

**FORM 1-1  
RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	<u>104</u>
[2]	Number at end of fiscal year	<u>102</u>
[3]	Total Lines 1 and 2.	<u>206</u>
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	<div style="border: 1px solid black; padding: 2px; display: inline-block;">103</div>
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	<u>235</u>
[7]	Number at end of fiscal year	<u>341</u>
[8]	Total Lines 6 and 7.	<u>576</u>
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	<div style="border: 1px solid black; padding: 2px; display: inline-block;">288</div>
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	<div style="border: 1px solid black; padding: 2px; display: inline-block;">.36</div>

**FORM 1-2  
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service – interest only)	<u>7,397,884</u>
[a] Depreciation	<u>643,487</u>
[b] Debt Service (Interest Only)	<u>610,544</u>
[2] Subtotal (add Line 1a and 1b)	<u>1,254,031</u>
[3] Subtract Line 2 from Line 1 and enter result.	<u>6,143,853</u>
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	<u>.36</u>
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	<u>2,211,787</u>
[6] Total Amount Due (multiply Line 5 by .001)	x .001 <u>2211.79</u>

PROVIDER: Sierra View Homes  
 COMMUNITY: Sierra View Homes

RECEIVED  
JUN 16 2015

CONTINUING CARE  
CONTRACTS BRANCH

# Sierra View Homes

(A Not-For-Profit Corporation)

## Financial Statements

December 31, 2014

# Sierra View Homes

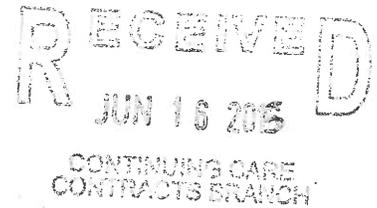
## Table of Contents to the Financial Statements

December 31, 2014

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**Jeffrey L. Carter**  
Certified Public Accountant  
1355 11th Street  
Reedley, California 93654  
Telephone (559) 637-1675



**Independent Auditor's Report**

To the Board of Directors, Sierra View Homes  
Reedley, California

**Report on the Financial Statements**

I have audited the accompanying financial statements of Sierra View Homes, which comprise the balance sheet as of December 31, 2014, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

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

A handwritten signature in black ink, appearing to read "Jeffrey L. Carter".

January 28, 2015

**Sierra View Homes**  
**Balance Sheet**  
December 31, 2014

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**LIABILITIES and NET ASSETS**

**Current liabilities:**

Accounts payable	\$159,398
Wages and related benefits payable	378,719
Interest payable	196,234
Current portion of long-term debt	317,066
<b>Total current liabilities</b>	<b>1,051,417</b>

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**Long-term liabilities:**

Other accrued liabilities	7,175
Deferred revenue from advance care fees	141,225
Long-term debt:	
Certificate debt (net of discount of \$58,197 and current portion of \$275,000)	12,086,803
California Health Facilities Financing Authority (net of \$42,066 current portion)	458,011
<b>Total long-term liabilities</b>	<b>12,693,214</b>

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<b>Total liabilities</b>	<b>13,744,631</b>
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<b>Net assets: Unrestricted</b>	<b>6,271,857</b>
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<b>Total liabilities and net assets</b>	<b>\$20,016,488</b>
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*The accompanying notes are an integral part of these financial statements.*

**Sierra View Homes**

**Statement of Activities and Changes in Net Assets**

For the Year Ended December 31, 2014

**Unrestricted revenue:**

Skilled nursing services (self-pay \$1,411,458; third-party payors \$2,911,077)	\$4,322,535
Less provision for doubtful collection of accounts receivable	(61,246)
Net skilled nursing services after provision for doubtful collections	4,261,289
Residential care services and housing revenue	3,116,845
Other operating revenue	124,422
Investment income (including realized and unrealized losses of \$111)	30,967
Charitable contributions	75,811
<b>Total unrestricted revenue</b>	<b>7,609,334</b>

**Unrestricted expenses:**

Nursing services	3,364,572
Dietary services	838,151
Administration	605,088
Operation and maintenance	569,139
Housekeeping, laundry, and linen	325,960
Activities and social services	201,968
Education	54,619
Depreciation (\$643,487) and amortization	683,920
Interest	610,544
Insurance and property taxes	143,923
<b>Total unrestricted expenses</b>	<b>7,397,884</b>

