FISCAL YEAR ENDED:
12 / 31 / 14

ANNUAL REPORT CHECKLIST

PROVIDER(S): Monte Vista Grove Homes

CCRC(S): Monte Vista Grove Homes

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CONTINUING CARE
CONTRACTS BRANCH

CONTACT PERSON: Kim Houser

TELEPHONE NO.: (626) 796-6135, ext 436 **EMAIL:** khouser@mvgh.org

● ●

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

☑ Annual Report Checklist.

☑ Annual Provider Fee in the amount of: $ 2,829

- ☐ If applicable, late fee in the amount of: $__________

☑ Certification by the provider's ***Chief Executive Officer*** that:
- ☑ The reports are correct to the best of his/her knowledge.
- ☑ Each continuing care contract form in use or offered to new residents has been approved by the Department.
- ☑ The provider is maintaining the required *liquid* reserves and, when applicable, the required refund reserve.

☑ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.

☑ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.

☑ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.

☑ Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for ***each*** community.

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

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

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	25
[2]	Number at end of fiscal year	26
[3]	Total Lines 1 and 2	51
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	25.5
	All Residents	
[6]	Number at beginning of fiscal year	50
[7]	Number at end of fiscal year	49
[8]	Total Lines 6 and 7	99
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	49.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	0.52

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service – interest only)		6,406,170
[a]	Depreciation	966,186	
[b]	Debt Service (Interest Only)	128	
[2]	Subtotal (add Line 1a and 1b)		966,314
[3]	Subtract Line 2 from Line 1 and enter result.		5,439,856
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		52%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		2,828,725
[6]	**Total Amount Due** (multiply Line 5 by .001)		x .001 $2,829

PROVIDER: Monte Vista Grove Homes
COMMUNITY: Monte Vista Grove Homes

Monte Vista Grove
HOMES
2889 San Pasqual Street, Pasadena, California 91107

Phone: (626) 796-6135
Fax: (626) 796-9753
Website: www.mvgh.org

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May 8, 2015

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

To the Continuing Care Contracts Branch
of the California Department of Social Services:

In accordance with Section 1790 of the Health and Safety Code, I hereby certify that the enclosed annual audited financial statements and Annual Report for reserve and reporting requirements for continuing care retirement communities are true and correct to the best of my knowledge.

I further certify that the contracts currently in use for new residents at Monte Vista Grove Homes have been approved by the Department of Social Services.

Finally, as of the date indicated above, I certify that Monte Vista Grove Homes is maintaining the required liquid reserve indicated on Form 5-5 of the Annual Report. Monte Vista Grove Homes. Monte Vista Grove Homes does not have "Refundable Contracts" as defined by the State of California Continuing Care Statutes; therefore the "Refund Reserve" requirement under the Health and Safety Code Section 1792.6 does not apply.

Sincerely,

Deborah Herbert
Executive Director

SURETY BOND VERIFICATION

Reply to: California Department of Public Health
Licensing and Certification Program
Centralized Applications Unit
P.O. Box 997377, MS 3402
Sacramento, CA 95899-7377

Bond Number:
W150166526

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California Health and Safety Code, Section 1318, Chapter 2, Division 2, requires that licensed health facilities that handle money in excess of $25 per patient or over $500 for all patients in any month, be bonded for not less than $1,000. This is to serve as a guarantee for the faithful and honest handling of the money of such patients.

INSTRUCTIONS: This form is to be completed by the bonding agency. In addition, attach an ***original copy of the bond.*** In the event of cancellation of the bond, please send notice to the above licensing office.

BE IT KNOWN THAT:

Facility name MONTE VISTA GROVE HOMES

Facility address 2889 San Pasqual City Pasadena County Los Angeles ZIP code 91107

State of California, as *Principal,* and

Bonding agency OLD REPUBLIC SURETY COMPANY

Agency address 18300 Von Karman Ave., Suite 640 City Irvine County Orange ZIP code 92612

State of California, as *Surety,* are held and firmly bound unto the STATE OF CALIFORNIA in the full and just sum of

THREE THOUSAND AND 00/100*** DOLLARS ($3,000.00**************), for the payment of which the said Principal and said Surety bind themselves, their respective heirs, successors, and assigns, jointly and severally, firmly by these presents.

The CONDITION of this obligation is such that

WHEREAS, the Principal has applied for or has been issued a license by the California Department of Public Health to maintain or conduct a health facility pursuant to Chapter 2, Division 2, of the Health and Safety Code of the State of California; and

WHEREAS, by the terms of Section 1318 of said code, the Principal is required to file with the California Department of Public Health, Licensing and Certification, the bond running to the State of California.

NOW, THEREFORE, if the above bounden Principal shall faithfully and honestly handle money of patients in the care of said Principal, then this obligation shall be null and void; otherwise to remain in full force and effect.

Every patient injured as a result of any improper or unlawful handling of the money of a patient of a health facility may bring an action in a proper court on the bond required to be posted by the licensee pursuant to this section for the amount of damage he/she suffered as a result thereof to the extent covered by the bond.

This bond may be canceled by the Surety in accordance with the provisions of Section 996.310 et seq. of the Code of Civil Procedure. This bond is effective 08/16/13 (Date) and continuous.

IN WITNESS WHEREOF, we have subscribed our names and impressed our seal this 30th (Day), May (Month), 2014 (Year).

Angela H. Shepherd, Attorney-in-Fact
Bonding agent name (please print)

Angela H. Shepherd
Bonding agent signature

BONDING AGENCY SEAL

OLD REPUBLIC SURETY COMPANY

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That OLD REPUBLIC SURETY COMPANY, a Wisconsin stock insurance corporation, does make, constitute and appoint:

WRENETTA J. WALKER, SHANNON N. DIXON, ANGELA H SHEPHERD, OF IRVINE, CA

its true and lawful Attorney(s)-in-Fact, with full power and authority, not exceeding $20,000,000, for and on behalf of the company as surety, to execute and deliver and affix the seal of the company thereto (if a seal is required), bonds, undertakings, recognizances or other written obligations in the nature thereof, (other than bail bonds, bank depository bonds, mortgage deficiency bonds, mortgage guaranty bonds, guarantees of installment paper and note guaranty bonds, self-insurance workers compensation bonds guaranteeing payment of benefits, asbestos abatement contract bonds, waste management bonds, hazardous waste remediation bonds or black lung bonds), as follows:

ALL WRITTEN INSTRUMENTS

and to bind OLD REPUBLIC SURETY COMPANY thereby, and all of the acts of said Attorneys-in-Fact, pursuant to these presents, are ratified and confirmed. This document is not valid unless printed on colored background and is multi-colored. This appointment is made under and by authority of the board of directors at a special meeting held on February 18, 1982. This Power of Attorney is signed and sealed by facsimile under and by the authority of the following resolutions adopted by the board of directors of the OLD REPUBLIC SURETY COMPANY on February 18, 1982.

RESOLVED that, the president, any vice-president, or assistant vice president, in conjunction with the secretary or any assistant secretary, may appoint attorneys-in-fact or agents with authority as defined or limited in the instrument evidencing the appointment in each case, for and on behalf of the company to execute and deliver and affix the seal of the company to bonds, undertakings, recognizances, and suretyship obligations of all kinds; and said officers may remove any such attorney-in-fact or agent and revoke any Power of Attorney previously granted to such person.

RESOLVED FURTHER, that any bond, undertaking, recognizance, or suretyship obligation shall be valid and binding upon the Company

(i) when signed by the president, any vice president or assistant vice president, and attested and sealed (if a seal be required) by any secretary or assistant secretary; or

(ii) when signed by the president, any vice president or assistant vice president, secretary or assistant secretary, and countersigned and sealed (if a seal be required) by a duly authorized attorney-in-fact or agent; or

(iii) when duly executed and sealed (if a seal be required) by one or more attorneys-in-fact or agents pursuant to and within the limits of the authority evidenced by the Power of Attorney issued by the company to such person or persons.

