FISCAL YEAR ENDED:
12/31/2014

ANNUAL REPORT CHECKLIST

PROVIDER(S): Casa Dorinda

CCRC(S):

RECEIVED
MAY 01 2015
STATEWIDE PROGRAM OFFICE
FOR ADULT AND SENIOR CARE LICENSING

CONTACT PERSON: Robin Drew

TELEPHONE NO.: (805) 969-8014 **EMAIL:** rdrew@casadorinda.com

● ●

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

☑ Annual Report Checklist.

☑ Annual Provider Fee in the amount of: $ 20,532.–

- ☐ 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.

CASA DORINDA

RECEIVED
MAY 01 2015
STATEWIDE PROGRAM OFFICE
FOR ADULT AND SENIOR CARE LICENSING

April 29, 2015

Continuing Care Contract Program
Department of Social Services
744 P. Street, MS 8-3-90
Sacramento, CA 95814

Dear Ladies and Gentlemen:

I hereby certify that the annual reserve reports and amendments enclosed herein are correct to the best of my knowledge.

Further, I certify that each continuing care contract form in use for new residents has been approved by the Department.

Finally, I certify that the Montecito Retirement Association is maintaining statutory reserves.

Sincerely,

Ronald D. Schaefer
Executive Director

Hartford Fire Insurance Company

THE HARTFORD

Date: February 16, 2014

Agency Code: 57 141990

HEFFERNAN INSURANCE BROKERS
1460B OBRIEN DRIVE
MENLO PARK, CA 94025

Attn: Bond Department

Insured / Principal: MONTECITO RETIREMENT ASSOC. 403b RETIREMENT PLAN
Policy / Bond #: 57BDDBQ9709
Account Name/Number:
Policy Term: May 15, 2014 - May 15, 2017
Type of Policy: Commercial Crime
Billing Term: Three Years
Billing Type: Direct Bill
Transaction Type: Renewal
Transaction Effective Date: May 15, 2014
Bond Limit: $500,000

Agent's Advice of Premium for Fidelity and Surety Bonds

Premium	Commission %	Commission Amount
$ 365	20.00 %	$ 73

COMMENTS:

Premium will be included in your usual Agency Accounting statement or Direct Bill notification. If you have any questions regarding this transaction, please contact your Hartford Bond Center.

Thank you for choosing The Hartford.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	323
[2]	Number at end of fiscal year	337
[3]	Total Lines 1 and 2	660
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	330
	All Residents	
[6]	Number at beginning of fiscal year	323
[7]	Number at end of fiscal year	337
[8]	Total Lines 6 and 7	660
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	330
[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).	1.00

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$23,554,888
[a]	Depreciation	$2,761,965	
[b]	Debt Service (Interest Only)	$261,383	
[2]	Subtotal (add Line 1a and 1b)		$3,023,348
[3]	Subtract Line 2 from Line 1 and enter result.		$20,531,540
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		100%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$20,531,540
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$20,532

PROVIDEI Montecito Retirement Association
COMMUN Casa Dorinda

RECEIVED
MAY 01 2015
STATEWIDE PROGRAM OFFICE
FOR ADULT AND SENIOR CARE LICENSING

MONTECITO RETIREMENT ASSOCIATION

DECEMBER 31, 2014 AND 2013

FINANCIAL STATEMENTS

BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Table of Contents

BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

February 27, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Montecito Retirement Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Montecito Retirement Association which comprise the balance sheets as of December 31, 2014 and 2013, and the related statements of operations, changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

1123 CHAPALA STREET • SANTA BARBARA, CA 93101 • TEL: (805) 963-7811 • FAX: (805) 564-2103 • WWW.BPW.COM

Opinion

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

Other Matter

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

Bartlett, Pringle + Wolf, LLP

MONTECITO RETIREMENT ASSOCIATION

BALANCE SHEETS

December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,698,669	$ 1,684,030
Accounts receivable, net of allowance for doubtful accounts of $97,370 and $6,138 in 2014 and 2013, respectively	1,572,809	1,607,285
Current portion of notes receivable	1,238,450	1,112,258
Accrued interest receivable	13,897	3,500
Inventories	168,558	116,387
Prepaid expenses and deposits	312,285	406,427
Total current assets	6,004,668	4,929,887
Assets Whose Use is Limited:		
Donor restricted	794,692	677,676
Board designated reserves	917,020	500,077
Liquid reserve assets	19,562,585	19,987,438
Total limited use assets	21,274,297	21,165,191
Property, Plant and Equipment:		
Land and buildings	32,751,824	32,751,824
Fixtures and equipment	3,799,423	2,619,841
Improvements	29,403,800	27,122,124
Construction in progress	1,856,988	1,265,500
	67,812,035	63,759,289
Less accumulated depreciation	(34,553,077)	(31,791,112)
Net property, plant and equipment	33,258,958	31,968,177
Other Assets:		
Notes receivable, net of current portion	2,162,561	2,920,259
Debt issue costs, net of amortization	161,897	184,229
Deferred compensation plan	558,308	537,760
Assets held in charitable remainder trusts	65,783	69,981
Total other assets	2,948,549	3,712,229
Total assets	$ 63,486,472	$ 61,775,484

See accompanying notes

MONTECITO RETIREMENT ASSOCIATION
BALANCE SHEETS
December 31, 2014 and 2013

	2014	2013
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 328,008	$ 574,152
Accrued expenses	1,023,752	1,345,989
Deferred revenue from monthly fees	1,413,998	1,347,508
Current portion of long-term debt	581,202	568,732
Total current liabilities	3,346,960	3,836,381
Long Term Liabilities:		
Long-term debt, net of current portion	8,558,424	9,772,840
Refundable fees	20,986,554	21,736,926
Entry fee deposits	823,000	754,409
Deferred revenue from entrance fees	21,384,474	18,809,527
Deferred compensation plan	558,308	537,760
Liabilities under charitable remainder trusts	17,267	19,406
Total long term liabilities	52,328,027	51,630,868
Total liabilities	55,674,987	55,467,249
Net Assets:		
Unrestricted	6,968,277	5,579,984
Temporarily restricted	652,676	728,251
Permanently restricted	190,532	-
Total net assets	7,811,485	6,308,235
Total liabilities and net assets	$ 63,486,472	$ 61,775,484

See accompanying notes

MONTECITO RETIREMENT ASSOCIATION
STATEMENT OF OPERATIONS
For the Years Ended December 31, 2014 and 2013