**Increase in net assets** **211,450**

**Beginning net assets** **6,060,407**

**Ending net assets** **\$6,271,857**

*The accompanying notes are an integral part of these financial statements.*

**Sierra View Homes**  
**Statement of Cash Flows**  
For the Year Ended December 31, 2014

<b>Cash flows from operating activities:</b>	
Cash received from patients and residents	\$6,951,854
Cash paid to suppliers and employees	(5,987,251)
Cash received from other operating revenue	124,422
Investment income received	31,078
Interest paid	(610,174)
Charitable contributions received in cash	75,811
<b>Net cash provided by operating activities (see reconciliation below)</b>	<b>585,740</b>
<b>Cash flows from investing activities:</b>	
Property and equipment purchases	(726,016)
Purchase and maturity of investments and of restricted assets	(113,048)
<b>Net cash used in investing activities</b>	<b>(839,064)</b>
<b>Cash flows from financing activities: Principal payments of long-term debt</b>	<b>(314,250)</b>
<b>Net decrease in cash</b>	<b>(567,574)</b>
<b>Cash at beginning of year</b>	<b>1,421,449</b>
<b>Cash at end of year</b>	<b>\$853,875</b>
<b>Reconciliation of increase in net assets to cash flows from operating activities:</b>	
Increase in net assets	\$211,450
Adjustments to reconcile increase in net assets to cash flows from operating activities:	
Depreciation and amortization	683,920
Net realized and unrealized loss from investments	111
Other changes in assets and liabilities that affect operating activities:	
Accounts receivable	(469,216)
Prepaid expenses	(41,503)
Accounts payable	12,416
Wages and related benefits payable	147,791
Interest payable and other accrued expenses and liabilities	40,771
<b>Net cash provided by operating activities</b>	<b>\$585,740</b>

*The accompanying notes are an integral part of these financial statements.*

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies used in preparing the financial statements follows:

***Organization***

Sierra View Homes (the Corporation) is a not-for-profit California corporation. The Corporation owns and operates a skilled nursing facility with 59 beds, a retirement facility with 115 apartments, and a residential care (assisted living) facility with 78 licensed beds, all located in Reedley, California.

***Continuing care retirement community (CCRC)***

The Corporation is licensed as a CCRC for its apartments. It is contractually obligated to provide care in assisted living and skilled nursing to those current independent living residents who join the CCRC and pay an advance care fee. The advance care fee is treated as a liability (deferred revenue) at the time received. The advance care fee entitles a resident to receive services in the future, should the resident need them, in the assisted living or skilled nursing facilities. Upon entry into one of those facilities, the care fee is applied as a payment against the service fees and recognized as revenue at that time. The resident pays the regular service fees while under care. For those who leave the facility without using the assisted living or skilled nursing facilities, the advance care fee is recognized as revenue at the time when they leave.

***Use of estimates***

Preparing financial statements requires management to make estimates and assumptions. These estimates and assumptions affect reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from the estimates and assumptions used in preparing these financial statements.

***Statement of cash flows***

The Corporation includes cash on hand, cash in financial institutions, and certificates of deposit with financial institutions that mature within three months as cash.

***Revenue and receivables***

Patient service revenue is recorded in the period that services are provided. Payments for services rendered under Medicare and Medi-Cal programs are covered by cost-based or contractual arrangements. Rent from apartment units is recorded in the month the rent is due. An allowance for doubtful collections is recorded when management believes certain receivables may not be fully collectible. Generally, this is done with specific known troubled accounts.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and equipment***

Property and equipment are stated at cost, including capitalized interest. Additions, improvements, and major renewals are capitalized. Maintenance and repairs are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. These lives range from five to forty years.

***Debt issue costs***

The Corporation paid costs associated with incurring debt in 2009 and 2010. These costs are being amortized over the debts' 15 and 30 year terms.

***Net assets***

The Corporation reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit use of the donation. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as assets released from restrictions.

***Income taxes***

The Corporation is exempt from Federal and State income taxes by authority of Internal Revenue Code Section 501(c)(3). It files Form 990 and related state tax returns with the taxing authorities. The statute of limitations for these tax returns have expired for years ended December 31, 2010 and prior. Years ending after that date are still open to examination by the taxing authorities.

***Investments and investment income***

Investment income in the statement of activities includes interest, dividends, and gains and losses from investments. Investments are, initially, recorded at cost. They are adjusted to market value if the difference between market value and cost is significant. Unrealized gains and losses resulting from this adjustment are included in investment income. Realized gains and losses (which arise when the investments are sold and are measured using original cost) are also included in investment income.