RESOLVED FURTHER, that the signature of any authorized officer and the seal of the company may be affixed by facsimile to any Power of Attorney or certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the company; and such signature and seal when so used shall have the same force and effect as though manually affixed.

IN WITNESS WHEREOF, OLD REPUBLIC SURETY COMPANY has caused these presents to be signed by its proper officer, and its corporate seal to be affixed this 26TH day of JULY, 2013.

OLD REPUBLIC SURETY COMPANY

Assistant Secretary

President

STATE OF WISCONSIN, COUNTY OF WAUKESHA-SS

On this 26TH day of JULY, 2013, personally came before me, Alan Pavlic and Phyllis M. Johnson, to me known to be the individuals and officers of the OLD REPUBLIC SURETY COMPANY who executed the above instrument, and they each acknowledged the execution of the same, and being by me duly sworn, did severally depose and say; that they are the said officers of the corporation aforesaid, and that the seal affixed to the above instrument is the seal of the corporation, and that said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority of the board of directors of said corporation.

Notary Public

My commission expires: 9/28/2014

CERTIFICATE

I, the undersigned, assistant secretary of the OLD REPUBLIC SURETY COMPANY, a Wisconsin corporation, CERTIFY that the foregoing and attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolutions of the board of directors set forth in the Power of Attorney, are now in force.

74-3544

Signed and sealed at the City of Brookfield, WI this 30th day of May, 2014

Assistant Secretary

OLD REPUBLIC SURETY COMPANY

[redacted]

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Orange

On May 30, 2014 before me, W. Walker, Notary Public,
(Here insert name and title of the officer)

personally appeared Angela H. Shepherd,

who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is~~/are~~ subscribed to the within instrument and acknowledged to me that ~~he/~~she~~/they~~ executed the same in ~~his/~~her~~/their~~ authorized capacity~~(ies),~~ and that by ~~his/~~her~~/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

(Notary Seal)

W. WALKER
Commission # 1959091
Notary Public - California
Orange County
My Comm. Expires Nov 29, 2015

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

W150166526 - Monte Vista Grove Homes, Inc.
(Title or description of attached document)

Surety Bond Verification
(Title or description of attached document continued)

Number of Pages one Document Date 5-30-14

CA Dept. of Public Health
(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
- ☐ Corporate Officer

  ______________ (Title)
- ☐ Partner(s)
- ☒ Attorney-in-Fact
- ☐ Trustee(s)
- ☐ Other ______________

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they,~~ is ~~/are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - ❖ Indicate title or type of attached document, number of pages and date.
  - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

www.orsurety.com

Old Republic Surety Company
PO Box 1635
Milwaukee, WI 53201-1635

NEW BUSINESS – Principal's Copy
Execution Report

PRINCIPAL

Monte Vista Grove Homes, Inc.
2889 San Pasqual Street

Pasadena, CA 91107-5364

OBLIGEE

CA Dept Public Health
PO Box 997377
MS 3402
Sacramento, CA 95899

BOND NUMBER: W150166526

BOND AMOUNT: 3,000.00

BOND DESCRIPTION:
Residential Care Facility

EFFECTIVE DATE: 08/16/2013

EXPIRATION DATE: 08/16/2016

PREMIUM DUE:	250.00
FEES:	0.00
PAYMENT DUE SURETY:	250.00

FULL PREMIUM AND APPLICABLE FEES ARE DUE ON DIRECT BILL BONDS.

BILLING TYPE: B *(D-DIRECT BILL, B-AGENCY BILL)*

AGENCY 0744680
LEWIS & ASSOCIATES INSURANCE
BROKERS, INC.
700 WEST CENTER STREET
VISALIA, CA 93291-0431

REMARKS
None

THANK YOU FOR YOUR BUSINESS.

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Consolidated Financial Statements

MONTE VISTA GROVE HOMES AND SUBSIDIARY

For the Year Ended December 31, 2014

CONTENTS

MARTIN WERBELOW LLP
CERTIFIED PUBLIC ACCOUNTANTS
300 NO. LAKE AVE., STE. 930, PASADENA, CA 91101
TEL: (626) 577-1440 FAX: (626) 577-1082

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Monte Vista Grove Homes and Subsidiary

We have audited the accompanying consolidated financial statements of Monte Vista Grove Homes (a nonprofit California corporation) and Subsidiary (the "Organization") which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

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

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

To the Board of Trustees of
Monte Vista Grove Homes and Subsidiary

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Report on Summarized Comparative Information
We have previously audited the Organization's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 11, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Martin Werbelow LLP

May 8, 2015

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
With Comparative Totals For 2013

ASSETS

	2014	2013
Current Assets		
Cash and cash equivalents	$ 1,170,189	$ 423,386
Accounts receivable, net	836,173	775,188
Unconditional promises to give	32,814	86,514
Inventories	56,688	51,402
Prepaid expenses and other assets	156,825	217,503
Total Current Assets	2,252,689	1,553,993
Property and Equipment, Net	6,284,835	6,654,645
Other Assets		
Investments	11,139,172	9,847,985
Long-term unconditional promises to give	-	17,388
Split-interest agreements	45,773	40,181
Memorial funds	253,201	259,565
Master development plan	213,097	213,097
Total Other Assets	11,651,243	10,378,216
Total Assets	$ 20,188,767	$ 18,586,854

LIABILITIES AND NET ASSETS

	2014	2013
Current Liabilities		
Accounts payable and accrued expenses	$ 100,816	$ 163,626
Accrued payroll and employee benefits	333,035	272,525
Lease obligation	-	4,073
Total Current Liabilities	433,851	440,224
Other Liabilities		
Liability for refundable entrance fees	494,496	-
Deferred revenue from entrance fees	288,758	111,712
Deposits and other liabilities	278,820	265,879
Total Other Liabilities	1,062,074	377,591
Total Liabilities	1,495,925	817,815
Net Assets		
Unrestricted net assets	16,349,760	15,780,006
Temporarily restricted net assets	269,306	272,656
Permanently restricted net assets	2,073,776	1,716,377
Total Net Assets	18,692,842	17,769,039
Total Liabilities and Net Assets	$ 20,188,767	$ 18,586,854

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
With Comparative Totals For 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Public Support, Revenue, and Gains from Operations					
Public support:					
Contributions - residents	$ 572,947	$ 57,073	$ 348,112	$ 978,132	$ 792,880
Contributions - other	138,044	322,931	5,364	466,339	350,197
Legacies and bequests	10,337	-	-	10,337	10,893
Total Public Support	721,328	380,004	353,476	1,454,808	1,153,970
Revenue:					
Skilled nursing	2,667,077	-	-	2,667,077	2,384,304
Skilled nursing - ancillary services	686,439	-	-	686,439	767,574
Assisted living	467,745	-	-	467,745	472,922
Independent living	777,269	-	-	777,269	726,848
Dietary	1,049,068	-	-	1,049,068	1,010,055
Amortization of entrance fees	18,897	-	-	18,897	1,978
Other revenue	162,493	-	-	162,493	179,065
Realized gains on investments	101,805	-	3,080	104,885	1,125,820
Investment income, net	176,310	72,876	-	249,186	237,270
Total Revenue	6,107,103	72,876	3,080	6,183,059	6,905,836
Net Assets Released from Restrictions	461,625	(461,625)	-	-	-
Total Public Support, Revenue, and Gains from Operations	7,290,056	(8,745)	356,556	7,637,867	8,059,806
Operating Expenses					
Program services:					
Skilled nursing	2,886,416	-	-	2,886,416	2,696,746
Assisted living	344,145	-	-	344,145	332,031
Independent living	1,630,787	-	-	1,630,787	1,602,716
Dietary	1,251,849	-	-	1,251,849	1,138,666
Total Program Services	6,113,197	-	-	6,113,197	5,770,159
Supporting services:					
Management and general	916,040	-	-	916,040	956,027
Fundraising	245,115	-	-	245,115	160,724
Total Supporting Services	1,161,155	-	-	1,161,155	1,116,751
Total Operating Expenses	7,274,352	-	-	7,274,352	6,886,910
Income from Operations	$ 15,704	$ (8,745)	$ 356,556	$ 363,515	$ 1,172,896