	2014	2013
Changes in unrestricted net assets:		
Operating revenue and gains:		
Monthly fees	$ 16,512,913	$ 15,675,350
Net entrance fees earned	5,599,308	5,651,722
Medical revenue	921,408	809,744
Contributions	1,500	1,000
Service income	805,026	839,223
Investment income	471,169	312,740
Net assets released from restrictions	244,700	36,000
Total revenue, gains and other support	24,556,024	23,325,779
Expenses:		
Food services	4,386,406	4,198,318
Resident services	749,040	706,669
Medical center	4,310,697	3,993,672
Housekeeping	1,426,740	1,374,613
Plant operations and maintenance	2,392,868	2,363,145
Information technology	506,725	442,014
General and administrative	2,670,304	2,523,118
Education services	-	165,215
Security	388,403	352,203
Fundraising	46,282	-
Marketing	457,840	398,483
Personal care and social services	1,572,540	1,491,045
Ancillary services	433,916	361,456
Clinic	624,918	651,625
Health and fitness	138,625	145,299
Activities	403,904	401,731
Depreciation	2,761,965	2,596,969
Amortization	22,332	22,332
Interest expense	261,383	353,574
Total expenses	23,554,888	22,541,481
Income from operations	1,001,136	784,298
Non-operating revenue, gains and other support:		
Realized gain on sales of investments	1,477,171	619,640
Unrealized gain (loss) on investments	(1,090,014)	2,070,238
Net assets released from restriction- purchase of equipment	-	281,710
Increase in unrestricted net assets	$ 1,388,293	$ 3,755,886

See accompanying notes

MONTECITO RETIREMENT ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
For the Years Ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
		2014		
Increase in unrestricted net assets	$ 1,388,293	$	$	$1,388,293
Contributions		170,768	190,532	361,300
Investment income		416		416
Change in value of charitable remainder trust agreements		(2,059)		(2,059)
Net assets released from restrictions		(244,700)		(244,700)
Change in net assets	1,388,293	(75,575)	190,532	1,503,250
Net assets at beginning of year	5,579,984	728,251	-	6,308,235
Net assets at end of year	$ 6,968,277	$ 652,676	$ 190,532	$7,811,485
		2013		
Increase in unrestricted net assets	$ 3,755,886	$	$	$3,755,886
Contributions		81,898		81,898
Investment income		3,748		3,748
Change in value of charitable remainder trust agreements		(488)		(488)
Net assets released from restrictions		(317,710)		(317,710)
Change in net assets	3,755,886	(232,552)	-	3,523,334
Net assets at beginning of year	1,824,098	960,803	-	2,784,901
Net assets at end of year	$ 5,579,984	$ 728,251	$ -	$6,308,235

See accompanying notes

MONTECITO RETIREMENT ASSOCIATION

STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities:		
Cash received from residents for services	$ 17,890,155	$ 16,763,526
Investment income received	450,413	323,577
Contributions received	362,800	-
Processing fees	105,901	150,761
Reimbursements for services to non-residents	277,767	278,186
Cash paid for operations	(20,964,799)	(19,284,989)
Cash paid for interest	(265,712)	(355,296)
Net cash used by operating activities	(2,143,475)	(2,124,235)
Cash Flows from Investing Activities:		
Collection of notes receivable	1,460,761	1,578,014
Expenditures for plant and equipment	(4,052,746)	(5,676,001)
Transfers of cash out of investment accounts	3,515,806	2,184,611
Transfers of cash in to investment accounts	(3,237,755)	(2,386,447)
Net cash used by investing activities	(2,313,934)	(4,299,823)
Cash Flows from Financing Activities:		
Proceeds from issuance of long term debt	-	500,000
Principal payments on long term debt	(1,201,946)	(1,043,196)
Proceeds from net entrance fees	6,482,994	6,927,732
Refunds to applicants	(16,500)	(43,600)
Deposits received	207,500	112,500
Proceeds from contributions restricted for property, plant and equipment	-	81,898
Net cash provided by financing activities	5,472,048	6,535,334
Net increase in cash and cash equivalents	1,014,639	111,276
Cash and cash equivalents at beginning of the year	1,684,030	1,572,754
Cash and cash equivalents at end of the year	$ 2,698,669	$ 1,684,030
Noncash Investing Activities:		
New notes receivable made to residents	$ 920,217	$ 1,961,031
Cash paid during the year for interest:	265,712	355,296

See accompanying notes

Note 1 - Nature of Business

Montecito Retirement Association, a nonprofit California corporation, operates Casa Dorinda, a retirement facility. The Association was formed primarily for the purpose of providing housing, health care, and other related services to residents through the operation of a retirement facility containing 209 apartments, 21 personal care rooms, 5 special care rooms and a 52-bed skilled nursing facility. The Association is licensed by the State of California.

The Association enters into contracts with residents to provide services to the resident for their remaining life. In consideration for future services, the residents pay entrance fees based on various factors including the size of apartment upon entering the facility. In addition to the entrance fee, residents pay monthly fees based on actual costs of operations. Annual increases in monthly fees are based on current and projected costs of operations.

There are no statutory or contractual requirements to retain entrance fees in escrow accounts.

Note 2 - Summary of Significant Accounting Policies

A) Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Association and changes therein are classified and reported as follows:

Unrestricted Net Assets

The unrestricted group of net assets represents unrestricted resources available for current support of Association activities. Designations by the Board of Directors are included in unrestricted net assets.

Temporarily Restricted Net Assets

Temporarily restricted net assets include gifts which may be fully expended but have been restricted by donors for certain purposes or are subject to time restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets include outright gifts, charitable remainder unitrusts and pledges receivable that require by donor restriction that the corpus be invested in perpetuity and only the income be made available for expenditure in accordance with donor restrictions for programs and activities of the Association. The spendable, or distributable, portion of each endowment fund is included with temporarily restricted net assets.

Note 2 - **Summary of Significant Accounting Policies (continued)**

B) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in computing the liability for deferred entrance fees and the obligation to provide future services as discussed in note 2C and 2G. Actual results could differ from those estimates.

C) Deferred Revenue from Entrance Fees

Fees paid by a resident upon entering into a life-care contract are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident. During the first sixty months of residency, these fees are partially refundable and are recorded as refundable fees.

D) Refundable Fees

Fees paid by a resident upon entering into a life-care contract are refundable upon cancellation by either party during the first 90 days, less a processing fee. After 90 days, a resident may terminate the contract and receive a refund of the entrance fee less a charge for each month from the signing of the agreement. If a resident dies after one year of residency, the resident's estate receives no refund of the entrance fee. After sixty months of residency, the unamortized entrance fees are entirely nonrefundable and are recorded as deferred revenue from entrance fees.