**INVESTMENTS**

***Marketable short-term investments***

Bank certificate of deposit	\$100,812
Equity stocks of utility	10,998
The Mennonite Foundation investments:	
Bond fund	214,686
Stock, mutual, and other funds	519,775
<u>Total</u>	<u>\$846,271</u>

**Sierra View Homes**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**INVESTMENTS (continued)**

The cost and market value of marketable short-term investments are about the same except for The Mennonite Foundation.

Accounting standards establish disclosures about fair value measurements. The standards apply to recurring and nonrecurring financial and nonfinancial assets and liabilities that require or permit fair value measurements. Among the required disclosures is the fair value hierarchy of inputs a company uses to value an asset or a liability. The Corporation has only one input, termed Level 1 - quoted prices in active markets for identical assets and liabilities. The Mennonite Foundation investments are reflected at quoted prices in active markets on national stock exchanges (Level 1 input). The market value of these investments is \$48,202 more than original cost.

***Investments in captive insurance companies***

The Corporation invested in two captive insurance companies. These companies provide workers compensation and general liability insurance. The Corporation, along with other similar facilities, formed these insurance companies in an effort to control insurance costs. These investments were recorded at cost, reduced by subsequent capital contributions returned by the companies.

**RESTRICTED ASSETS, CERTIFICATE DEBT TRUST AGREEMENT**

The 2010 certificate debt agreement requires the Corporation to maintain reserve deposit accounts with The Bank of New York Mellon Trust Company. One reserve account is used to pay annual interest and principal on the debt. The other reserve account (\$866,616) is held until close to maturity of the certificate debt (2040).

**LONG-TERM DEBT**

Long-term debt consists of the following:

<i>Certificates of Participation Series 2010 (certificate debt)</i> , due September 2040; secured by real and other property; principal payable in one annual installment; interest payable in semi-annual installments at an effective rate of 5.05% per year; subject to numerous covenants, restrictions, and reporting requirements	\$12,361,803
<i>California Health Facilities Financing Authority</i> due August 2024; note payable in monthly principal and interest installments of \$5,007 at an interest rate of 3.0% per annum; secured by real property	500,077
Subtotal	12,861,880
Less current portion	(317,066)
Total long-term debt	\$12,544,814

**Sierra View Homes**  
**Notes to the Financial Statements**  
**December 31, 2014**

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**LONG-TERM DEBT (continued)**

Principal payments of long-term debt for the next five years by year and (amount) are as follows: 2015 (\$317,066); 2016 (\$326,983); 2017 (\$338,412); 2018 (\$349,884); 2019 (\$361,402).

**LETTER OF CREDIT**

The Corporation has a letter of credit with a bank in the amount of \$99,500. No amount was outstanding at December 31, 2014.

**RETIREMENT PLAN**

The Corporation has a retirement plan for its employees known as a 403(b) plan (the Internal Revenue Code section designation). The plan applies to eligible employees. The Corporation can contribute up to a maximum of 3% of an eligible employee's wages for the year. Retirement plan expense for the year was \$44,099.

**CONCENTRATIONS**

Financial instruments that may subject the Corporation to concentrations of credit risk consist principally of temporary cash investments and accounts receivable.

The Corporation maintains significant cash deposits at December 31, 2014, with the following financial institutions:

Bank of America	\$315,317
Rabobank	302,972
Nationwide Life and Annuity	259,334

Accounts receivable are for services provided to patients and residents in Reedley, California. The receivables are due from Medicare, Medi-Cal, and private patients and are, generally, unsecured.

Approximately 38% of the Corporation's total unrestricted revenue comes from Medicare and Med-Cal programs operated by Federal and California government agencies.

**SUBSEQUENT EVENTS**

The Corporation evaluated subsequent events through the date the financial statements were available to be issued, which was January 28, 2015. There were no subsequent events that required recognition or disclosure in these financial statements.

SIERRA VIEW HOMES  
 12-31-14  
 Calculation of Net Income Available for Debt Service

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**BACKGROUND**

The Regulatory Agreement (Section VII, page 17) requires that SVH compute the Net Income Available for Debt Service. The definition for this is contained in Section I (page 8). In effect, you look in the future and determine the maximum principal and interest payments on debt as of the current fiscal year. I have put the year next to CERTIFICATE DEBT showing that year.