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)
With Comparative Totals For 2013

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Nonoperating Gains (Losses)					
Change in value of split-interest agreements	$ -	$ 5,083	$ 509	$ 5,592	$ 5,528
Change in value of memorial funds	-	-	(6,363)	(6,363)	15,103
Loss on disposal of property and equipment	(8,778)	-	-	(8,778)	(4,188)
Unrealized gains (losses) on investments	562,828	312	6,697	569,837	(251,208)
Total Nonoperating Gains (Losses)	554,050	5,395	843	560,288	(234,765)
Change in Net Assets	569,754	(3,350)	357,399	923,803	938,131
Net Assets, Beginning	15,780,006	272,656	1,716,377	17,769,039	16,830,908
Net Assets, Ending	$ 16,349,760	$ 269,306	$ 2,073,776	$ 18,692,842	$ 17,769,039

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
With Comparative Totals For 2013

	Program Services					Supporting Services				
	Skilled Nursing	Assisted Living	Independent Living	Dietary	Total	Management and General	Fundraising	Total	Total 2014	Total 2013
Salaries and employee benefits	$ 1,734,814	$ 187,371	$ 445,088	$ 756,647	$ 3,123,920	$ 636,597	$ 153,881	$ 790,478	$ 3,914,398	$ 3,477,278
Professional fees and purchased services	414,043	30,327	102,507	45,716	592,593	131,688	-	131,688	724,281	736,838
Food	-	-	-	317,471	317,471	-	-	-	317,471	301,745
Housekeeping	149,458	46,327	90,248	7,220	293,253	5,415	-	5,415	298,668	283,462
Supplies and equipment rental	159,269	4,737	25,577	46,967	236,550	30,361	3,086	33,447	269,997	278,722
Assessment and insurance	106,772	13,290	87,054	8,791	215,907	29,351	7,400	36,751	252,658	251,544
Utilities	68,582	28,459	81,837	45,286	224,164	14,821	-	14,821	238,985	226,034
Sundry	6,536	804	3,090	9,866	20,296	12,194	35,249	47,443	67,739	46,826
Residential financial aid	60,771	-	-	-	60,771	-	-	-	60,771	120,091
Printing and postage	106	-	-	748	854	3,953	33,064	37,017	37,871	19,708
Provision for doubtful accounts	32,723	-	-	-	32,723	-	-	-	32,723	18,076
Facility operations, repairs and maintenance	710	540	26,758	633	28,641	29	813	842	29,483	30,188
Travel and entertainment	8,782	32	128	600	9,542	9,449	6,169	15,618	25,160	24,666
Telephone	7,079	3,122	5,899	964	17,064	3,930	782	4,712	21,776	20,985
Education	1,055	90	(4)	40	1,181	8,016	2,777	10,793	11,974	9,686
Interest	-	-	-	-	-	2,317	-	2,317	2,317	1,066
Advertising	-	-	-	-	-	-	1,894	1,894	1,894	1,994
Provision for uncollectable pledges receivable	-	-	-	-	-	-	-	-	-	50,000
Total Expenses Before Depreciation	2,750,700	315,099	868,182	1,240,949	5,174,930	888,121	245,115	1,133,236	6,308,166	5,898,909
Depreciation	135,716	29,046	762,605	10,900	938,267	27,919	-	27,919	966,186	988,001
Total Expenses	$ 2,886,416	$ 344,145	$ 1,630,787	$ 1,251,849	$ 6,113,197	$ 916,040	$ 245,115	$ 1,161,155	$ 7,274,352	$ 6,886,910

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
With Comparative Totals For 2013

	2014	2013
Cash Flows from Operating Activities		
Cash received from residents for monthly services	$ 5,566,831	$ 5,279,553
Cash received from residents for entrance fees	690,440	113,690
Investment income received	249,186	237,270
Contributions received	1,437,544	1,118,928
Other	162,493	179,065
Cash paid to employees and suppliers	(6,172,498)	(5,804,212)
Interest paid	(2,317)	(1,066)
Net Cash Provided by Operating Activities	1,931,679	1,123,228
Cash Flows from Investing Activities		
Purchases of property and equipment	(564,338)	(448,684)
Purchases of investments	(3,896,703)	(7,018,159)
Proceeds from sale of investments	3,280,238	6,605,463
Additions to master development plan	-	(24,900)
Net Cash Used in Investing Activities	(1,180,803)	(886,280)
Cash Flows from Financing Activities		
Repayment of lease obligation	(4,073)	(7,523)
Increase in Cash and Cash Equivalents	746,803	229,425
Cash and Cash Equivalents, Beginning of Year	423,386	193,961
Cash and Cash Equivalents, End of Year	$ 1,170,189	$ 423,386

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)
With Comparative Totals For 2013

	2014	2013
Cash Flows from Operating Activities		
Change in net assets	$ 923,803	$ 938,131
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in value of split-interest agreements	(5,592)	(5,528)
Change in value of memorial funds	6,363	(15,103)
Realized and unrealized gains on investments	(674,722)	(874,612)
Loss on disposal of property and equipment	8,778	4,188
Noncash contributions	(40,815)	(19,173)
Provision for doubtful accounts	32,723	18,076
Provision for uncollectable unconditional promises to give	-	50,000
Depreciation	966,186	988,001
(Increase) decrease in:		
Accounts receivable	(93,708)	(107,572)
Unconditional promises to give	71,088	38,344
Inventories	(5,286)	(12,687)
Prepaid expenses and other assets	60,678	(41,506)
Increase (decrease) in:		
Accounts payable and accrued expenses	(62,810)	(3,950)
Accrued payroll and employee benefits	60,510	29,452
Deferred revenue from entrance fees and liability for refundable entrance fees	671,542	111,712
Deposits and other liabilities	12,941	25,455
Net Cash Provided by Operating Activities	$ 1,931,679	$ 1,123,228

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1 – Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Monte Vista Grove Homes ("MVGH") is a senior community established in 1924 by the Synod of California. MVGH is a nonprofit California corporation dedicated to providing a retirement community for the benefit of retired Teaching Elders (Ministers), missionaries, Certified Christian Educators, Certified Musician Associates, and Commissioned Ruling Elders of the Presbyterian Church (USA) and their spouses ("qualified applicants"). MVGH has independent living available to qualified applicants. The facility includes approximately 84 individual apartments, a 16-apartment assisted living facility (Residential Care Facility for the Elderly ("RCFE")) with a lounge and nursing station, and a 40-bed Medicare-certified skilled nursing facility ("SNF"), which provides skilled nursing and convalescent care. Assisted living and skilled nursing are available to MVGH's residents and the surrounding community at the per diem rate in effect at the time services are rendered; and beginning in 2013, these services are available to qualified applicants under a Continuing Care Retirement Community ("CCRC") contract.

On January 1, 2013, MVGH received its Provisional Certificate of Authority ("PCOA") to enter into CCRC contracts in accordance with the provisions of the Health and Safety Code of the State of California, and on September 8, 2014, MVGH received its Certificate of Authority. The certification applies to the assisted living and skilled nursing portions of the campus only. The Certificate of Authority allows MVGH to offer CCRC contracts to incoming qualified applicants.

A requirement of this partial licensure was to create a separation between the independent living and the CCRC (RCFE and SNF) portions of the campus. To meet this requirement, MVGH re-organized the independent living as The Grove Campus, LLC (a California LLC) (the "LLC") on September 4, 2012. The LLC operates the unlicensed senior housing apartments (independent living) only.

