**

**NOTES TO THE CONTINUING CARE LIQUID RESERVE SCHEDULES
DECEMBER 31, 2014**

NOTE 1 - BASIS OF ACCOUNTING

The accompanying reserve schedules Forms 5-1 through 5-5 on pages 3 through 7 have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of the California Friends Homes dba Rowntree Garden's assets, liabilities, revenues, and expenses.

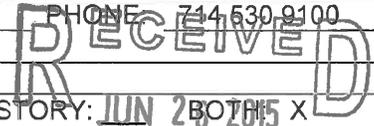
**California Friends Homes, DBA Rowntree Gardens
Revenue and Support - Non-Contract Revenue Reconciliation**

	Reported on Audit	Revenues by Type	
		Contract	Non-Contract
Revenue and Support			
Service fees	\$ 8,431,481	\$ 1,106,586	\$ 7,324,895
Health center revenue	5,715,973	199,618	5,516,355
Other revenue	240,402	33,141	136,568
Total Contract/Non-Contract revenue	\$ 14,387,856	\$ 1,339,345	\$ 12,977,818
Total Contract revenue	1,339,345		
Total Non-Contract revenue	13,048,511		
	\$ 14,387,856		70,693
			70,693

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

Date Prepared: 06/25/2015

FACILITY NAME: Rowntree Gardens Senior Living
 ADDRESS: 12151 Dale Street, Stanton ZIP CODE: 90680 PHONE: 714.630.9100
 PROVIDER NAME: California Friends Homes FACILITY OPERATOR: _____
 RELATED FACILITIES: _____ RELIGIOUS AFFILIATION: _____
 YEAR OPENED: 1965 NO. OF ACRES: 7 MULTI-STORY: _____ SINGLE STORY: BOTH X
 MILES TO SHOPPING CTR: _____ MILES TO HOSPITAL: _____



CONTINUING CARE
CONTRACTS BRANCH

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>31</u>	ASSISTED LIVING <u>109</u>
APARTMENTS - 1 BDRM	<u>36</u>	SKILLED NURSING <u>58</u>
APARTMENTS - 2 BDRM	<u>5</u>	SPECIAL CARE <u>54</u>
COTTAGES/HOUSES	<u>5</u>	DESCRIBE SPECIAL CARE: <u>Dementia Care</u>
% OCCUPANCY AT YEAR END	<u>74.47 %</u>	

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

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

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: _____

RANGE OF ENTRANCE FEES: \$182,000 TO \$600,000 LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Yes

ENTRY REQUIREMENTS: MIN. AGE: 55 PRIOR PROFESSION: _____ OTHER: _____

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>4</u>	_____
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	<u>3</u>	_____
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	<u>Yes</u>	_____
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
OTHER: <u>General Store</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

PROVIDER NAME: California Friends Home

CCRCs

LOCATION (City, State)

PHONE (with area code)

Rowntree Gardens Senior Living (Life-Care)

Stanton, CA

714-530-9100

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

* PLEASE INDICATE IF THE FACILITY IS LIFE CARE.

PROVIDER NAME: California Friends Homes

	2011	2012	2013	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	14,692,694	14,759,756	15,185,725	14,765,570
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	13,970,250	13,902,079	14,939,840	15,126,774
NET INCOME FROM OPERATIONS	722,444	857,677	245,885	(361,204)
LESS INTEREST EXPENSE				26,634
PLUS CONTRIBUTIONS	66,790	56,515	55,064	297,883
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	(187,573)	0		142,959
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	601,661	914,192	300,949	53,004
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	518,000	541,000	0	325,945

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD

FINANCIAL RATIOS (see next page for ratio formulas)

	2007 CCAC Medians 50 th Percentile (optional)	2012	2013	2014
DEBT TO ASSET RATIO		0.00	0.00	14.38
OPERATING RATIO		0.94	0.95	1.05
DEBT SERVICE COVERAGE RATIO		0.00	0.00	0.81
DAYS CASH-ON-HAND RATIO		69	73	42

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

	2011	%	2012	%	2013	%	2013
STUDIO	2475	3.00	2550	3.88	2649	2.91	2726
ONE BEDROOM	2475	3.00	2550	3.88	2649	2.91	2726
TWO BEDROOM							
COTTAGE/HOUSE	2475	3.00	2550	3.88	2649	2.91	2726
ASSISTED LIVING	2475	3.00	2550	3.88	2649	2.91	2726
SKILLED NURSING	2475	3.00	2550	3.88	2649	2.91	2726
SPECIAL CARE	2475	3.00	2550	3.88	2649	2.91	2726

COMMENTS FROM PROVIDER: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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