**CALCULATION**                      Net Income for 12 Months Ended       $\longrightarrow$       12-31-14

Net Income in accordance with generally accepted accounting principles		211,450
Add the following:		
Interest expense		610,544
Amortization and depreciation		683,920
Other non-cash charges		
Exclude the following:		
Gains/losses from investments or capital assets not in the ordinary course of business [IN THE ORDINARY COARSE, SO N/A]		
Gains/losses from early extinguishment of debt		
Gifts/grants/bequests/donations/contributions that are restricted to use and not available for debt service	N/A this year	
Insurance proceeds (other than business interruption proceeds) and condemnation awards		
Net Income Available for Debt Service		\$1,505,914
<b>MAXIMUM AGGREGATE DEBT SERVICE FOR 2011 (includes principal &amp; interest (L-26.2))</b>		
Certificate debt (2023 year is maximum; see L-26.2)	866,555	
CHFFA LOAN (L-23 - \$5,006.72 times 12)	60,081	
TOTAL DEBT SERVICE FOR 2010	926,636	
TIMES FACTOR	1.25	1,158,295

EXCESS OR (DEFICIT)

347,619 (NOTE A)

NOTE A - Test met; no further work deemed necessary.

**Jeffrey L. Carter**  
Certified Public Accountant  
1355 11<sup>th</sup> Street  
Reedley, California 93654  
Telephone (559) 637-1675

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## **Independent Auditor's Report**

To the Board of Directors, Sierra View Homes  
Reedley, California

### **Report on the Continuing Care Reserve Report**

I have audited the accompanying continuing care reserve report (Report) of Sierra View Homes, which comprises the continuing care liquid reserve schedules (Forms 5-1 through 5-5 and related supporting schedules) as of and for the year ended December 31, 2014.

### **Management's Responsibility for the Report**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on the Report based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

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

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

To the Board of Directors, Sierra View Homes  
Reedley, California  
Page 2

**Opinion**

In my opinion, the Report referred to above presents fairly, in all material respects, the liquid reserve requirements of Sierra View Homes as of and for the year ended December 31, 2014, in conformity with the report preparation provisions of California Health and Safety Code 1792.

**Basis of Accounting**

I draw attention to the basis of accounting used to prepare the Report. The Report is prepared on the basis of the liquid reserve requirements of California Health and Safety Code 1792 and also in accordance with the *Annual Report Instructions (January 1, 2007)* issued by the State of California Department of Social Services. This is a basis of accounting other than accounting principles generally accepted in the United States of America, and it is used to meet the requirements of California Health and Safety Code Section 1792. My opinion is not modified with respect to this matter.

**Restriction on Use**

My report is intended solely for the information and use of the board of directors and management of Sierra View Homes and the California Department of Social Services. It is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'Randy H.', is written over the signature line.

January 29, 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	09/30/10	\$270,000	\$594,343	\$0	\$864,343
2	06/01/09	\$44,250	\$15,831	\$0	\$60,081
3					\$0
4		314,250			\$0
5					\$0
6					\$0
7					\$0
8					\$0
		<b>TOTAL:</b>	\$610,174	\$0	\$924,424

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

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

**PROVIDER:** SIERRA VIEW HOMES (December 31, 2014)

SIERRA VIEW HOMES

December 31, 2014 Annual Report for the California Department of Social Services  
Support Schedule for Form 5-1, Interest Paid (two-way reconciliation)

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Interest expense on the Statement of Activities and Changes in Net Assets from  
the audited financial statement (accrual basis) \$610,544

*Adjustments to convert from accrual expense to total paid amount:*

Add accrued interest payable at the beginning of the year 198,124  
Deduct accrued interest payable at the end of the year (196,234)  
Deduct OID amortization (2,260)

Total interest paid on Form 5-1 (see NOTE below) \$610,174

**NOTE:** This amount agrees to the audited financial statement, statement of cash flows, *cash flows from operating activities* section of the cash flow statement.

