FISCAL YEAR ENDED:
12 / 31 / 15

ANNUAL REPORT CHECKLIST

PROVIDER(S): Monte Vista Grove Homes

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CONTINUING CARE
CONTRACTS BRANCH

CCRC(S): Monte Vista Grove Homes

CONTACT PERSON: Kim Houser

TELEPHONE NO.: (626) 389-6436 **EMAIL:** khouser@mvgh.org

● ●

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

☑ Annual Report Checklist.

☑ Annual Provider Fee in the amount of: $ 3,228

- ☐ 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.

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

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

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	26
[2]	Number at end of fiscal year	29
[3]	Total Lines 1 and 2	55
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	27.5
	All Residents	
[6]	Number at beginning of fiscal year	49
[7]	Number at end of fiscal year	51
[8]	Total Lines 6 and 7	100
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	50
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).	0.55

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including debt service)		$6,856,901
	[a] Depreciation	$987,446	
	[b] Debt Service (Interest Only)		
[2]	Subtotal (add Line 1a and 1b)		$987,446
[3]	Subtract Line 2 from Line 1 and enter result.		$5,869,455
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		55%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$3,228,200
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$3,228

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

Monte Vista Grove
HOMES

2889 San Pasqual Street, Pasadena, California 91107

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

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June 1, 2016

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

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

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

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

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

Sincerely,

Deborah Herbert

Deborah Herbert
Executive Director

SURETY BOND

(Original sent to Regional Office)

Premium Amount $250.00

Applicant/Licensee Name: Monte Vista Grove Homes, Inc.

Address: 2889 San Pasqual Street Pasadena, CA 91107-5364

Bonding Company: Old Republic Surety Company

Address: 18300 Von Karman Ave, Ste 640 Irvine, CA 92612-1031 Telephone #: 949-797-9020

Local Agent Name: LEWIS & ASSOCIATES INSURANCE Telephone #: (559) 733-7272

The addresses shown above for licensee and bonding company will be used for service of notices, papers, and other documents.

BE IT KNOWN THAT:

Licensee, as Principal, and Bonding Company, as Surety, are held and firmly bound to the State of California, as beneficiary, in the amount of $ 3,000.00 (Three Thousand Dollars) for the payment of which the principal and surety bind themselves, their respective heirs, successors and assigns, jointly and severally.

WHEREAS Health and Safety Code sections 1560, 1568.021, and 1569.60 each require certain applicants for licenses to file with the State Department of Social Services a surety bond; and

WHEREAS the licensee has applied to operate an *(check all that apply)*:

- [x] Adult Residential, Adult Day Programs or Social Rehabilitation Facility, and the licensee handles client/resident funds in any amount; or
- [ ] Foster Family Home, Foster Family Agency, Group Home, Small Family Home, Residential Care Facility for Persons with Chronic, Life-Threatening Illness, or Residential Care Facility for the Elderly, and the licensee handles funds of $50 or more per client/resident or $500 or more for all clients/ residents in any month;

NOW, THEREFORE, the surety is liable on this bond in the event that the principal fails to handle faithfully and honestly the money of facility clients/residents.

The facility covered by this bond is:

Facility Name: Monte Vista Grove Homes, Inc.

Facility Address: 2889 San Pasqual Street

Facility License Number (if facility is currently licensed): 970000086

(If other facilities are covered by this bond, specify on a separate, attached page the name, address, facility license number, and bond amount for each facility.)

Every person injured as a result of any unfaithful or dishonest handling of client money may bring an action in a proper court on the bond for the amount of damage suffered thereby to the extent covered by the bond.

The aggregate liability of the Surety for all claims against this bond shall not exceed the amount of the bond, shown above.

This bond may be canceled by the Surety in accordance with Code of Civil Procedure section 996.030, and notice of cancellation must be sent in accordance with Code of Civil Procedure section 996.320. This bond is effective 08/16/2013, and remains in effect as long as the license is valid.

I certify under penalty of perjury under the laws of the State of California that the information provided on this page and on any attachments is true and correct.