Principles of Consolidation

The consolidated financial statements include the accounts of MVGH and its wholly owned subsidiary, The Grove Campus, LLC, hereinafter referred to collectively as the "Organization". All inter-organization balances and transactions have been eliminated.

Basis of Accounting

The Organization accounts for financial transactions on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accrual basis of accounting recognizes revenues in the accounting period in which the revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of Presentation

The Organization's financial statement presentation follows the recommendations prescribed by U.S. GAAP. In accordance with U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Comparative Financial Statements
The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

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

Cash and Cash Equivalents
The Organization maintains its cash balances in financial institutions. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per financial institution. From time to time, the Organization's cash balances exceed this limit.

For purposes of reporting cash flows, MVGH considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

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

Promises to Give
Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give that are due in the next year are recorded as current at their net realizable value; those due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, discounted using low-risk interest rates applicable to the year in which the promise was received. No allowance for doubtful promise to give has been established as of December 31, 2014, as management believes that the remaining promises are fully collectable.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes.

Inventories
Inventories, consisting primarily of health care supplies, food supplies and ground maintenance supplies, are stated at the lower of cost or market using the first-in, first-out basis of accounting.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment
Property and equipment are recorded at cost or, if donated, at their fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which range from three to forty years. The Organization capitalizes all expenditures for property and equipment in excess of $1,000. Costs of additions, renewals, and betterments are capitalized; maintenance and repairs are charged to expense when incurred.

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

Investments
The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the consolidated statement of financial position. Contributed securities are initially recorded at their fair value at the date of donation. Investment income (including interest, dividends, and realized gains and losses) is included in total revenue from operations.

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

Deferred Revenue from Entrance Fees and Refundable Entrance Fees
For the right to become a continuing care resident of the extended care facilities at the Organization, residents are required to pay an entrance fee, a portion of which may be refundable based upon the contract terms.

Under the Organization's Amortized Entrance Fee Option contract, the entrance fee is refundable pro-rata if a continuing care resident should leave within five years from admission as follows:

1. During the first one hundred fifty days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy is longer than the 90-day cancellation period and up to five years, the Organization retains 1/60th of the entrance fee for each month of residency or portion thereof. However, the minimum entrance fee retained by the Organization for any termination after the 90-day cancellation period shall be 10% of the entrance fee.
3. No refunds after sixty months.

The Organization amortizes entrance fees over the resident's expected life, and a liability is recognized for the expected amount that will be refunded to those residents who will not remain at the facility for the stipulated time.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Deferred Revenue from Entrance Fees and Refundable Entrance Fees (continued)
Under the Organization's 90% Repayment Option contract, the entrance fee is refundable as follows:

1. During the first one hundred fifty days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy terminates subsequent to the 90-day cancellation period, the resident will receive a reoccupancy benefit equal to 90% of the paid entrance fees once the resident's unit is re-occupied by another resident.

The Organization amortizes 10% of the paid entrance fee over the resident's expected life and a liability is recorded for the remaining 90% of the entrance fee.

Under both contracts, the refund is reduced by any unpaid fees and any costs of refurbishing the unit (as defined in the contracts). Contractually refundable entrance fees, included in liability for refundable entrance fees and deferred revenue from entrance fees in the accompanying consolidated statement of financial position, were approximately $685,000 at December 31, 2014.

Obligations to Provide Future Services and Use of Facilities to Current Residents
If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. The Organization's computation has been made which indicated that as of December 31, 2014, the estimated amounts received or to be received from current continuing care residents will exceed the estimated costs of providing future services and use of facilities to those residents. Consequently, no liability is shown on the consolidated statement of financial position.

The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the year ending December 31, 2014.

Net Assets
The Organization's net assets comprise the following:

Unrestricted Net Assets - Unrestricted net assets represent the portion of expendable net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. These net assets are available for support of the ordinary operations and administration of the Organization. At December 31, 2014, the total unrestricted net assets of $16,349,760 include an unrestricted Board-designated component of the Quality of Life Endowment Fund totaling $958,000.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent net assets that result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or can be satisfied by actions of the Organization. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Net Assets (continued)

Permanently Restricted Net Assets - Permanently restricted net assets represent net assets that result from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled and removed by actions of the Organization pursuant to those restrictions. These net assets are permanently restricted by donors for investment in perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. For the purpose of identifying those resources, the Organization accounts for and records transactions in established fund groups. A description of each fund follows:

- **Richmond Endowment** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as unrestricted revenue.
- **Quality of Life** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income is to be utilized to provide services in the skilled nursing facility to low income residents and is recorded as temporarily restricted revenue.
- **Ridings Fund** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as unrestricted revenue.
- **Memorial Funds** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can either be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as unrestricted revenue or is to be used in accordance with donor stipulations and is recorded as temporarily restricted revenue.

Public Support

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Program Services Revenue

Revenue is derived from the skilled nursing, assisted living, and independent living programs.

Skilled nursing revenues include private pay and Medicare revenue, which are based on established rates. Medicare provides for payments to the Organization at amounts different from its established rates. Such revenue is reported at the estimated net realizable amounts from patients, Medicare, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with Medicare.

Revenue from assisted living is reported based on established daily rates and revenue from independent living is based on established monthly rates on an accrual basis in the period in which the services are provided.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Contributions of Long-lived Assets
Contributions of long-lived assets are recorded as contributions at their fair value at the date of donation. Such contributions of long-lived assets without donor restrictions are recognized as unrestricted revenue. Contributions of cash or other assets restricted to acquisition of long-lived assets are recorded as temporarily restricted contributions. Once the long-lived assets are acquired, and if there are no donor restrictions on the long-lived asset's use, the donor restrictions are considered met and the temporarily restricted net assets are released and reclassified to the unrestricted net asset class.

Contributed Services
Donated services are recognized as contributions if the services (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would be purchased if not donated. A substantial number of volunteers have donated their time to the Organization's programs and other services; however, these donated services are not reflected in the accompanying consolidated financial statements since they do not meet the specific expertise criteria for recognition as contributed services.

Unrestricted Income from Operations (Performance Indicator)
Unrestricted income from operations reports the results of operations for the Organization. In addition to the income from resident care operations, this amount includes investment income, realized gains and losses on investments, and other items. It excludes unrealized gains and losses on investments.

Income Taxes
MVGH and the LLC are organized as a nonprofit corporation under the general nonprofit corporation laws of the State of California and are exempt from federal income taxation under Internal Revenue Code Section 501(c)(3). Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the consolidated financial statements.

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

Expense Allocation
Expenses are charged to programs and supporting services based on an evaluation of the Organization's activities by management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Note 1 – Nature of Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Accounts Receivable

As of December 31, 2014 and 2013, the Organization's accounts receivable and allowance for doubtful accounts were as follows:

	2014	2013
Accounts receivable	$ 810,173	$ 806,188
Entrance fee receivable	41,000	-
Less allowance for doubtful accounts	(15,000)	(31,000)
	$ 836,173	$ 775,188

Note 3 – Unconditional Promises to Give

Unconditional promises to give consist of gifts from residents, payable in future installments. As of December 31, 2014 and 2013, the Organization's unconditional promises to give were as follows:

	2014	2013
Due within one year	$ 32,814	$ 86,514
Due in one to four years	-	19,000
Discount to present value	-	(1,612)
	$ 32,814	$ 103,902

Unconditional promises to give that are due in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 3%.

Note 4 – Property and Equipment

As of December 31, 2014 and 2013, property and equipment consist of the following:

	2014	2013
Land and improvements	$ 870,012	$ 862,962
Buildings and improvements	19,105,484	18,847,337
Rental property	359,961	359,961
Furniture and equipment	3,069,234	2,839,377
Construction in progress	121,945	61,206
	23,526,636	22,970,843
Less accumulated depreciation	17,241,801	16,316,198
	$ 6,284,835	$ 6,654,645

During March 2015, the Organization accepted an offer to sell the rental property for $860,000. The sale was completed during April 2015.