E) Entry Fee Deposits

Fees paid as deposits before entering into a life-care contract are partially refundable and will be applied to entrance fees upon move in.

F) Application Fees

Application fees, which are nonrefundable, are recorded as income when received.

G) Obligation to Provide Future Services

The Association annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 3 percent.

As of December 31, 2014 and 2013 there was no accruable obligation to provide future services. Accordingly, no liability was recorded.

Note 2 - <u>Summary of Significant Accounting Policies</u> (continued)

H) <u>Cash and Cash Equivalents</u>

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less. Cash held for investment purposes is not considered to be cash and cash equivalents for the statement of cash flows.

I) <u>Basis of Accounting for Receivables</u>

Accounts receivable and notes receivable are carried at their estimated collectible amount. Interest income on notes receivable is recognized on a monthly basis. Management periodically evaluates receivables for collectability on a specific-account basis and records an allowance for any amounts estimated to be uncollectible.

J) <u>Inventories</u>

Inventories are stated at the lower of cost or market. Cost is determined on the first-in, first-out basis.

K) <u>Property, Plant and Equipment</u>

Property, plant and equipment are recorded at cost with depreciation provided on the straight-line basis over the estimated useful lives of the assets. Interest costs on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

The estimated useful lives of the assets are as follows:

Building	35 - 40 years
Fixtures and equipment	3 - 15 years
Improvements	3 - 35 years

L) <u>Medical Revenue</u>

Medical revenue is reported at the estimated net realizable amounts from Medicare for services rendered, including estimated retroactive adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

M) <u>Financial Risk</u>

The Association maintains its cash in bank deposit accounts and money market funds which at times may exceed federally insured limits. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash balances.

The Association invests in a professionally managed portfolio that contains fixed income securities, equity securities, and alternative investments. Such investments are exposed to various systematic risks such as market and credit. Due to the level of risk associated with such investments it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

N) Investments

The Association reports investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value and includes realized and unrealized gains and losses in the statements of operations and changes in net assets. The fair value of marketable securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

O) Donor Restrictions

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Donor-restricted contributions whose restrictions are met in the same year as received may be reflected as unrestricted contributions in the accompanying financial statements. The Association reports gifts of property and equipment (or other long-lived assets) as unrestricted contributions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

P) Income Taxes

The Association is a not-for-profit charitable corporation and is exempt from Federal and State income taxes under Internal Revenue Code Section 501(c)(3) and 23701(d), respectively.

Q) Debt Issue Costs

Debt issue costs are amortized using the straight-line method over the term of the related financing agreement.

R) Income from Operations

The statement of operations includes income from operations. Changes in unrestricted net assets which are excluded from income from operations, consistent with industry practice, include realized and unrealized gains and losses on investments and satisfactions of restrictions on contributions used for purchases of equipment.

Note 2 - Summary of Significant Accounting Policies (continued)

S) Ancillary Services

Ancillary services include expenses related to physical therapy, occupational therapy, pharmacy and speech therapy.

Note 3 - Accounts Receivable

Accounts receivable consist of the following:

	2014	2013
Residents	$ 1,457,212	$ 1,395,224
Health insurance programs, net of allowance for doubtful accounts of $97,370 and $6,138 in 2014 and 2013, respectively	102,513	188,222
Other	13,084	23,839
	$ 1,572,809	$ 1,607,285

Accounts receivable from residents consists primarily of monthly fees billed in advance for services to be provided in the following month and corresponds to the deferred revenue from monthly fees shown in current liabilities.

Note 4 - Notes Receivable

The notes receivable are as follows:

	2014	2013
Note receivable, maturity date April 30, 2032, due from an employee of the Association; payable in bi-weekly installments of $952, including interest. The interest rate will be adjusted every five years to the greater of the applicable federal rate or 5%, subject to a 10% ceiling. The interest rate is to be adjusted next on May 4, 2017. The note is secured by a deed of trust on real property.	$ 286,353	$ 296,508
Notes receivable from entrance fees. Qualifying residents have the option to pay entrance fees in five equal installments over a period of up to four years Beginning in December 2013, interest is charged at 2.5% per year. There were fifteen and twelve outstanding balances on notes receivable from entrance fees as of December 31, 2014 and 2013, respectively.	3,114,658	3,736,009
Total notes receivable	3,401,011	4,032,517
Less current portion of note receivable	10,675	10,155
Less current portion of entrance fee notes receivable	1,227,775	1,102,103
Notes receivable, net of current portion	$ 2,162,561	$ 2,920,259

Note 4 - Notes Receivable (continued)

The following is a summary of principal payments to be received during the years ended December 31:

2015	$	1,238,450
2016		1,084,039
2017		596,207
2018		242,546
2019		13,061
Thereafter		226,708
	$	3,401,011

Note 5 - Assets Whose Use is Limited

The composition of assets whose use is limited at December 31, 2014 and 2013 is set forth in the table below. Donor restricted assets are comprised of donations from residents and the general public which have been designated for specified purposes. Board designated assets are reserve funds designated specifically for expenditure on the Master Plan. Liquid reserve assets are those set aside by the board and management for future operating requirements. Funds are transferred from liquid reserve assets to fund current operations as needed.

		2014		2013
Donor Restricted:				
Cash and cash equivalents	$	378,549	$	191,521
Certificates of deposit		-		618,113
Due (to)/from liquid reserve assets		416,143		(131,958)
Total donor restricted	$	794,692	$	677,676
Board Designated Reserves				
Cash and cash equivalents	$	917,020	$	500,077
Total board designated reserves	$	917,020	$	500,077
Liquid Reserve Assets:				
Cash and cash equivalents	$	472,831	$	1,354,880
Stocks		6,436,239		7,084,454
Mutual funds		10,994,110		10,445,366
Alternative investment funds		1,758,475		-
Certificates of deposit		289,534		941,604
U.S. Government securities		27,539		29,176
Due (to)/from temporarily restricted assets		(416,143)		131,958
Total liquid reserves	$	19,562,585	$	19,987,438

Note 5 - Assets Whose Use is Limited (continued)

The following summarizes the investment return and its classification in the statement of operations for the years ended December 31:

	2014	2013
Investment income	$ 471,169	$ 312,740
Unrealized gain (loss) on value of investments	(1,090,014)	2,070,238
Realized gain on sales of investments	1,477,171	619,640
	$ 858,326	$ 3,002,618

Note 6 - Fair Value Measurements

Under the Financial Accounting Standards Board's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Association uses various methods including market, income and cost approaches. Based on these approaches, the Association often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Association utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Association is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Note 6 – Fair Value Measurements (continued)

The Association has various processes and controls in place to ensure that fair value is reasonably estimated. A model validation policy governs the use and control of valuation models used to estimate fair value. This policy requires review and approval of models, and periodic re-assessments of models to ensure that they are continuing to perform as designed. The Association performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

While the Association 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 estimate of fair value at the reporting date.