**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	NO DEBT				\$0
2	INCURRED				\$0
3	DURING				\$0
4	THE				\$0
5	CURRENT				\$0
6	FISCAL				\$0
7	YEAR				\$0
8					\$0
<b>TOTAL:</b>		\$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:** SIERRA VIEW HOMES (December 31, 2014)

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

Line	TOTAL
1	\$924,424
2	\$0
3	\$0
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b> \$924,424

**PROVIDER:** SIERRA VIEW HOMES (December 31, 2014)

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

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$7,397,884
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$610,544
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	\$643,487
	d. Amortization	\$40,433
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$6,067,702
	f. Extraordinary expenses approved by the Department	
3	Total Deductions	\$7,362,166
4	Net Operating Expenses	\$35,718
5	Divide Line 4 by 365 and enter the result.	\$98
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$7,339

**PROVIDER:** SIERRA VIEW HOMES (December 31, 2014)  
**COMMUNITY:** SIERRA VIEW HOMES (December 31, 2014)

**SIERRA VIEW HOMES**

**December 31, 2014 Annual Report for the California Department of Social Services  
Support Schedule for Form 5-4, Line 2c, d, and e (two-way reconciliation)**

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**LINE 2c AND d (reconciliation to audited financial statement amount):**

Total depreciation expense on Form 5-4, line 2c	\$643,487
Total amortization expense on Form 5-4, line 2d	40,433
Equals total depreciation and amortization on audited financial statement	<b>\$683,920</b>

**LINE 2e:**

Revenues received for services to persons not having a continuing care contract (all captions are to the audited financial statements, statement of activities and changes in net assets unless otherwise noted):

Net skilled nursing services after provision for doubtful collections	\$4,261,289 ✓
Residential care services and housing services	3,116,845 ✓
Less amounts received from persons under a continuing care contract	<u>(1,434,854)</u>
Equals revenue from non-contract persons	5,943,280
Other operating revenue	124,422 ✓
<b>TOTAL NON-CONTRACT PERSONS (Form 5-4, Line 2c reduction)</b>	<b>\$6,067,702 ✓</b>

FORM 5-5  
ANNUAL RESERVE CERTIFICATION

Provider Name: SIERRA VIEW HOMES (December 31, 2014)  
 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 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$924,424
[2] Operating Expense Reserve Amount	\$7,339
[3] <b>Total Liquid Reserve Amount:</b>	<b>\$931,763</b>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$853,875
[5] Investment Securities		
[6] Equity Securities		\$846,271
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	\$1,236,221	(not applicable)
[10] Other:  (describe qualifying asset)		
<b>Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]</b>	<b>\$1,236,221 [12]</b>	<b>\$1,700,146</b>
<b>Reserve Obligation Amount: [13]</b>	<b>\$924,424 [14]</b>	<b>\$7,339</b>
<b>Surplus/(Deficiency): [15]</b>	<b>\$311,797 [16]</b>	<b>\$1,692,807</b>

Signature:

  
 \_\_\_\_\_  
 (Authorized Representative)

Date: Feb 17, 2015

EXECUTIVE DIRECTOR  
 \_\_\_\_\_  
 (Title)

**SIERRA VIEW HOMES**

**December 31, 2014 Annual Report for the California Department of Social Services  
Support Schedule for Form 5-5 (Health and Safety Code 1790(a)(2))**

**QUALIFYING ASSET DESCRIPTION DISCLOSURE:**

Form 5-5 line number	Amount	Comments and location on audited financial statement
[4]	\$853,875	These are bank accounts and the amount is listed on page 2 of the audited financial statements under current assets, cash
[6]	\$846,271	These are marketable short-term investments. This amount is listed on page 2 of the audited financial statements under current assets, and the detail of this amount is disclosed on page 7 of the audited financial statements.
[9]		This amount comprises two amounts located on the audited financial statements. It relates to the required reserves mandated by Sierra View Homes' certificate debt agreement. The amounts and location on the audited financial statements are as follows: <div style="margin-left: 40px;">                     \$369,605 Page 2 of the audited financial statements under current assets, restricted assets                      866,616 Page 2 of the audited financial statements under other assets, restricted assets                 </div>
	\$1,236,221	Total Debt Service Reserve Accounts Page 7 of the audited financial statements provides further detail on the nature of these debt reserve accounts (under the caption <b>RESTRICTED ASSETS, CERTIFICATE DEBT TRUST AGREEMENT</b> )

**DETAILS ON STATUS, DESCRIPTION, AND AMOUNT, ETC. DISCLOSURE (1790(a)(2))**

The details are listed above under *Qualifying Asset Description Disclosure*. The only reserve that Sierra View Homes maintains is for the certificate debt. That is indicated above and detailed above at line [9]. Sierra View Homes has no other reserve or restricted accounts other than listed above.