Note 5 – Investments

As of December 31, 2014 and 2013, investments consist of the following:

2014	Market Value	Cost
Cash and cash equivalents	$ 349,588	$ 349,588
Equities	5,510,537	4,296,752
Alternative investments	1,390,664	1,318,929
Government obligations and agencies	278,627	287,277
Corporate bonds	3,609,756	3,783,123
	$ 11,139,172	$ 10,035,669

2013	Market Value	Cost
Cash and cash equivalents	$ 441,441	$ 441,441
Equities	4,717,595	4,077,275
Alternative investments	1,073,880	1,092,285
Government obligations and agencies	358,116	367,283
Corporate bonds	3,256,953	3,332,805
	$ 9,847,985	$ 9,311,089

Note 5 – Investments (continued)

Investment returns are summarized as follows:

	2014	2013
Interest and dividends	$ 317,322	$ 297,517
Less investment fees	(68,136)	(60,247)
Investment income, net	249,186	237,270
Realized gains on investments	104,885	1,125,820
Unrealized gains (losses) on investments	569,837	(251,208)
	$ 923,908	$ 1,111,882

The following table shows the gross unrealized losses and fair value of investments with unrealized losses that are not deemed to be other than temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31:

	Fair Value Below Cost as of December 31, 2014					
	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Equities and alternative investments	$ 449,708	$ (55,191)	$ 441,155	$ (78,549)	$ 890,863	$ (133,740)
Government obligations and agencies	7,992	(29)	124,848	(9,221)	132,840	(9,250)
Corporate bonds	623,331	(11,324)	1,719,101	(184,274)	2,342,432	(195,598)
Total Temporarily Impaired Securities	$ 1,081,031	$ (66,544)	$ 2,285,104	$ (272,044)	$ 3,366,135	$ (338,588)

	Fair Value Below Cost as of December 31, 2013					
	Less Than 12 Months		Greater Than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Equities and alternative investments	$ 1,051,578	$ (75,642)	$ 84,238	$ (7,770)	$ 1,135,816	$ (83,412)
Government obligations and agencies	70,402	(722)	154,368	(9,500)	224,770	(10,222)
Corporate bonds	2,150,288	(71,465)	508,232	(22,291)	2,658,520	(93,756)
Total Temporarily Impaired Securities	$ 3,272,268	$ (147,829)	$ 746,838	$ (39,561)	$ 4,019,106	$ (187,390)

Note 5 – Investments (continued)

The fair market value of these investments have declined due to volatility in the financial markets, changes in interest rates, changes in economic conditions, and changes in market outlook for various industries, among others. The securities disclosed above have not met the criteria for recognition of other than temporary impairment under management's policy. The Organization follows a policy of evaluating securities for impairment, which considers available evidence in evaluating potential impairment of its investments. This review considers the severity and duration of the decline in market value, the materiality of the losses on an individual security in relation to the entire portfolio, the volatility of the security's market price, third-party analyst reports, credit rating changes, and regulatory or legal action changes, among other factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to investment loss and a new cost basis in the investment is established. For the years ended December 31, 2014 and 2013, no securities were determined to be other-than-temporarily impaired.

Note 6 – Fair Value Measurements

U.S. GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that management has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

There have been no changes in the methodologies used at December 31, 2014 and 2013.

Note 6 – Fair Value Measurements (continued)

Cash and cash equivalents: Cash and cash equivalents include money market funds, valued at fair value by reference to quoted market prices in active markets for identical assets or liabilities (unadjusted) and other relevant generated market transactions that the Organization has the ability to access at the measurement date.

Equities: Valued at fair value by reference to quoted market prices in active markets for identical assets or liabilities (unadjusted) and other relevant generated market transactions that the Organization has the ability to access at the measurement date.

Alternative investments: Valued at fair value by reference to quoted market prices in active markets for identical assets or liabilities (unadjusted) and other relevant generated market transactions that the Organization has the ability to access at the measurement date.

Corporate bonds and government obligations and agencies: Valuation based on an independent pricing service and based on recent sales of similar securities and other observable market data.

Split-interest agreements: Split-interest agreements include charitable remainder trusts, charitable gift annuities and pooled income funds. Split-interest agreements are valued at fair value by estimating the present value of expected future cash inflows.

Memorial funds: Memorial funds are invested in mutual funds and cash and cash equivalents (including money market funds). These investments are valued at fair value by reference to quoted market prices in active markets for identical assets or liabilities (unadjusted) and other relevant generated market transactions that the Organization has the ability to access at the measurement date.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 6 – Fair Value Measurements (continued)

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

	Assets at Fair Value as of December 31, 2014			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments:				
Cash and cash equivalents	$ 349,588	$ 349,588	$ -	$ -
Equities	5,510,537	5,510,537	-	-
Alternative investments	1,390,664	1,390,664	-	-
Government obligations and agencies	278,627	-	278,627	-
Corporate bonds	3,609,756	-	3,609,756	-
Total Investments	11,139,172	7,250,789	3,888,383	-
Split-interest agreements	45,773	-	-	45,773
Memorial funds	253,201	253,201	-	-
	$11,438,146	$ 7,503,990	$ 3,888,383	$ 45,773

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

	Assets at Fair Value as of December 31, 2013			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments:				
Cash and cash equivalents	$ 441,441	$ 441,441	$ -	$ -
Equities	4,717,595	4,717,595	-	-
Alternative investments	1,073,880	1,073,880	-	-
Government obligations and agencies	358,116	-	358,116	-
Corporate bonds	3,256,953	-	3,256,953	-
Total Investments	9,847,985	6,232,916	3,615,069	-
Split-interest agreements	40,181	-	-	40,181
Memorial funds	259,565	259,565	-	-
	$10,147,731	$ 6,492,481	$ 3,615,069	$ 40,181

Note 6 – Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Split-interest Agreements
January 1, 2013	$ 34,653
Change in value	5,528
Balance December 31, 2013	40,181
Change in value	5,592
Balance December 31, 2014	$ 45,773

Note 7 – Split-interest Agreements

The Organization is a beneficiary of several charitable lifetime income gifts. The charitable lifetime income gifts provide one or more individuals income for his or her lifetime or a period of years, after which the remaining funds will either be distributed to the Organization or used to establish a permanent fund at the Presbyterian Church (USA) Foundation, from which income will be distributed to the Organization. These amounts are recorded at present value, which represents the current fair market value of the account, reduced by the estimated actuarial liability necessary to meet the future payments to the life income beneficiaries. The portion of the gift attributable to the present value of the future benefits to be received by the Organization is recorded in the statement of activities as temporarily or permanently restricted contributions in the period the gift is established.

Note 8 – Master Development Plan

In order to meet the growing demand for senior housing, the Organization completed a 15-year Master Development Plan (the "Master Plan") that would accommodate up to 52 new independent living units as well as refurbishment of dining facilities and resident social space. New building structures would be one and two story buildings in keeping with the current scale of the campus. The Master Plan was proposed as a multi-phased project over a 15-year period and was approved by the City of Pasadena in January 2007. The start date of the construction will be determined based on finance capabilities over the 15-year period.

The costs incurred in the Master Plan relate to the Organization's plan for future development of the campus. These costs include fees for plan development, tree inventory survey/map work, architectural services, legal services, and consultation. As of December 31, 2014 and 2013, the capitalized costs were $213,097.

Note 9 – Line of Credit

The Organization has a $500,000 revolving line of credit with Citizen Business Bank, which is secured by certain investment assets owned by the Organization. The line bears interest based upon the Citizen Business Bank prime rate plus 1% per annum with an interest rate floor of no less than 4%. The Organization is required to make monthly interest payments. At December 31, 2014 and 2013, there were no outstanding borrowings on the line of credit. The line of credit matures on June 6, 2015.