During the years ended December 31, 2014 and 2013, there were no changes to the Association's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Association at year end. The NAV is based on the quoted price in an active market.

Alternative Investment Funds: Valued at the NAV of shares held by the Association at year end. The Fund uses the NAV as reported by the administrators and/or the investment managers of the underlying investment funds as a practical expedient to determine the fair value of all its investments in funds which (a) do not have a readily determinable fair value and (b) either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company.

U.S. Government Securities: Valuation inputs utilized by the independent pricing service for those U.S. Treasury and federal agency securities under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications. Also included are data from the vendor trading platform.

Deferred Compensation Plan Obligations: The deferred compensation plan obligations are based on the fair market value of the deferred compensation plan assets, which are observable inputs; however, the liabilities are not publicly traded and are therefore, considered Level 2 items.

Note 6 – Fair Value Measurements (continued)

The following tables set forth by level, within the fair value hierarchy, the Association's assets at fair value as of December 31, 2014 and 2013:

	December 31, 2014			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets whose use is limited:				
Cash and cash equivalents	$ 1,768,400	$ 1,768,400	$ -	$ -
Stocks	6,436,239	6,436,239	-	-
Mutual Funds - equity funds	7,386,700	7,386,700	-	-
Mutual Funds - bond funds	3,607,410	3,607,410	-	-
Alternative investment funds	1,758,475	-	-	1,758,475
Certificates of deposit	289,534	289,534	-	-
U.S. government securities	27,539	-	27,539	-
Deferred compensation plan:			-	-
Mutual Funds - equity funds	527,308	527,308	-	-
Fixed income	31,000	31,000	-	-
Assets held in charitable remainder trusts	65,783	-	65,783	-
Total assets	$ 21,898,388	$ 20,046,591	$ 93,322	$ 1,758,475
Deferred compensation plan	$ 558,308	$ -	$ 558,308	$ -
Total liabilities	$ 558,308	$ -	$ 558,308	$ -

	December 31, 2013			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets whose use is limited:				
Cash and cash equivalents	$ 2,046,478	$ 2,046,478	$ -	$ -
Stocks	7,084,454	7,084,454	-	-
Mutual Funds - equity funds	6,950,973	6,950,973	-	-
Mutual Funds - bond funds	3,494,393	3,494,393	-	-
Certificates of deposit	1,559,717	1,559,717	-	-
U.S. government securities	29,176	-	29,176	-
Deferred compensation plan	537,760	537,760	-	-
Assets held in charitable remainder trusts	69,981	-	69,981	-
Total assets	$ 21,772,932	$ 21,673,775	$ 99,157	$ -
Deferred compensation plan	$ 537,760	$ -	$ 537,760	$ -
Total liabilities	$ 537,760	$ -	$ 537,760	$ -

Note 6 – Fair Value Measurements (continued)

The Association evaluated the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2014 and 2013, there were no significant transfers in or out of Levels 1, 2, or 3.

The following table sets forth additional disclosures of the Association's Level 2 and Level 3 investments whose fair values are estimated using net asset value per share as of December 31, 2014. None existed at December 31, 2013.

	December 31, 2014			
	Fair Value	**Unfunded Commitment**	**Redemption Frequency (if currently eligible)**	**Redemption Notice Period**
Maverick Stable Fund, Ltd.	$1,758,475	$ -	2 years	95 days
Total	$1,758,475	$ -		

The alternative investment fund is comprised of the Maverick Stable Fund, LTD (the Fund), which has an objective to preserve and grow capital by allocating and reallocating the Fund's assets to discretionary investment accounts and/or private investment vehicles managed by portfolio managers. The Fund may invest in any type of investment fund.

The following table includes a rollforward of the amounts for the year ended December 31, 2014 for financial instruments classified within Level 3.

	Alternative Investment Funds
Beginning balance, January 1, 2014	$ -
Total realized gain (loss)	-
Total unrealized gain (loss)	58,475
Purchases and issuances	1,700,000
Sales and redemptions	-
Investment income and fees	-
Ending balance, December 31, 2014	$ 1,758,475

Note 6 – Fair Value Measurements (continued)

Changes in Fair Value and Related Gains and Losses

The Association's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $387,157 and $2,689,878 for the years ended December 31, 2014 and 2013 as follows:

	2014	2013
Cash and cash equivalents	$ 151,111	$ -
Stocks	466,267	1,783,755
Mutual funds	(287,060)	907,869
Alternative investments	58,475	-
U.S. government securities	(1,636)	(1,746)
Total net gain	$ 387,157	$ 2,689,878

Note 7 - Long-Term Debt

	2014	2013
In March 2012, Santa Barbara Bank and Trust provided tax-exempt financing through the County of Santa Barbara as the conduit issuer in the principal amount of $11,550,000. The loan is now held by Union Bank N.A. which acquired Santa Barbara Bank and Trust on December 1, 2012. The interest rate on the 2012 County of Santa Barbara Installment Sale Financing is 3.425% and is payable monthly. The payments are calculated based on a twenty year amortization period and include a balloon payment for the remainder at the end of the ten year period. The Association is currently making payments assuming a 10 year amortization period and has the option to pay up to an additional $50,000 per month without penalty. The five year repayment schedule is based on the twenty year repayment period. The installment sale financing is collateralized by gross revenues of the Association and a deed of trust on the facility.	$ 8,764,626	$ 9,841,572
In September 2013, interest-free financing in the principal amount of $500,000 was provided in conjunction with the purchase 1330 Pepper Lane. The note is payable in quarterly installments of $25,000 beginning on January 1, 2014. The payments are calculated on a five year amortization period. The installment sale financing is collateralized by the deed of trust on 1330 Pepper Lane.	375,000	500,000
Long- term debt	9,139,626	10,341,572
Less current portion	(581,202)	(568,732)
Long-term debt, net of current portion	$ 8,558,424	$ 9,772,840

Note 7 - Long-Term Debt (continued)

Scheduled principal repayments on long-term debt are as follows

2015	$	581,202
2016		623,814
2017		642,039
2018		660,898
2019		580,413
Thereafter		6,051,260
	$	9,139,626

The Association is required to meet certain financial covenants as defined in Section 503 of the installment sale financing agreement. There is no indication that the Association has not met all required covenants for the year ended December 31, 2014.