**PER CAPITA COSTS OF OPERATION DISCLOSURE (1790(a)(2)):**

Total operating expenses (From Form 5-4, line 1)	\$7,397,884
Divided by mean number of <i>all</i> residents (From line 10 of Form I-1)	227
Equals annual per capita costs of operation	\$32,590

30-Jun-15

  
 Chief Executive Officer

**KEY INDICATORS REPORT  
 SIERRA VIEW HOMES  
 YEAR END 2014 WITH ESTIMATES FOR 2015**

OPERATIONAL STATISTICS			PROJECTED
		2014	2015
1 Average Annual Occupancy by Site	SVH	97.40%	97%
	RLC	99.52%	99%
	See attachment for detail	RCF	96.61% 96%
2 Margin Profitability indicators		2014	18.96%
		2015	19%
See attached detail			
		2014	PROJECTED 2015
3 Liquidity Indicators	SVH	1.16	0.47
	RLC	73.25	73.96
	See attachment for detail	RCF	22.82 23.71
4 Unrestricted Cash & Investments		PROJECTED 2014	2015
		1623282	1625000
See attachment for detail			
5 Days Cash on Hand		PROJECTED 2014	2015
	SVH	86.66	82.64
See attached detail			
6) Deferred Revenue From Emtramce Fees		PROJECTED 2014	2015
	See attachment for detail	32668	42000
7) Net Annual Entrance Fees estimated for 2015			10000
8) Unrestricted Net Assets COMBINED		PROJECTED 2014	2015
	See attachment for detail	6271857	6161857
9) Annual Capital Asset Expenditure thru 2015		PROJECTED 2014	2015
	See attachment for detail	138000	210000
Solar Project in 2014	SVH	138000	210000
	RLC	464000	50000
	RCF	31000	40000
		633000	300000

10) Annual Debt Service COMBINED

		PROJECTED
See attachment for detail	2014	2015
	4.7	5.57

		PROJECTED
11) Annual Debt Service Coverage COMBINED	2014	2015
	1.84	1.98

See attachment for detail

		PROJECTED
12) Annual Debt Service to Revenue	2014	2015
	12.48%	12.01%

See attachment for detail

		PROJECTED
13) Average Annual Effective Interest Rate	2014	2015
	4.87%	4.98%

See attachment for detail

14) Unrestricted Cash & Investments to Long Term Debt

		PROJECTED
See attachment for detail	2014	2015
	22.70%	22.50%

		PROJECTED
15) Average Age of Facility Ratio	2014	2015
See attachment for detail	10.26 Yrs	11.2 Yrs

KEY INDICATORS REPORT DETAIL

SIERRA VIEW HOMES  
YEAR END 2014 WITH ESTIMATES FOR 2015

AVERAGE ANNUAL OCCUPANCY		RLC		RCF	
SVH	2015	2014	2015	2014	2015
2014	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
97.40%	97.00%	99.52%	99.00%	96.61%	96.00%

1) NET OPERATING MARGIN

Resident Revenue = Total Operating Revenue less Non Resident Revenues  
Resident Expense = Total Operating Expense less Non-Resident Expenses

Resident Revenue - Resident Expense (based on providers aggregated CCRC operations)

Resident Revenue		RLC		RCF		FACILITY	
SVH	2015	2014	2015	2014	2015	2014	2015
	PROJECTED						
Total Revenue	4,496,565.00	4,500,000.00	1,360,817.00	1,375,000.00	1,874,680.00	1,900,000.00	
-Non Resident Revenue	229,540.00	230,000.00	72,434.00	73,000.00	60,739.00	65,000.00	
<b>RESIDENT REVENUE</b>	<b>4,267,025.00</b>	<b>4,270,000.00</b>	<b>1,288,383.00</b>	<b>1,302,000.00</b>	<b>1,813,941.00</b>	<b>1,835,000.00</b>	<b>7,369,349.00</b>
Total Expense	4,739,490.00	4,800,000.00	1,094,767.00	1,100,000.00	1,686,354.00	1,700,000.00	
-Non Resident Expense	522,146.00	550,000.00	740,291.00	750,000.00	286,281.00	300,000.00	
<b>RESIDENT EXPENSE</b>	<b>4,217,344.00</b>	<b>4,250,000.00</b>	<b>354,476.00</b>	<b>350,000.00</b>	<b>1,400,073.00</b>	<b>1,400,000.00</b>	<b>5,971,893.00</b>