BONDING COMPANY SIGNATURE:	BOND NUMBER:	DATE:
Phyllis M Johnson Asst Secretary	W150166526	07/31/2013

OLD REPUBLIC SURETY COMPANY CORPORATE SEAL 1981

OLD REPUBLIC
Surety Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That OLD REPUBLIC SURETY COMPANY, a Wisconsin stock insurance corporation, does make, constitute and appoint: Phyllis M. Johnson of Brookfield, WI

its true and lawful Attorney(s)-in-Fact, with full power and authority, not exceeding $10,000,000, for and on behalf of the company as surety, to execute and deliver and affix the seal of the company thereto (if a seal is required), bonds, undertakings, recognizances or other written obligations in the nature thereof, ***(other than bail bonds, bank depository bonds, mortgage deficiency bonds, mortgage guaranty bonds, guarantees of installment paper and note guaranty bonds, self-insurance workers compensation bonds guaranteeing payment of benefits, asbestos abatement contract bonds, waste management bonds, hazardous waste remediation bonds or black lung bonds),*** as follows: Effective Date: 8/16/2013 12:00:00 AM

Bond Number: W150166526 Bond Amount: Three Thousand Dollars $3,000.00

Principal Name: Monte Vista Grove Homes, Inc.

Obligee Name: CA Dept Public Health of Sacramento, CA

and to bind OLD REPUBLIC SURETY COMPANY thereby, and all of the acts of said Attorneys-in-Fact, pursuant to these presents, are ratified and confirmed. This appointment is made under and by authority of the board of directors at a special meeting held on February 18, 1982.

This Power of Attorney is signed and sealed by facsimile under and by the authority of the following resolutions adopted by the board of directors of the OLD REPUBLIC SURETY COMPANY on February 18,1982.

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

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

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

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

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

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

IN WITNESS WHEREOF, OLD REPUBLIC SURETY COMPANY has caused these presents to be signed by its proper officer, and its corporate seal to be affixed this 31st day of July, 2013

OLD REPUBLIC SURETY COMPANY

OLD REPUBLIC SURETY COMPANY CORPORATE SEAL 1981

Phyllis M. Johnson
Assistant Secretary

Alan Pavlic

STATE OF WISCONSIN, COUNTY OF WAUKESHA - SS

On this 31st day of July, 2013, personally came before me, Alan Pavlic and Phyllis M. Johnson, to me known to be the individuals and officers of the OLD REPUBLIC SURETY COMPANY who executed the above instrument, and they each acknowledged the execution of the same, and being by me duly sworn, did severally depose and say: that they are the said officers of the corporation aforesaid, and that the seal affixed to the above instrument is the seal of the corporation, and that said corporate seal and their signatures as such officers were duly affixed and subscribed to the said instrument by the authority of the board of directors of said corporation.

KATHRYN R. PEARSON NOTARY PUBLIC STATE OF WISCONSIN

Kathryn R. Pearson
Notary Public

My Commission Expires: 09/28/2014

CERTIFICATE

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

0744680

OLD REPUBLIC SURETY COMPANY CORPORATE SEAL 1981

Signed and sealed at the City of Brookfield, WI this 31st day of July, 2013.

Phyllis M. Johnson
Assistant Secretary

ORSC 22262 (3-06)

LEWIS & ASSOCIATES INSURANCE

www.orsurety.com

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

NEW BUSINESS – Principal's Copy
Execution Report

PRINCIPAL

Monte Vista Grove Homes, Inc.
2889 San Pasqual Street

Pasadena, CA 91107-5364

OBLIGEE

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

BOND NUMBER: W150166526

BOND AMOUNT: 3,000.00

BOND DESCRIPTION:
Residential Care Facility

EFFECTIVE DATE: 08/16/2013

EXPIRATION DATE: 08/16/2016

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

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

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

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

REMARKS
None

THANK YOU FOR YOUR BUSINESS.