Note 8 - Line of Credit

In March 2010, the Association opened a $1,530,000 revolving line of credit with Northern Trust NA, which matures in March 2015. The aggregate principal balance outstanding shall bear interest at 0.5% above the Wall Street Journal prime rate or the minimum interest rate on the note of 3.0%. All accrued and unpaid interest shall be payable at maturity. No draws were made on the line of credit during 2014 or 2013 and there was no balance outstanding at December 31, 2014 and 2013. The line of credit is secured by a deed of trust on 352 Hot Springs Rd, including assignment of rents and the security interest in personal property.

Note 9 - Deferred Compensation Plan

The Association has a nonqualified deferred compensation plan covering selected key employees. The Association and the employees made contributions to the plan, which are invested with an insurance company. Contributions were based on a percentage of the employee's wages. The Association has a policy of fully funding the plan. As of December 31, 2014 and 2013 the plan was fully funded. Total plan assets at December 31, 2014 and 2013 were $558,308 and $537,760, respectively. Effective July 31, 1997, no further contributions were made into this plan.

Note 10 - Tax Deferred Annuity Plan

The Association has a qualified tax deferred annuity plan covering all eligible employees. The Association and the employees make contributions, which are invested with an insurance company. The Association's contributions are based on a percentage of the employee's wages. As of December 31, 2014 and 2013, the plan was fully funded, which is in accordance with the current policy of the Association. The expense related to this plan was $583,975 in 2014 and $550,577 in 2013. Annuity plans involve the transfer of risk to the insurance company and therefore are not included in the balance sheet of the Association.

Note 11 - Medical Revenue

The Association has an agreement with a third party payor. A summary of the payment arrangement with the major third party payor follows:

Medicare - Inpatient services for Medicare beneficiaries are paid at Research Utilization Group determined rates. Outpatient services are based on a fixed fee schedule as determined by Medicare.

Medical revenue for 2014 and 2013 consists of the following:

	2014	2013
Gross patient service revenue	$ 1,191,919	$ 901,862
Less contractual allowances	(270,511)	(92,118)
Net patient service revenue	$ 921,408	$ 809,744

Note 12 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2014	2013
Subsidized fees for residents	$ 584,395	$ 655,679
Other	19,765	21,997
For periods after December 31:		
Charitable remainder trusts	48,516	50,575
	$ 652,676	$ 728,251

Note 13 - Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	2014	2013
Program restrictions accomplished:		
Subsidized fees for residents	$ 71,700	$ 36,000
Fixed asset acquisitions	-	281,710
Other	173,000	-
	$ 244,700	$ 317,710

Note 14 - Charitable Remainder Trust Agreements

The Association is the remainder-man for one charitable remainder trust agreement that has been established by a donor to provide income, generally for life, to designated beneficiaries. The remainder of the trust will be distributed to the Association for the purposes designated in the trust agreement. Each year, beneficiaries receive a percentage of the trust's fair market value, limited to the net income or net-income-with-make-up provisions, payable semiannually.

The Trust is a separate legal entity, created under the provisions of Section 664 of the Internal Revenue Code. The Trust has a calendar year end as required by the Tax Reform Act of 1986. The Trust is exempt from Federal and California income taxes on investment income accumulated for future distributions and any net capital gains.

The Association acts as trustee for the trust, at no charge as a service to the donor. For financial statement presentation, the interest in this trust is presented at current market value under the caption "assets held in charitable remainder trusts", and the present value of amounts payable to trust income beneficiaries is estimated, using a discount rate of 7%, based on the life expectancy of each trust's income beneficiaries. Anticipated earnings and growth have not been included in the present value calculations. The fair market value of the trust at December 31, 2014 was $65,783.

Note 15 - Endowment

The Association's endowment consists of donor restricted funds which are to be invested in perpetuity with dividend and interest income to be used for various purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Association has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of fair value of the original gift as of the gift date and subsequent net appreciation of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Association classifies as permanently restricted net assets (a) the original fair value of the gifts donated (b) the original fair value of subsequent gifts to the permanent endowment (c) net appreciation of the of the underlying assets, and (d) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Note 15 - Endowment (continued)

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Association and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Association
(7) The investment policies of the Association

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

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	$ -	$ -	$ 190,532

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

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	$ -	$ -	$ -
Contributions			190,532
Endowment net assets, end of year	$ -	$ -	$ 190,532

Return Objectives and Risk Parameters

The Association has adopted investment policies that seek to preserve capital in real, inflation-adjusted terms, and to earn a rate of return on investments which exceeds the return of various custom indexes set by the Board of Directors. Endowment assets are invested and managed pursuant to these investment policies.

Note 15 - Endowment (continued)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association's long term target asset allocation guidelines for the investment portfolio are designed to achieve the long-term investment objective within the established risk parameters.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Association has a policy to allow appropriation of interest and dividends on endowment assets, while retaining net appreciation with the corpus of the funds. This is consistent with the Association's preservation of capital and rate of return objectives.

Note 16 - Supplemental Disclosure of Cash Flow Information

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	$ 1,503,250	$ 3,523,334
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	2,784,297	2,619,301
Amortization of unearned entrance fees	(5,599,308)	(5,651,722)
Proceeds from contributions restricted for equipment purchases	-	(81,898)
Unrealized and realized gains on investments, net	(387,157)	(2,689,878)
(Increase) decrease in:		
Accounts receivable	34,476	(132,844)
Accrued interest receivable	(21,172)	7,089
Inventories	(52,171)	(20,944)
Prepaid expenses	94,142	47,598
Charitable remainder trusts	2,059	488
Increase (decrease) in:		
Accounts payable and accrued expenses	(568,381)	174,676
Deferred revenue from monthly fees	66,490	80,565
Net cash used by operating activities	$ (2,143,475)	$ (2,124,235)

Note 17 - Income Tax Matters

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes, which the Association adopted as of January 1, 2009. The updated standard addresses determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Management evaluated the Association's tax positions and concluded that the Association had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Association is no longer subject to examinations by the U.S federal tax authorities for years before 2011 and by the State of California tax authorities for years before 2010.