RESIDENT REVENUE - EXPENSE	20,000.00	952,000.00	435,000.00	1,397,456.00	1,407,000.00
NET OPERATING MARGIN	0.47%	73.12%	23.71%	18.96%	19.00%

3) CCRC NET PROCEEDS FROM ENTRANCE FEES  
 CARE FEE

	SVH	2015	RLC	2015	RCF	2015
	2014	PROJECTED	2014	PROJECTED	2014	PROJECTED
RESIDENT REVENUE	4,267,025.00	4,270,000.00	1,288,383.00	1,302,000.00	1,813,941.00	1,835,000.00
			36,668.00	42,000.00		
	4,267,025.00	4,270,000.00	1,325,051.00	1,344,000.00	1,813,941.00	1,835,000.00

RESIDENT EXPENSE	4,217,344.00	4,250,000.00	354,476.00	350,000.00	1,400,073.00	1,400,000.00
	4,217,344.00	4,250,000.00	354,476.00	350,000.00	1,400,073.00	1,400,000.00

RESIDENT REVENUE - EXPENSE	49,681.00	20,000.00	970,575.00	994,000.00	413,868.00	435,000.00
NET OPERATING MARGIN W/CCRC CARE FEE	0.47%	73.96%	23.71%			19.45%

4) UNRESTRICTED CASH AND INVESTMENTS	
SVH	
BOA	5,000.00
SVH (CASH CHECKING)	108,513.77
BOA CD	100,811.92
BOA SAV	209,505.37
RABOBANK SAV	37,052.89
NATIONWIDE	259,333.64
PETTY CASH	200.00
MENNONITE (STOCK)	10,998.00
MENN FOUNDATION	686,258.71
MENN FOUNDATION	48,202.14
RLC (CASH CHECKING)	66,973.76
RCF (CASH CHECKING)	90,431.52

TOTAL 1,623,281.72

5) DAYS CASH ON HAND

	SVH 2014	2015 PROJECTED	RLC 2014	2015 PROJECTED	RCF 2014	2015 PROJECTED
OPERATING EXPENSES	4,739,490.00	4,800,000.00	1,094,767.00	1,100,000.00	1,686,354.00	1,700,000.00
DEPR/AMORTIZ	207,069.00	208,000.00	349,336.00	350,000.00	127,515.00	128,000.00
	4,532,421.00	4,592,000.00	745,431.00	750,000.00	1,558,839.00	1,828,000.00
DIVIDED BY 365	12,417.59	12,580.82	2,042.28	2,054.79	4,270.79	5,008.22
		1,623,281.72			18,730.66	19,643.84

2014	86.66 DAYS
2015	82.64 DAYS

6)

	2014 BALANCE	PROJECTED 2015
NET	32,668.00	42,000.00

NET ANNUAL ENTRANCE FEES ESTIMATED 2015

7) 10,000.00

3) UNRESTRICTED NET ASSETS

COMBINED	2015
2014	PROJECTED
6,271,857.00	6,461,857.00

3) ANNUAL CAPITAL ASSET EXPENDITURE THRU 2015  
PROJECTED IN THOUSANDS

SVH	2015	RLC	2015	RCF	2015	2014
2014	PROJECTED	2014	PROJECTED	2014	PROJECTED	2014
138,000.00	210,000.00	464,000.00	50,000.00	31,000.00	40,000.00	633,000.00
						2015
						300,000.00

(solar)

10) ANNUAL DEBT SERVICE COVERAGE - REVENUE BASIS RATIO

Total Excess Revenues over Expenses (NET INCOME)  
 +Interest, Depreciation, and Amortization Exp  
 - Amortization of Deferred Revenue

Note: Include Entrance Fees. Do not include  
 "Other Revenue"

Annual Debt Service

	SVH	2015	RLC	2015	RCF	2015
	2014	PROJECTED	2014	PROJECTED	2014	PROJECTED
Net Income	-242,925.00	15,000.00	266,050.00	267,000.00	188,326.00	190,000.00
Interest, Depr Amort.	333,625.00	335,000.00	692,463.00	693,000.00	268,375.00	267,000.00
Amortiz. of Def Rev		0.00				
Annual Debt Service	90,700.00	350,000.00	958,513.00	960,000.00	456,701.00	457,000.00
	2014	320,596.00				
	2015	317,066.00				