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Consolidated Financial Statements

MONTE VISTA GROVE HOMES AND SUBSIDIARY

For the Year Ended December 31, 2015

CONTENTS

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

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Monte Vista Grove Homes (a nonprofit California corporation) and Subsidiary (the Organization) which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 12 to the consolidated financial statements, during 2015 management discovered that certain endowment funds administered by the Presbyterian Foundation of which the Organization is beneficiary of (Memorial Funds) were incorrectly reported as assets of the Organization, resulting in an overstatement of total assets and net assets as of December 31, 2014. Accordingly, the 2014 consolidated financial statements have been restated. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information
We have previously audited the Organization's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 8, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Martin Werbelow LLP

May 9, 2016

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015
With Comparative Totals For 2014

ASSETS

	2015	(Restated) 2014
Current Assets		
Cash and cash equivalents	$ 2,082,207	$ 1,170,189
Accounts receivable, net	962,708	836,173
Unconditional promises to give	102,900	32,814
Inventories	48,812	56,688
Prepaid expenses and other assets	221,119	156,825
Total Current Assets	3,417,746	2,252,689
Property and Equipment, Net	6,032,705	6,284,835
Other Assets		
Cash restricted for long-term purposes	322,429	-
Investments	10,764,060	11,139,172
Long-term unconditional promises to give	198,081	-
Split-interest agreements	43,370	45,773
Master development plan	213,097	213,097
Other assets	666	681
Total Other Assets	11,541,703	11,398,723
Total Assets	$ 20,992,154	$ 19,936,247

LIABILITIES AND NET ASSETS

	2015	(Restated) 2014
Current Liabilities		
Accounts payable and accrued expenses	$ 250,912	$ 100,816
Accrued payroll and employee benefits	327,248	333,035
Total Current Liabilities	578,160	433,851
Other Liabilities		
Liability for refundable entrance fees	494,496	494,496
Deferred revenue from entrance fees	400,865	288,758
Deposits and other liabilities	273,060	278,820
Total Other Liabilities	1,168,421	1,062,074
Total Liabilities	1,746,581	1,495,925
Net Assets		
Unrestricted net assets	16,604,325	16,349,760
Temporarily restricted net assets	953,586	269,987
Permanently restricted net assets	1,687,662	1,820,575
Total Net Assets	19,245,573	18,440,322
Total Liabilities and Net Assets	$ 20,992,154	$ 19,936,247

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
With Comparative Totals For 2014

	2015				(Restated) 2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Public Support, Revenue, and Gains from Operations					
Public support:					
Contributions - residents	$ 554,268	$ 332,066	$ 1,040	$ 887,374	$ 978,132
Contributions - other	639,141	533,582	10,430	1,183,153	466,339
Income from Memorial Funds	12,807	-	-	12,807	10,337
Total Public Support	1,206,216	865,648	11,470	2,083,334	1,454,808
Revenue:					
Skilled nursing	2,770,522	-	-	2,770,522	2,667,077
Skilled nursing - ancillary services	684,427	-	-	684,427	686,439
Assisted living	480,347	-	-	480,347	467,745
Independent living	857,480	-	-	857,480	777,269
Dietary	1,091,794	-	-	1,091,794	1,049,068
Amortization of entrance fees	52,993	-	-	52,993	18,897
Other revenue	171,625	-	-	171,625	162,493
Realized gains (losses) on investments	143,060	-	(10,112)	132,948	104,885
Investment income, net	184,150	79,562	-	263,712	249,186
Total Revenue	6,436,398	79,562	(10,112)	6,505,848	6,183,059
Net Assets Released from Restrictions	260,674	(260,674)	-	-	-
Total Public Support, Revenue, and Gains from Operations	7,903,288	684,536	1,358	8,589,182	7,637,867
Operating Expenses					
Program services:					
Skilled nursing	3,032,738	-	-	3,032,738	2,886,416
Assisted living	360,816	-	-	360,816	344,145
Independent living	1,656,862	-	-	1,656,862	1,630,787
Dietary	1,295,935	-	-	1,295,935	1,251,849
Total Program Services	6,346,351	-	-	6,346,351	6,113,197
Supporting services:					
Management and general	1,029,945	-	-	1,029,945	916,040
Fundraising	375,563	-	-	375,563	245,115
Total Supporting Services	1,405,508	-	-	1,405,508	1,161,155
Total Operating Expenses	7,751,859	-	-	7,751,859	7,274,352
Income from Operations	151,429	684,536	1,358	837,323	363,515

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)
With Comparative Totals For 2014