Note 18 - Malpractice Insurance

The Association maintains professional liability insurance on a claims-made basis. There were no claims outstanding at December 31, 2014.

Note 19 - Self-Insurance

The Association has a partially self-funded employee health plan using a provider network through CIGNA. The plan is administered by Covenant Administrators, Inc. and has reinsurance protection provided by Gerber Life. Under the plan, employer and employees share in the cost of approved medical services up to certain caps for individuals and families. Covenant determines and pays the Association's liability through the use of a Health Reimbursement Arrangement (HRA) account that is funded as needed by the Association. After an employee reaches their cap, any remaining expenses are paid through a second medical account that is funded by monthly health premiums. The premium represents the maximum amount of exposure for this second level of expense. If actual experience is better than anticipated, the plan is eligible for a refund.

A liability in the amount of $187,674 for expected claims that have been incurred but not paid as of December 31, 2014 is included in accrued liabilities on the balance sheet.

Note 20 - Contingencies

In September 1999, the Board of Directors approved that a credit of $10,000 per year be given to the retiring administrator for his 18 years of service to the Association. The credit, totaling $180,000, is to be applied to the entrance fee at Casa Dorinda if his application for admission is accepted. The credit cannot be used until 15 years from retirement, and there will be no adjustment for inflation or increases in entrance fees. The credit is non-transferable and will expire upon death. No accrual has been made in the financial statements for the credit.

In July 2011, the Board of Directors approved a 20% discount, a sum not to exceed $225,000, on the entrance fee for the retiring Executive Director and or his wife for use at any time during their lives or life. The discount does not waive or limit any other requirement for becoming a resident of Casa Dorinda and there shall be no obligation for the Association to provide additional or other compensation if the discount is not or cannot be used for any reason. No accrual has been made in the financial statements for the credit.

Note 21 - Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to current year presentation.

Note 22 - Projects in Process

The Association's mission is to provide quality and quantity of its services so that its residents may continue to live their lives with dignity, security, and as independent and fully as they are able. To help achieve this goal, the Association is currently in the process of implementing its master plan expansion. As of December 31, 2014, $1,334,072 has been expended for this project. Additionally, $221,144 has been spent on general campus improvements and $245,943 on resident apartment improvements.

Note 23 - Subsequent Events

Subsequent events have been evaluated through February 27, 2015, the date that the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MONTECITO RETIREMENT ASSOCIATION
SCHEDULE OF DEPARTMENTAL EXPENSES
For the Year Ended December 31, 2014

	Food Services	Resident Services	Medical Center	Housekeeping	Plant Operations and Maintenance	Information Technology	General and Adminis-trative	Security
Salaries and wages	$ 1,892,471	$ -	$ 2,839,633	$ 902,113	$ 615,822	$ 134,894	$ 1,288,394	$ 273,321
Payroll taxes and benefits	814,645		1,004,747	413,021	264,149	45,222	330,592	97,627
Supplies	180,195	2,734	203,483	56,483	106,087	37,175	53,081	10,541
Food purchases	1,298,290		24,251	1,050	1,044		3,585	
Laundry	61,013		89,709	45,610				
Purchased services	84,867		17,019	1,693	182,012	53,231	107,150	426
Ground supply and service					259,362			
Travel	1,835						28,879	
Utilities					881,915	201,572		
Professional fees			61,303			3,800	326,098	
Resident medical costs		746,306						
Resident activities			16,465				1,351	
Insurance							335,659	
Building and equipment repairs	29,623		12,220	3,035	72,835	3,557	2,491	3,592
Vehicles	2,119		2,975	2,419	2,795		1,289	2,177
Equipment rental	1,824		728			26,559	5,891	
Licenses and permits			16,160		6,289		24,666	
Memberships	49		1,830				36,210	
Donations							74,033	
Events								
All other	19,475		3,674	1,316	558	715	50,935	453
Advertising			16,500					266
Totals	$ 4,386,406	$ 749,040	$ 4,310,697	$ 1,426,740	$ 2,392,868	$ 506,725	$ 2,670,304	$ 388,403

MONTECITO RETIREMENT ASSOCIATION
SCHEDULE OF DEPARTMENTAL EXPENSES
For the Year Ended December 31, 2014

	Fundraising	Marketing	Personal Care and Social Services	Ancillary Services	Clinic	Health and Fitness	Activities
Salaries and wages	$ -	$ 223,787	$ 1,050,121	$ -	$ 404,637	$ 98,385	$ 210,394
Payroll taxes and benefits		54,100	428,509		146,096	27,633	94,067
Supplies	5,487	12,196	30,341	385	23,215	3,705	14,243
Food purchases		34	10,112		853	56	4,527
Laundry			19,817	1,970		541	
Purchased services		34,894	5,119		5,428	4,675	9,133
Ground supply and service							
Travel		8,015					1,738
Utilities							
Professional fees		37,003	9,997	426,894	24,143		
Resident medical costs	40,500			4,186	11,838		
Resident activities		4,230	15,737			175	45,478
Insurance							
Building and equipment repairs			726	400	1,185	3,036	1,183
Vehicles					6,554		18,325
Equipment rental							1,308
Licenses and permits							
Memberships		279	806	81	452	129	2,812
Donations							
Events		75,389					
All other		4,546	1,255		517	290	696
Advertising	295	3,367					
Totals	$ 46,282	$ 457,840	$ 1,572,540	$ 433,916	$ 624,918	$ 138,625	$ 403,904

MONTECITO RETIREMENT ASSOCIATION
SCHEDULE OF DEPARTMENTAL EXPENSES
For the Year Ended December 31, 2013

	Food Services	Resident Services	Medical Center	Housekeeping	Plant Operations and Maintenance	Information Technology	General and Adminis-trative	Education Services
Salaries and wages	$ 1,791,874	$ -	$ 2,656,492	$ 903,164	632,630	$ 111,252	$ 1,220,440	$ 119,029
Payroll taxes and benefits	697,632		865,480	362,257	257,576	29,381	321,257	33,706
Supplies	215,422	5,448	199,170	60,742	106,644	37,168	50,539	1,154
Food purchases	1,298,745		32,391	718	1,354		4,394	45
Laundry	62,135		94,843	33,175				
Purchased services	91,379		9,937	6,525	181,512	43,942	111,251	11,100
Ground supply and service					229,138			
Travel	348		4,556				21,208	
Utilities					873,076	190,058		
Professional fees			78,363			3,800	280,443	
Resident medical costs		701,221						
Resident activities			18,836				3,033	
Insurance							353,243	
Building and equipment repairs	32,761		5,577	2,199	72,902	9,061	0	
Vehicles	1,250		2,981	4,413	3,157		153	
Equipment rental	4,025		2,835	93		16,754	3,773	
Licenses and permits			16,783		4,372		21,267	
Memberships			1,519				39,223	
Donations							27,142	
Events								
All other	1,937		3,909	1,327	784	598	65,752	181
Advertising	810							
Totals	$ 4,198,318	$ 706,669	$ 3,993,672	$ 1,374,613	$ 2,363,145	$ 442,014	$ 2,523,118	$ 165,215