Note 10 – Capital Leases

During 2009, the Organization acquired equipment under the provisions of a long-term lease with a cost of $32,417. For financial reporting purposes, minimum lease payments relating to the equipment were capitalized and included in property and equipment on the statement of financial position. The lease was paid in full during 2014.

Note 11 – Net Assets

Temporarily restricted net assets are available subject to the following restrictions at December 31, 2014, and 2013:

	2014	2013
Capital improvements	$ 100,657	$ 93,870
Other purposes and time	168,649	178,786
	$ 269,306	$ 272,656

Permanently restricted net assets consist of the following at December 31, 2014 and 2013:

	2014	2013
Richmond Endowment	$ 535,987	$ 531,802
Quality of Life	1,229,504	870,629
Ridings Fund	24,834	24,640
Memorial funds	253,201	259,565
Split-interest agreements	30,250	29,741
	$ 2,073,776	$ 1,716,377

Note 12 – Endowment Funds

The Organization's endowment consists of four individual funds established for a variety of purposes (see Note 1) and funds designated by the Board of Trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including a fund designated by the Board of Trustees to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization has interpreted relevant state law as requiring preservation of the fair value of the original gift as of the date gifted, for the donor restricted endowment funds explicit donor stipulations to the contrary.

According to the Organization's investment guidelines, the permanently restricted assets are currently invested in an investment portfolio managed by professional money managers. The primary long-term investment objective is to preserve and enhance the real (inflation adjusted) purchasing power of the portfolio. This objective should be achieved based on an investment horizon of three to five years. The Organization's policy is to have the portfolio earn an average return in excess of inflation over time.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized). Because of the short-term volatility in rates of return for those investments, the total return could be negative at times. At times, especially for new funds, the balance of a fund could drop below the historic gift value. Historic gift value is defined as the total dollars of the original gift at the date the gift is contributed for endowment. Over the long-term, investment return will recover short-term losses.

The goals of the funds are as follows: (a) maximize monthly income within reasonable and prudent levels of risk; and (b) subsidize skilled nursing costs for qualified Organization residents.

The Organization employs a high income investment policy with the objective of producing high current income with a secondary objective of preserving the endowment's capital.

With these objectives in mind, the portfolio is invested subject to the following guidelines:

1. Bonds and debentures represent at least 70% of total investments. No less than 30% of bonds and debentures have maturity dates of ten years or less. Staggered maturity dates are desirable.
2. Securities other than bonds and debentures do not exceed 30% of total investments. No more than 15% at market value of the investment portfolio may be invested in any one company with no more than 40% being invested in one economic sector. It is preferred that no holding of any one stock may exceed 5% of the total investments.
3. All purchases are made with available cash. There are no margin transactions, short selling (except through an exchange traded fund), or commodity transactions.

Note 12 – Endowment Funds (continued)

Endowment net asset composition by type of fund as of December 31, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 87,359	$ 2,073,776	$ 2,161,135
Board-designated endowment funds	958,000	-	-	958,000
Endowment net assets, end of year	$ 958,000	$ 87,359	$ 2,073,776	$ 3,119,135

Changes in endowment net assets for the fiscal year ended December 31, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 901,527	$ 60,491	$ 1,716,377	$ 2,678,395
Investment return:				
Investment income	42,528	72,876	-	115,404
Realized gains on investments	1,795	-	3,080	4,875
Unrealized gains on investments	4,103	-	6,697	10,800
Investment management fees	(19,204)	-	-	(19,204)
Total investment return	29,222	72,876	9,777	111,875
Contributions	27,251	-	353,476	380,727
Change in value of split-interest agreements	-	-	509	509
Change in value of memorial funds	-	-	(6,363)	(6,363)
Amounts appropriated for expenditure	-	(46,008)	-	(46,008)
Endowment net assets, end of year	$ 958,000	$ 87,359	$ 2,073,776	$ 3,119,135

Endowment net asset composition by type of fund as of December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 60,491	$ 1,716,377	$ 1,776,868
Board-designated endowment funds	901,527	-	-	901,527
Endowment net assets, end of year	$ 901,527	$ 60,491	$ 1,716,377	$ 2,678,395

Note 12 – Endowment Funds (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 720,857	$ 46,713	$ 1,638,155	$ 2,405,725
Investment return:				
Investment income	39,606	67,854	-	107,460
Realized losses on investments	12,771	-	21,455	34,226
Unrealized gains on investments	(21,912)	-	(36,153)	(58,065)
Investment management fees	(16,353)	-	-	(16,353)
Total investment return	14,112	67,854	(14,698)	67,268
Contributions	98,000	-	142,530	240,530
Reclassification of net assets, consistent with donor intent	68,558	-	(68,558)	-
Change in value of split-interest agreements	-	-	3,845	3,845
Change in value of memorial funds	-	-	15,103	15,103
Amounts appropriated for expenditure	-	(54,076)	-	(54,076)
Endowment net assets, end of year	$ 901,527	$ 60,491	$ 1,716,377	$ 2,678,395

Note 13 – Retirement Benefits

The Monte Vista Grove 401(k) Plan (the "Plan") covers substantially all employees of the Organization who have completed one year of service and attained the age of 21. Participants vest at varying percentages over five years. The Organization makes an employer-matching contribution on the first 3.5% of each participant's salary deferred through employee contributions to the Plan. The Organization's employer-matching contributions to the Plan totaled $78,355 and $71,127 for 2014 and 2013, respectively.

In addition, each year, the Organization determines a discretionary contribution, if any, to be contributed to the Plan. The discretionary contribution is equal to a percentage of all eligible participants' compensation, the exact percentage to be approved each year by the Board of Trustees. There were no discretionary contributions to the Plan for the years ended 2014 and 2013.

Note 14 – Commitments and Contingencies

Operating Leases
The Organization has certain office equipment and other services under non-cancelable operating leases expiring at various dates through 2018. The lease expense totaled approximately $59,000 and $42,000 for 2014 and 2013, respectively.

As of December 31, 2014, the Organization is committed under long-term leases as follows:

Years Ending December 31,	
2015	$ 59,483
2016	53,067
2017	31,043
2018	13,575
Total	$ 157,168

Gain Contingency
In 1989, the Organization received a gift of an $800,000 (99% limited partnership interest in the Faulding Hotel, Inc.), an affiliate of the Santa Barbara Community Housing Corporation ("SBCHC"). The partnership was formed to own and operate the Faulding Hotel for low income seniors and others eligible for assistance under either State or Federal programs. In 1990, to enable SBCHC to issue bond financing for improvements to the Faulding Hotel, MVGH exchanged its limited partnership interest for an $800,000 Shared Appreciation Promissory Note ("Note") with 6% interest per annum, payable annually. The Note is subordinate to debt owed to several entities of the City of Santa Barbara and the County of Santa Barbara. The Organization has not recorded this asset in the accompanying statement of financial position due to the uncertainty of the asset's recoverability.

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

Note 15 – Subsequent Events

The Organization has considered subsequent events through May 8, 2015, the date of issuance, in preparing the consolidated financial statements and notes thereto. As discussed in Note 4, the Organization sold their rental property during April 2015.

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CONTINUING CARE
CONTRACTS BRANCH

Continuing Care Reserve Report Schedules

MONTE VISTA GROVE HOMES AND SUBSIDIARY

For the Year Ended December 31, 2014

MARTIN WERBELOW LLP
CERTIFIED PUBLIC ACCOUNTANTS
300 NO. LAKE AVE., STE. 930, PASADENA, CA 91101
TEL: (626) 577-1440 FAX: (626) 577-1082

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Monte Vista Grove Homes and Subsidiary

We have audited the accompanying continuing care reserve report schedules of Monte Vista Grove Homes and Subsidiary (the "Organization") which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 ("Schedules") as of and for the year ended December 31, 2014.