	2015				(Restated) 2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Nonoperating Gains (Losses)					
Change in value of split-interest agreements	$ -	$ (756)	$ (1,647)	$ (2,403)	$ 5,592
Gain (loss) on disposal of property and equipment	771,646	-	-	771,646	(8,778)
Unrealized gains (losses) on investments	(668,510)	(166)	(132,624)	(801,300)	569,837
Other nonoperating gains (losses)	-	(15)	-	(15)	41
Total Nonoperating Gains (Losses)	103,136	(937)	(134,271)	(32,072)	566,692
Change in Net Assets	254,565	683,599	(132,913)	805,251	930,207
Net Assets, Beginning	16,349,760	269,987	1,820,575	18,440,322	17,510,115
Net Assets, Ending	$ 16,604,325	$ 953,586	$ 1,687,662	$ 19,245,573	$ 18,440,322

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
With Comparative Totals For 2014

	Program Services					Supporting Services				(Restated)
	Skilled Nursing	Assisted Living	Independent Living	Dietary	Total	Management and General	Fundraising	Total	Total 2015	Total 2014
Salaries and employee benefits	$ 1,828,421	$ 199,915	$ 481,701	$ 780,448	$ 3,290,485	$ 700,176	$ 177,213	$ 877,389	$ 4,167,874	$ 3,914,398
Professional fees and purchased services	447,139	25,977	97,590	44,039	614,745	171,444	106,846	278,290	893,035	724,281
Food	-	-	-	333,385	333,385	-	-	-	333,385	317,471
Housekeeping	147,947	45,926	112,133	7,166	313,172	5,368	-	5,368	318,540	298,668
Supplies and equipment rental	161,761	6,021	14,128	55,009	236,919	32,677	3,286	35,963	272,882	269,997
Assessment and insurance	106,618	15,204	81,905	7,115	210,842	32,377	6,877	39,254	250,096	252,658
Utilities	68,466	28,745	75,222	45,215	217,648	16,122	-	16,122	233,770	238,985
Residential financial aid	73,050	-	-	-	73,050	-	-	-	73,050	60,771
Sundry	7,496	651	1,877	10,381	20,405	14,322	35,796	50,118	70,523	67,739
Printing and postage	-	-	-	-	-	5,197	32,311	37,508	37,508	37,871
Facility operations, repairs and maintenance	3,248	1,510	21,885	277	26,920	68	1,148	1,216	28,136	29,483
Telephone	7,422	3,331	8,423	976	20,152	4,143	1,388	5,531	25,683	21,776
Provision for doubtful accounts	22,745	-	-	-	22,745	-	-	-	22,745	32,723
Travel and entertainment	7,411	623	78	495	8,607	7,293	6,087	13,380	21,987	25,160
Education	768	41	16	-	825	7,597	2,061	9,658	10,483	11,974
Advertising	-	-	-	-	-	-	2,550	2,550	2,550	1,894
Interest	-	-	-	-	-	2,166	-	2,166	2,166	2,317
Total Expenses Before Depreciation	2,882,492	327,944	894,958	1,284,506	5,389,900	998,950	375,563	1,374,513	6,764,413	6,308,166
Depreciation	150,246	32,872	761,904	11,429	956,451	30,995	-	30,995	987,446	966,186
Total Expenses	$ 3,032,738	$ 360,816	$ 1,656,862	$ 1,295,935	$ 6,346,351	$ 1,029,945	$ 375,563	$ 1,405,508	$ 7,751,859	$ 7,274,352

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
With Comparative Totals For 2014

	2015	(Restated) 2014
Cash Flows from Operating Activities		
Cash received from residents for monthly services	$ 5,729,530	$ 5,566,831
Cash received from residents for entrance fees	165,100	690,440
Investment income received	263,712	249,186
Contributions received	1,439,520	1,437,544
Other	171,625	162,493
Cash paid to employees and suppliers	(6,672,055)	(6,172,498)
Interest paid	(2,166)	(2,317)
Net Cash Provided by Operating Activities	1,095,266	1,931,679
Cash Flows from Investing Activities		
Purchases of property and equipment	(702,153)	(564,338)
Cash proceeds from sale of property	812,145	-
Purchase of assets restricted to investment in property and equipment	(322,429)	-
Purchases of investments	(5,347,401)	(3,896,703)
Proceeds from sale of investments	5,054,161	3,280,238
Net Cash Used in Investing Activities	(505,677)	(1,180,803)
Cash Flows from Financing Activities		
Contributions received for purchase of property and equipment	322,429	-
Repayment of lease obligation	-	(4,073)
Net Cash Provided by (Used in) Financing Activities	322,429	(4,073)
Increase in Cash and Cash Equivalents	912,018	746,803
Cash and Cash Equivalents, Beginning of Year	1,170,189	423,386
Cash and Cash Equivalents, End of Year	$ 2,082,207	$ 1,170,189