MONTECITO RETIREMENT ASSOCIATION
SCHEDULE OF DEPARTMENTAL EXPENSES
For the Year Ended December 31, 2013

	Security	Marketing	Personal Care and Social Services	Ancillary Services	Clinic	Health and Fitness	Activities
Salaries and wages	$ 258,207	$ 210,186	$ 1,022,128	$ -	$ 455,328	$ 94,526	$ 209,016
Payroll taxes and benefits	83,724	54,077	371,915		139,320	23,343	79,231
Supplies	6,938	12,997	30,761	1,005	8,914	4,317	15,946
Food purchases			12,702		885	1,083	4,165
Laundry			19,430				
Purchased services	327	14	5,955		4,260	14,187	11,527
Ground supply and service							
Travel		4,942				2,025	1,992
Utilities							
Professional fees		22,146	10,472	356,984	23,625		
Resident medical costs				175	9,762		
Resident activities		10,592	14,774			164	62,267
Insurance							
Building and equipment repairs	660		2,008	770	183	3,376	2,343
Vehicles	1,949				8,327		12,067
Equipment rental							2,279
Licenses and permits							
Memberships				338	541	773	347
Donations							
Events		58,037					
All other	398	14,551	900	2,184	480	1,505	551
Advertising		10,941					
Totals	$ 352,203	$ 398,483	$ 1,491,045	$ 361,456	$ 651,625	$ 145,299	$ 401,731

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FOR ADULT AND SENIOR CARE LICENSING

Montecito Retirement Association

December 31, 2014

Schedules Related to Continuing Care Reserves

Bartlett, Pringle & Wolf, LLP
Certified Public Accountants and Consultants

BARTLETT, PRINGLE & WOLF, LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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FOR ADULT AND SENIOR CARE LICENSING

April 29, 2015

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Montecito Retirement Association:

Report on the Continuing Care Reserves

We have audited the accompanying continuing care reserves report of Montecito Retirement Association as of December 31, 2014.

Management's Responsibility for the Continuing Care Reserves Report

Management is responsible for the preparation and fair presentation of the continuing care reserves report in accordance with the financial report preparation provisions of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the continuing care reserves report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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 continuing care reserves report referred to above presents fairly, in all material respects, the liquid reserve requirements of Montecito Retirement Association as of December 31, 2014, in accordance with the financial report preparation provisions of California Health and Safety Code Section 1792.

Basis of Accounting

The accompanying continuing care reserves report was prepared for the purpose of complying with California Health and Safety Code section 1792 and is not intended to be a complete presentation of the Association's assets, liabilities, revenues and expenses.

Restriction on Use

This report is intended solely for the information and use of the board of directors and management of Montecito Retirement Association and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purposes. However, this report is a matter of public record and its distribution is not limited.

Bartlett, Pringle + Wolf, LLP

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	03/30/12	$1,076,946	$320,296		$1,397,242
2	09/13/13	$125,000	$0		$125,000
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
		TOTAL:	$320,296	$0	$1,522,242

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

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

PROVIDER: Montecito Retirement Association

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

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

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

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

PROVIDER: Montecito Retirement Association

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$1,522,242
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:**	$1,522,242

PROVIDER: Montecito Retirement Association

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$23,554,888
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$320,296	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$2,761,965	
	d.	Amortization	$22,332	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$277,767	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$3,382,360
4		Net Operating Expenses		$20,172,528
5		Divide Line 4 by 365 and enter the result.		$55,267
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$4,145,040

PROVIDER: Montecito Retirement Association
COMMUNITY: Casa Dorinda

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Montecito Retirement Association
Fiscal Year Ended: 31-Dec-14

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

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 12/31/2014 are as follows:

		Amount
[1]	Debt Service Reserve Amount	$1,522,242
[2]	Operating Expense Reserve Amount	$4,145,040
[3]	**Total Liquid Reserve Amount:**	$5,667,282

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			$472,831
[5]	Investment Securities			$2,075,548
[6]	Equity Securities			$17,014,206
[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]	$0	[12]	$19,562,585
	Reserve Obligation Amount: [13]	$1,522,242	[14]	$4,145,040
	Surplus/(Deficiency): [15]	-$1,522,242	[16]	$15,417,545

Signature:

Robin Arew
(Authorized Representative)

Date: 4/29/15

CFO
(Title)

Montecito Retirement Association
Continuing Care Reserve Report
December 31, 2014

Form 5-1, Column C

Interest paid - Form 5-1 column c, line 1	$	320,296
Change in accrued interest payable		(3,078)
Capitalized Interest		(55,835)
Interest expense per audited financial statements	$	261,383

Montecito Retirement Association
Continuing Care Reserve Report
December 31, 2014

Form 5-5, Description and Amount of Reserves Maintained

Liquid Reserve Assets:		
Cash and cash equivalents	$	472,831
Certificates of deposit		289,534
U.S. Government securities		27,539
Alternative Investments		1,758,475
Equities		17,014,206
Total liquid reserves	$	19,562,585

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)	$3,521-7,950	$3,521-7,950	$3,521-7,950
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	2.75%	2.75%	2.75%

☐ 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: 2/1/14
(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: Montecito Retirement Association
COMMUNITY: Casa Dorinda

The Board of Directors made a decision to increase monthly fees 2.75% in order to keep the Organization from experiencing an operating loss and to maintain reserves.