Management's Responsibility for the Reports
Management is responsible for the preparation and fair presentation of these Schedules in accordance with the provisions of the California Health and Safety Code Section 1792; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

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

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

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 Schedules present fairly, in all material respects, the continuing care reserve requirements of the Organization as of December 31, 2014, in accordance with the provisions of the California Health and Safety Code Section 1792.

Basis of Accounting
We draw attention to the basis of accounting used to prepare the Schedules. The Schedules were prepared by the Organization on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the provisions of the California Health and Safety Code Section 1792. Our opinion is not modified with respect to that matter.

Restriction on Use
This report is intended solely for the information of the Board of Trustees and management of the Organization and the California Department of Social Services and is not intended to be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Martin Werbelow LLP

May 8, 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	06/08/09	$4,073	$128		$4,201
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
		TOTAL:	$128	$0	$4,201

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

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

PROVIDER: Monte Vista Grove Homes

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: Monte Vista Grove Homes

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$4,201
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:**	$4,201

PROVIDER: Monte Vista Grove Homes

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		$6,406,170
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	$128	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c. Depreciation	$966,186	
	d. Amortization	$0	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$2,493,476	
	f. Extraordinary expenses approved by the Department	$245,115	
3	Total Deductions		$3,704,905
4	Net Operating Expenses		$2,701,265
5	Divide Line 4 by 365 and enter the result.		$7,401
6	**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$555,075

PROVIDER: Monte Vista Grove Homes
COMMUNITY: Monte Vista Grove Homes

MONTE VISTA GROVE HOMES
Two-Way Reconciliation, Form 5-4
Calculation of Operating Expenses

Total Operating Expenses per Consolidated Statement of Functional Expenses	$	7,274,352
-- Less Independent Living Expenses Before Depreciation not allocable to CCRC Residents per audited financial statements		(868,182)
Total Operating Expenses allocable to CCRC Residents, Form 5-4, Line 1	$	6,406,170

Further Deduction from Operating Expenses for Form 5-4		
-- Less % Allocable to Non-CCRC residents		
Total Operating Expenses allocable to CCRC Residents	$	6,406,170
-- Less Form 5-4, Line 2 a. - Interest paid on long-term debt		(128)
-- Less Form 5-4, Line 2 c. - Depreciation		(966,186)
-- Less Form 5-4, Line 2 f. - Extraordinary expenses approved by the Department (Total Fundraising Expense per audited financial statements)		(245,115)
Sub-Total of Operating Expenses to be Allocated to Non-CCRC residents		5,194,741
Non-CCRC average population for 2014		48.00%
Form 5-4, Line 2 e.	$	2,493,476

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Monte Vista Grove Homes
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 ended 12/31/2014 are as follows:

		Amount
[1]	Debt Service Reserve Amount	$4,201
[2]	Operating Expense Reserve Amount	$555,075
[3]	**Total Liquid Reserve Amount:**	$559,276

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

	Qualifying Asset Description		Amount (market value at end of quarter) Debt Service Reserve		Operating Reserve
[4]	Cash and Cash Equivalents		$4,201		$947,201
[5]	Investment Securities				$1,295,447
[6]	Equity Securities				$3,356,433
[7]	Unused/Available Lines of Credit				
[8]	Unused/Available Letters of Credit				
[9]	Debt Service Reserve				(not applicable)
[10]	Other: (describe qualifying asset)				
	Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11]	$4,201	[12]	$5,599,081
	Reserve Obligation Amount:	[13]	$4,201	[14]	$555,075
	Surplus/(Deficiency):	[15]	$0	[16]	$5,044,006

Signature:

(Authorized Representative)

Date: May 8, 2015

Executive Director
(Title)

MONTE VISTA GROVE HOMES
Two-Way Reconciliation, Form 5-5
Qualifying Assets

			Allocable to CCRC		
Form 5-5, Line [4] Cash and Cash Equivalents			%		Qualifying Assets
Total Cash and Cash Equivalents per Audited Financial Statements Current Assets	$ 1,170,189				
-- Less The Grove Campus LLC Cash not allocable to CCRC residents General Ledger Accounts 50-00-00-1010 and 50-00-00-1011	(362,852)	807,337	100%		807,337
Total Investments Cash and Cash Equivalents per Audited Financial Statements - Note 5	349,588				
-- Less Temporarily Restricted Cash and Cash Equivalents General Ledger Account 64-00-00-1009	(6,023)				
-- Less Permanently Restricted Cash and Cash Equivalents General Ledger Accounts 80-00-00-1009, 81-00-00-1009 and 82-00-00-1009	(66,516)	277,049	52%	*	144,065
To Line [4] Qualifying Asset - Cash and Cash Equivalents					$ 951,402
Form 5-5, Line [5] Investment Securities					
Total Investments Securities per Audited Financial Statements - Note 5	$ 3,888,383				
-- Less Permanently Restricted Investment Securities General Ledger Accounts 80-00-00-1014, 81-00-00-1014 and 82-00-00-1014	(1,397,138)	2,491,245	52%	*	1,295,447
To Line [5] Qualifying Asset - Investment Securities					$ 1,295,447
Form 5-5, Line [6] Equity Securities					
Total Investments Securities - Marketable Equity Securities per Audited Financial Statements Note 5	$ 6,901,201				
-- Less Temporarily Restricted Investment Securities General Ledger Accounts 11-00-00-1015, 65-05-00-1008	(9,489)				
-- Less Permanently Restricted Investment Securities General Ledger Accounts 80-00-00-1015, 81-00-00-1015, 82-00-00-1015, 80-00-00-1017	(437,034)	6,454,678	52%	*	3,356,433
To Line [6] Qualifying Asset - Equity Securities					$ 3,356,433

* *Per Form 1-1 Line 11 - Average Resident Population - Continuing Care Residents*

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	N/A	$3,498 to $3,893	$6,266 to $11,072
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	N/A	0.78% to 0.87%	2.91% to 3.13%

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

[3] Indicate the date the fee increase was implemented: January 1, 2014
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

☑ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

☑ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

☑ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

☑ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☑ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

☑ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

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

PROVIDER: Monte Vista Grove Homes
COMMUNITY: Monte Vista Grove Homes

Monte Vista Grove Homes
Report on CCRC Monthly Service Fees
Form 7-1
Attachment to item [5]:

Rate increases on monthly fees for the following levels of care were approved by the Board of Trustees based on: projected operating costs of Monte Vista Grove Homes and economic indicators.

Because Residential Living is not licensed as CCRC, Residential Monthly Service Fees have have not been included.

Residents who have Entered into a CCRC Contract

	Rate	Daily Fee		Monhthly Fee	
	Increase	From	To	From	To
Assisted Living	0.87%	$115	$116	$3,498	$3,528
Skilled Nursing					
-- Semi Private	2.91%	$206	$212	$6,266	$6,448
-- Private	3.09%	$259	$267	$7,878	$8,121
-- Private Suite	3.05%	$328	$338	$9,977	$10,281

Private Pay Residents who have not Entered into a CCRC Contract

	Rate	Daily Fee		Monhthly Fee	
	Increase	From	To	From	To
Assisted Living	0.78%	$128	$129	$3,893	$3,924
Skilled Nursing					
-- Semi Private	3.06%	$229	$236	$6,965	$7,178
-- Private	3.13%	$288	$297	$8,760	$9,034
-- Private Suite	3.02%	$364	$375	$11,072	$11,406

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 05/08/15

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CONTINUING CARE CONTRACTS BRANCH

FACILITY NAME: Monte Vista Grove Homes

ADDRESS: 2889 San Pasqual Street, Pasadena, CA ZIP CODE: 91107 PHONE: 626-796-9753

PROVIDER NAME: Monte Vista Grove Homes FACILITY OPERATOR: Monte Vista Grove Homes

RELATED FACILITIES: The Grove Campus, LLC RELIGIOUS AFFILIATION: Presbyterian

YEAR OPENED: 1924 # OF ACRES: 1.3 ☑ SINGLE STORY ☑ MULTI-STORY ☐ OTHER: ______ MILES TO SHOPPING CTR: 2 MILES TO HOSPITAL: 4

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:		ASSISTED LIVING:	16
APARTMENTS – 1 BDRM:		SKILLED NURSING:	40
APARTMENTS – 2 BDRM:		SPECIAL CARE:	
COTTAGES/HOUSES:		DESCRIPTION: >	
RLU OCCUPANCY (%) AT YEAR END:		>	

* *

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

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

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

RANGE OF ENTRANCE FEES: $ 68,000 - $ 247,520 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ■ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 10 free days per year with lifetime maximum of 30

ENTRY REQUIREMENTS: MIN. AGE: 65 PRIOR PROFESSION: ______ OTHER: ______

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > At least 2, but no more than 5 residents of Monte Vista > Grove Homes can be elected to the Board with voting rights. The Board provides direction for the business and affairs of Monte Vista Grove Homes.