The accompanying notes are an integral part of these statements.

MONTE VISTA GROVE HOMES & SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)
With Comparative Totals For 2014

	2015	(Restated) 2014
Cash Flows from Operating Activities		
Change in net assets	$ 805,251	$ 930,207
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in value of split-interest agreements	2,403	(5,592)
Other nonoperating gains (losses)	15	(41)
Realized and unrealized gains (losses) on investments	668,352	(674,722)
(Gain) loss on disposal of property and equipment	(771,646)	8,778
Noncash contributions	(73,662)	(40,815)
Provision for doubtful accounts	22,745	32,723
Depreciation	987,446	966,186
Contributions received for purchasing property and equipment	(322,429)	-
(Increase) decrease in:		
Accounts receivable	(149,280)	(93,708)
Unconditional promises to give	(268,167)	71,088
Inventories	7,876	(5,286)
Prepaid expenses and other assets	(64,294)	60,678
Increase (decrease) in:		
Accounts payable and accrued expenses	150,096	(62,810)
Accrued payroll and employee benefits	(5,787)	60,510
Deferred revenue from entrance fees and liability for refundable entrance fees	112,107	671,542
Deposits and other liabilities	(5,760)	12,941
Net Cash Provided by Operating Activities	$ 1,095,266	$ 1,931,679

The accompanying notes are an integral part of these statements.

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

Nature of Organization

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

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

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

Principles of Consolidation

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

Basis of Accounting

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

Basis of Presentation

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

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

Comparative Financial Statements
The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Reclassifications
Certain amounts included in the 2014 consolidated financial statements and related notes have been reclassified for comparative purposes to conform to the presentation in the 2015 consolidated financial statements.

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

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

Cash Restricted for Long-term Purposes
Cash restricted for long-term purposes consists of temporarily restricted contributions received as part of the Organization's capital campaign and awaiting expenditure.

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

Promises to Give
Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give that are due in the next year are recorded as current at their net realizable value; those due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, discounted using low-risk interest rates applicable to the year in which the promise was received. No allowance for doubtful promises to give has been established as of December 31, 2015, as management believes that the remaining promises are fully collectable.

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

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

Inventories

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

Property and Equipment

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

Construction in Progress

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

Investments

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

Deferred Revenue from Entrance Fees and Refundable Entrance Fees

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

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

1. During the first 150 days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy is longer than the 90-day cancellation period and up to five years, the Organization retains 1/60th of the entrance fee for each month of residency or portion thereof. However, the minimum entrance fee retained by the Organization for any termination after the 90-day cancellation period shall be 10% of the entrance fee.
3. No refunds are made after sixty months.

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

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

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

1. During the first 150 days (60 days after the contract is signed plus a 90-day cancellation period), the entrance fee paid by the resident is refunded in full.
2. If the resident's tenancy terminates subsequent to the 90-day cancellation period, the resident will receive a reoccupancy benefit equal to 90% of the paid entrance fees once the resident's unit is re-occupied by another resident.

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

Under both contracts, the refund is reduced by any unpaid fees and any costs of refurbishing the unit, as defined in the contracts. Contractually refundable entrance fees, included in liability for refundable entrance fees and deferred revenue from entrance fees in the accompanying consolidated statement of financial position, were approximately $761,000 at December 31, 2015.

Obligations to Provide Future Services and Use of Facilities to Current Residents
If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. The Organization's computation has been made which indicated that as of December 31, 2015, the estimated amounts received or to be received from current continuing care residents will exceed the estimated costs of providing future services and use of facilities to those residents. Consequently, no liability is shown on the consolidated statement of financial position.