1,505,914.00	2014	1,767,000.00
4.70		5.57

11) ANNUAL DEBT SERVICE COVERAGE

Total Excess Revenues over Expenses  
 +Interest, Depreciation, and Amortization Exp  
 - Amortization of Deferred Revenue

Note: Do not include Entrance Fees and "Other Revenue"

		Annual Debt Service (Sum of all principal & interest for the yr)				
	SVH	2015	RLC	2015	RCF	2015
	2014	PROJECTED	2014	PROJECTED	2014	PROJECTED
Net Income	-242,925.00	15,000.00	266,050.00	267,000.00	188,326.00	190,000.00
Interest, Depr Amort.	333,625.00	335,000.00	692,493.00	693,000.00	268,375.00	267,000.00
Amortiz. of Def Rev						
CCRC CARE FEE				-42,000.00		
	2014	320,596.00		922,000.00		457,000.00
	2015	317,066.00				1,699,596.00
<b>Annual Debt Service</b>		<b>924,426.00</b>				<b>924,426.00</b>
		864,342.00				
		60,084.00				

1.84
------

12)

ANNUAL DEBT SERVICE TO REVENUE

	Annual Debt Service	Total annual payment to BNY CHFFA LOAN									
924,426.00											
	Total Operating Revenues	Use YTD BAL									
		SVH	2015	RLC	2015	RCF	2015	PROJECTED	2014	PROJECTED	2014
		2014	PROJECTED	2014	PROJECTED	2014	PROJECTED	7,406,017.00	1,900,000.00	1,813,941.00	1,400,000.00
Operating Revenue	4,267,025.00	4,400,000.00	1,325,051.00	1,400,000.00	1,813,941.00	1,900,000.00	7,700,000.00				
(Net)											
		2014		2015		12.48%					
		2015		12.01%							

13) AVERAGE ANNUAL EFFECTIVE INTEREST RATE

	2014	2015									
12,086,803			2014	2015	2014	2015					
458,011			610,543	608,900	610,543	608,900					
12,544,814	12,227,748		12,544,814	12,227,748							
		SVH	2015	RLC	2015	RCF	2015	PROJECTED	2014	PROJECTED	2014
		2014	PROJECTED	2014	PROJECTED	2014	PROJECTED	140,500	140,860	140,500	140,860
Int Pd ytd	126,556	125,600	343,127	342,800	140,860	140,500	610,543	608,900			
		4.87%		4.98%							

14) UNRESTRICTED CASH AND INVESTMENTS TO LONG TERM DEBT Ratio

12086803	<u>Unrestricted (Current &amp; Non-Current) Cash &amp; Investments</u>	2,776,106	2,776,106
458011	Long Term Debt, Less Current Portion		12,227,748
-317066	3145711		
12227748	-369605		
	2776106		
			22.70%

15) AVERAGE AGE OF FACILITY Ratio

198618	<u>Accumulated Deprecion</u>	6602024	AVERAGE
326435	Annual Depreciation Expense	643487	AGE
118434			10.26
643487			years



Phone: (559) 638-9226  
 Fax: (559) 638-6957  
 1155 E. Springfield Ave  
 Reedley, CA 93654  
 www.sierraview.org

**RECEIVED**  
 JUN 16 2015

CONTINUING CARE  
 CONTRACTS BRANCH

June 30, 2015

Allison Nakatomi, Mgr.  
 CDCC-Continuing Care Contracts Branch  
 744 P Street, M.S. 8-3--90  
 Sacramento, CA 95814

The overall occupancy on 6-29-15 was:

	Capacity	Occupied	Vacant	% Occupies
Independent Apts.	115	115 (18 double occupied)	0	100%
Assisted Living	78	56 (20 are paying double Rm)	2	97.4%
Care Center	59	57	2	96.6%
Overall occupancy percentage:		For the last year	expected ongoing	
Apts.		98%	98%	
Assisted Living		96%	95% to 96%	
Care Center		96%	95% to 96%	

The CCRC consists of only the assisted living and the nursing care center. The apartments remain outside the CCRC as an LLC. The apartment tenants sign a CCRC agreement when renting an apartment and pay a \$3,000 care fee that will be utilized as they need assisted living or skilled care services. There are no entry fees.

Sincerely,

  
 Vito J. Genna  
 Executive Director

kf