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 04/29/15

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STATEWIDE PROGRAM OFFICE
CONTINUING CARE LICENSING

FACILITY NAME: CASA DORINDA

ADDRESS: 300 HOT SPRINGS ROAD, MONTECITO, CA ZIP CODE: 93108 PHONE: 805-969-8011

PROVIDER NAME: MONTECITO RETIREMENT ASSOCIATION FACILITY OPERATOR: N/A

RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: N/A

YEAR OPENED: 1975 # OF ACRES: 48 ☐ SINGLE STORY ☐ MULTI-STORY ☑ OTHER: BOTH MILES TO SHOPPING CTR: 1.5 MILES TO HOSPITAL: 8

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:	13	ASSISTED LIVING:	26 BEDS
APARTMENTS – 1 BDRM:	112	SKILLED NURSING:	52 BEDS
APARTMENTS – 2 BDRM:	76	SPECIAL CARE:	N/A
COTTAGES/HOUSES:	14	DESCRIPTION:	N/A
RLU OCCUPANCY (%) AT YEAR END:	99.5%		

* *

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: PRORATED TO 0%

RANGE OF ENTRANCE FEES: $178,200 - $1,100,000 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ■ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: SNF SERVICES, ASSISTED LIVING & CLINICAL SERVICES, ITEMS COVERED & PAID FIRST BY MEDICARE (PHYSICIAN ACUTE CARE SERVICES, ETC.)

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: N/A OTHER: N/A

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > THE RESIDENT REPRESENTATIVE ON THE BOARD IS ELECTED AND VOTED ONTO THE BOARD > OF DIRECTORS ANNUALLY BY THE RESIENTS. THE RESIDENT BOARD MEMBER PARTICIPATES THE SAME AS ALL CURRENT BOARD OF DIRECTORS, WHO HAVE CHOICES AS TO THE COMMITTEE IN WHICH THEY PARTICIPATE.

* *

FACILITY SERVICES AND AMENITIES

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

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

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

PROVIDER NAME: MONTECITO RETIREMENT ASSOCIATION

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
CASA DORINDA	MONTECITO, CA	805-969-8011

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: MONTECITO RETIREMENT ASSOCIATION

	2011	2012	2013	2014
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	$15,433,489	$16,364,197	$17,673,057	$18,955,216
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	-$17,767,541	-$18,735,420	-$19,568,606	-$20,509,208
NET INCOME FROM OPERATIONS	-$2,334,052	-$2,371,223	-$1,895,549	-$1,553,992
LESS INTEREST EXPENSE	-$576,535	-$433,741	-$353,574	-$261,383
PLUS CONTRIBUTIONS	$100	$0	$1,000	$1,500
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$434,160	-$188,672	$901,350	$1,477,171
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	-$2,476,328	-$2,993,636	-$1,346,773	-$336,704
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$5,657,904	$8,664,808	$6,996,632	$6,673,994

* *

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
UNION BANK THROUGH COUNTY OF SANTA BARBARA - CONDUIT ISSUER	$8,764,626	3.425	3/22/12	01/01/22	20 YEARS

* *

FINANCIAL RATIOS (see next page for ratio formulas)

	2013 CCAC Medians 50th Percentile *(optional)*	2012	2013	2014
DEBT TO ASSET RATIO		.190	.152	.135
OPERATING RATIO		1.17	1.13	1.11
DEBT SERVICE COVERAGE RATIO		3.15	3.65	3.50
DAYS CASH ON HAND RATIO		361	397	391

* *

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2011	%	2012	%	2013	%	2014
STUDIO	$3,215	3	$3,311	3.5	$3,427	2.75	$3,521
ONE BEDROOM	$3,811	3	$3,943	3.5	$4,052	2.75	$4,170
TWO BEDROOM	$7,187	3	$7,406	3.5	$7,664	2.75	$7,771
COTTAGE/HOUSE							
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

* *

COMMENTS FROM PROVIDER: > WHEN A RESIDENT MOVES TO A HIGHER LEVEL OF CARE, ASSISTED LIVING OR
> SKILLED CARE, THE RESIDENT CONTINUES TO PAY THE RATE WHICH THEY WERE PAYING WHILE IN THEIR UNIT, BUT NO
> MORE THAN THE ONE BEDROOM STANDARD RATE.

PROVIDER NAME: MONTECITO RETIREMENT ASSOCIATION

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.

Date Prepared: 4/29/2015

KEY INDICATORS REPORT
Casa Dorinda

Chief Executive Officer Signature

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FOR ADULT AND SENIOR CARE LICENSING

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

						Projected	Forecast				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Preferred Trend Indicator
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	88.5%	84.8%	90.8%	96.2%	96.0%	95.0%	96.0%	96.0%	96.0%	96.0%	↑
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	-19.8%	-18.4%	-17.6%	-13.0%	-12.4%	-13.6%	-13.5%	-13.0%	-12.6%	-12.3%	↑
3. Net Operating Margin - Adjusted (%)	16.1%	14.0%	26.0%	24.4%	27.2%	16.3%	21.8%	21.8%	20.3%	20.1%	↑
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments ($000)	$14,337	$14,156	$18,936	$22,171	$23,178	$21,654	$23,157	$24,751	$26,060	$27,470	↑
5. Days Cash on Hand (Unrestricted)	283.4	281.7	360.6	406.2	407.3	366.9	382.8	399.0	409.7	421.3	↑
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees ($000)	$15,040	$15,687	$16,633	$18,809	$21,384	$22,026	$22,687	$23,267	$24,068	$24,790	N/A
7. Net Annual E/F proceeds ($000)	$6,365	$5,658	$9,385	$8,565	$9,925	$6,690	$8,685	$8,835	$8,455	$8,549	N/A
8. Unrestricted Net Assets ($000)	$1,178	$394	$1,824	$5,579	$6,970	$8,734	$9,657	$10,825	$12,225	$13,783	N/A
9. Annual Capital Asset Expenditure ($000)	$1,583	$1,472	$3,226	$5,676	$4,053	$6,272	$3,964	$4,070	$4,179	$4,290	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	-2.27	-1.36	-1.70	-1.25	-0.08	-1.30	-2.24	-2.16	-2.14	-2.32	↑
11. Annual Debt Service Coverage (x)	2.31	2.70	4.43	9.50	11.02	6.17	7.46	7.71	7.57	8.44	↑
12. Annual Debt Service/Revenue (%)	7.02%	6.62%	7.05%	3.29%	3.43%	3.47%	3.48%	3.37%	3.18%	2.82%	↓
13. Average Annual Effective Interest Rate (%)	4.10%	3.97%	3.77%	3.22%	2.67%	3.53%	3.61%	3.72%	3.91%	3.94%	↑
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	103.4%	108.7%	181.2%	226.9%	270.8%	324.6%	430.8%	608.8%	935.4%	1878.9%	↑
15. Average Age of Facility (years)	11.11	11.77	11.79	12.24	12.50	13.34	13.43	13.63	13.85	14.09	↑