The California Health and Safety Code Section 1790 mandates a statutory reserve and a liquid asset requirement. The mandates were met for the year ending December 31, 2015.

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

Unrestricted Net Assets - Unrestricted net assets represent the portion of expendable net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions. These net assets are available for support of the ordinary operations and administration of the Organization. At December 31, 2015, the total unrestricted net assets of $16,604,325 include an unrestricted Board-designated component of the Quality of Life Endowment Fund totaling $898,279.

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

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

Net Assets (continued)

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

- **Richmond Endowment** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as unrestricted revenue.

- **Quality of Life** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income is to be utilized to provide services in the skilled nursing facility to low income residents and is recorded as temporarily restricted revenue.

- **Ridings Fund** - Endowment funds subject to restrictions requiring that the principal be invested in perpetuity. Income from the investments can be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as unrestricted revenue.

Public Support

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

Program Services Revenue

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

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

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

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

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

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

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

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

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

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

Expense Allocation

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

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Accounts Receivable

As of December 31, 2015 and 2014, the Organization's accounts receivable and allowance for doubtful accounts were as follows:

	2015	2014
Accounts receivable	$ 972,708	$ 810,173
Entrance fee receivable	-	41,000
Less allowance for doubtful accounts	(10,000)	(15,000)
	$ 962,708	$ 836,173

Note 3 – Unconditional Promises to Give

Unconditional promises to give consist of gifts from donors, payable in future installments. As of December 31, 2015 and 2014, the Organization's unconditional promises to give were as follows:

	2015	2014
Due within one year	$ 102,900	$ 32,814
Due in one to five years	218,200	-
Discount to present value	(20,119)	-
	$ 300,981	$ 32,814

Unconditional promises to give that are due in more than one year are recorded at the present value of estimated future cash flows using a discount rate of 5%.

Note 4 – Property and Equipment

As of December 31, 2015 and 2014, property and equipment consist of the following:

	2015	2014
Land and improvements	$ 880,922	$ 870,012
Buildings and improvements	19,408,208	19,105,484
Rental property	-	359,961
Furniture and equipment	3,153,038	3,069,234
Construction in progress	404,069	121,945
	23,846,237	23,526,636
Less accumulated depreciation	17,813,532	17,241,801
	$ 6,032,705	$ 6,284,835

Note 5 – Investments

As of December 31, 2015 and 2014, investments consist of the following:

2015	Market Value	Cost
Cash and cash equivalents	$ 430,390	$ 430,390
Equities	5,241,744	4,376,187
Alternative investments	836,440	1,001,133
Government obligations and agencies	1,240,375	1,259,033
Corporate bonds	3,015,111	3,385,878
	$ 10,764,060	$ 10,452,621

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

Note 5 – Investments (continued)

Investment returns are summarized as follows:

	2015	2014
Interest and dividends	$ 328,052	$ 317,322
Less investment fees	(64,340)	(68,136)
Investment income, net	263,712	249,186
Realized gains on investments	132,948	104,885
Unrealized gains (losses) on investments	(801,300)	569,837
	$ (404,640)	$ 923,908

Note 6 – Fair Value Measurements

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

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

There have been no changes in the methodologies used at December 31, 2015 and 2014.

Note 6 – Fair Value Measurements (continued)

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

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

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, assets at fair value at December 31, 2015:

	Assets at Fair Value at December 31, 2015			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments:				
Cash and cash equivalents	$ 430,390	$ 430,390	$ -	$ -
Equities	5,241,744	5,241,744	-	-
Alternative investments	836,440	836,440	-	-
Government obligations and agencies	1,240,375	-	1,240,375	-
Corporate bonds	3,015,111	-	3,015,111	-
Total Investments	10,764,060	6,508,574	4,255,486	-
Split-interest agreements	43,370	-	-	43,370
	$ 10,807,430	$ 6,508,574	$ 4,255,486	$ 43,370

Note 6 – Fair Value Measurements (continued)