* *

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	☑	☑	HOUSEKEEPING (30 TIMES/MONTH)	☑	☐
BILLIARD ROOM	☑	☐	MEALS (3 /DAY)	☑	☐
BOWLING GREEN	☐	☐	SPECIAL DIETS AVAILABLE	☑	☐
CARD ROOMS	☑	☐			
CHAPEL	☐	☐	24-HOUR EMERGENCY RESPONSE	☑	☐
COFFEE SHOP	☐	☐	ACTIVITIES PROGRAM	☑	☐
CRAFT ROOMS	☑	☐	ALL UTILITIES ~~EXCEPT PHONE~~	☑	☐
EXERCISE ROOM	☑	☐	APARTMENT MAINTENANCE	☐	☐
GOLF COURSE ACCESS	☐	☐	CABLE TV	☑	☐
LIBRARY	☑	☐	LINENS FURNISHED	☑	☐
PUTTING GREEN	☐	☐	LINENS LAUNDERED	☑	☐
SHUFFLEBOARD	☐	☐	MEDICATION MANAGEMENT	☑	☐
SPA	☑	☐	NURSING/WELLNESS CLINIC	☐	☐
SWIMMING POOL-INDOOR	☐	☐	PERSONAL HOME CARE	☐	☐
SWIMMING POOL-OUTDOOR	☑	☐	TRANSPORTATION-PERSONAL	☐	☐
TENNIS COURT	☐	☐	TRANSPORTATION-PREARRANGED	☑	☑
WORKSHOP	☑	☐	OTHER ______	☐	☐
OTHER ______	☐	☐			

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

PROVIDER NAME: Monte Vista Grove Homes

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)

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.

PROVIDER NAME: Monte Vista Grove Homes

	2011	2012	2013	2014
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	$ 5,231,612	$ 5,593,106	$ 6,903,825	$ 6,164,162
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	$ 5,450,688	$ 5,768,049	$ 5,897,810	$ 6,305,849
NET INCOME FROM OPERATIONS	($ 219,076)	($ 174,943)	$ 1,006,015	($ 141,687)
LESS INTEREST EXPENSE	($ 8,762)	($ 10,547)	($ 1,066)	($ 2,317)
PLUS CONTRIBUTIONS	$ 1,704,595	$ 1,365,319	$ 1,153,970	$ 1,454,808
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	($ 417,388)	$ 437,159	($ 234,765)	$ 560,288
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$ 1,059,369	$ 1,616,988	$ 1,924,154	$ 1,871,092
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)			$ 111,712	$ 671,542

* *

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
not applicable					

* *

FINANCIAL RATIOS (see next page for ratio formulas)

	2013 CCAC Medians 50th Percentile *(optional)*	2012	2013	2014
DEBT TO ASSET RATIO	37.71%	0.02%	0.70%	0.48%
OPERATING RATIO	98.54%	83.04%	73.21%	82.80%
DEBT SERVICE COVERAGE RATIO	2.55	157.05	35.63	22.04
DAYS CASH ON HAND RATIO	343	462	536	601

* *

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2011	%	2012	%	2013	%	2014
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE	$ 1,163	2.06%	$ 1,187	2.70%	$ 1,219	6.89%	$ 1,303
ASSISTED LIVING	$ 3,802	2.39%	$ 3,893	-10.15%	$ 3,498	0.86%	$ 3,528
SKILLED NURSING	$ 6,783	2.68%	$ 6,965	-10.04%	$ 6,266	2.90%	$ 6,448
SPECIAL CARE							

* *

COMMENTS FROM PROVIDER: > 2013 was the first year that Monte Vista Grove Homes operated its Assisted Living and Skilled Nursing as a
> Continuing Care Retirement Community. 10% decrease from 2012 to 2013 in Assisted Living and Skilled Nursing monthly service fees were the
> result of providing a 10% discount to CCRC residents.

PROVIDER NAME: Monte Vista Grove Homes

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

Monte Vista Grove
HOMES

2889 San Pasqual Street, Pasadena, California 91107

Phone: (626) 796-6135
Fax: (626) 796-9753
Website: www.mvgh.org

June 15, 2015

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

Enclosed please find the original and five (5) copies of the Monte Vista Grove Homes Key Indicators Report .

Please do not hesitate to contact me with any questions you may have.

Sincerely,

Kim Houser

Kim Houser
Controller

KEY INDICATORS REPORT

Monte Vista Grove Homes

Date Prepared: 6/15/2015

Deborah Herbert

Chief Executive Officer Signature

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

	2010	2011	2012	2013	2014	Projected 2015	Forecast 2016	Forecast 2017	Forecast 2018	Forecast 2019	Preferred Trend Indicator
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)											N/A
CCRC - Extended Care SNF & AL	87.50%	82.14%	81.25%	90.18%	88.39%	89.29%	90.00%	90.00%	90.00%	90.00%	
Independent Living	96.75%	94.81%	97.40%	98.05%	96.10%	96.10%	96.00%	96.00%	96.00%	96.00%	
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	N/A - 2013 was 1st year licensed as CCRC			4.14%	1.81%	1.41%	1.41%	1.41%	1.41%	1.41%	↑
3. Net Operating Margin - Adjusted (%)	N/A - 2013 was 1st year licensed as CCRC			11.39%	31.01%	16.69%	8.90%	6.99%	19.17%	11.61%	↓
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments ($000)	$6,744	$6,935	$7,317	$8,685	$10,409	$11,149	$7,612	$7,087	$8,462	$9,437	↑
5. Days Cash on Hand (Unrestricted)	469	464	462	537	602	626	415	375	435	471	↑
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees ($000)	N/A - 2013 was 1st year licensed as CCRC			$2	$19	$64	$84	$103	$118	$120	N/A
7. Net Annual E/F proceeds ($000)	$45	$68	$67	$114	$690	$275	$126	$92	$346	$184	N/A
8. Unrestricted Net Assets ($000)	$14,451	$14,392	$14,936	$15,780	$16,350	$16,000	$15,000	$13,000	$11,500	$14,000	N/A
9. Annual Capital Asset Expenditure ($000)	$246	$260	$732	$331	$258	$856	$5,390	$2,400	$410	$420	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	1.08	16.54	3.24	251.49	219.98	*	*No debt service is anticipated *				↑
11. Annual Debt Service Coverage (x)	1.18	17.29	3.42	264.73	476.76	*	*No debt service is anticipated *				↑
12. Annual Debt Service/Revenue (%)	7.96%	1.20%	5.17%	0.10%	0.06%	*	*No debt service is anticipated *				↓
13. Average Annual Effective Interest Rate (%)	10.72%	10.72%	10.72%	10.72%	10.72%	*	*No debt service is anticipated *				↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	24522%	33536%	55962%	213207%	No LT Debt	No LT Debt	No debt service is anticipated				↑
15. Average Age of Facility (years)	14.47	15.11	15.62	16.51	17.85	18.61	19.41	20.24	21.11	22.02	↓