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

	Assets at Fair Value at December 31, 2014 (Restated)			
	Total	**Level 1**	**Level 2**	**Level 3**
Investments:				
Cash and cash equivalents	$ 349,588	$ 349,588	$ -	$ -
Equities	5,510,537	5,510,537	-	-
Alternative investments	1,390,664	1,390,664	-	-
Government obligations and agencies	278,627	-	278,627	-
Corporate bonds	3,609,756	-	3,609,756	-
Total Investments	11,139,172	7,250,789	3,888,383	-
Split-interest agreements	45,773	-	-	45,773
	$ 11,184,945	$ 7,250,789	$ 3,888,383	$ 45,773

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

	Split-interest Agreements
January 1, 2014	$ 40,181
Change in value	5,592
Balance December 31, 2014	45,773
Change in value	(2,403)
Balance December 31, 2015	$ 43,370

Note 7 – Split-interest Agreements

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

Note 8 – Master Development Plan

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

The costs incurred in the Master Plan relate to the Organization's plan for future development of the campus. These costs include fees for plan development, tree inventory survey/map work, architectural services, legal services, and consultation. As of December 31, 2015 and 2014, the capitalized costs were $213,097.

Note 9 – Line of Credit

The Organization has a $500,000 revolving line of credit with Citizen Business Bank, which is secured by certain investment assets owned by the Organization. The line bears interest based upon the Citizen Business Bank prime rate plus 1% per annum with an interest rate floor of no less than 4.25%. The Organization is required to make monthly interest payments. At December 31, 2015 and 2014, there were no outstanding borrowings on the line of credit. The line of credit matures on July 5, 2017.

Note 10 – Net Assets

Temporarily restricted net assets are available subject to the following restrictions at December 31, 2015, and 2014:

	2015	(Restated) 2014
Capital improvements	$ 763,905	$ 100,657
Other purposes and time	189,681	169,330
	$ 953,586	$ 269,987

Permanently restricted net assets consist of the following at December 31, 2015 and 2014:

	2015	(Restated) 2014
Richmond Endowment	$ 485,407	$ 535,987
Quality of Life	1,151,160	1,229,504
Ridings Fund	22,492	24,834
Split-interest agreements	28,603	30,250
	$ 1,687,662	$ 1,820,575

Note 11 – Endowment Funds

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

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

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

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

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

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

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

Note 11 – Endowment Funds (continued)

Endowment net asset composition by type of fund as of December 31, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 102,255	$ 1,687,662	$ 1,789,917
Board-designated endowment funds	898,279	-	-	898,279
Endowment net assets, end of year	$ 898,279	$ 102,255	$ 1,687,662	$ 2,688,196

Changes in endowment net assets for the fiscal year ended December 31, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 958,000	$ 87,359	$ 1,820,575	$ 2,865,934
Investment return:				
Investment income	46,400	79,562	-	125,962
Realized losses on investments	(6,216)	-	(10,112)	(16,328)
Unrealized losses on investments	(79,205)	-	(132,624)	(211,829)
Investment management fees	(20,700)	-	-	(20,700)
Total investment return	(59,721)	79,562	(142,736)	(122,895)
Contributions	-	-	11,470	11,470
Change in value of split-interest agreements	-	-	(1,647)	(1,647)
Amounts appropriated for expenditure	-	(64,666)	-	(64,666)
Endowment net assets, end of year	$ 898,279	$ 102,255	$ 1,687,662	$ 2,688,196

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 87,359	$ 1,820,575	$ 1,907,934
Board-designated endowment funds	958,000	-	-	958,000
Endowment net assets, end of year	$ 958,000	$ 87,359	$ 1,820,575	$ 2,865,934

Note 11 – Endowment Funds (continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 901,527	$ 60,491	$ 1,456,813	$ 2,418,831
Investment return:				
Investment income	42,528	72,876	-	115,404
Realized gains on investments	1,795	-	3,080	4,875
Unrealized gains on investments	4,103	-	6,697	10,800
Investment management fees	(19,204)	-	-	(19,204)
Total investment return	29,222	72,876	9,777	111,875
Contributions	27,251	-	353,476	380,727
Change in value of split-interest agreements	-	-	509	509
Amounts appropriated for expenditure	-	(46,008)	-	(46,008)
Endowment net assets, end of year	$ 958,000	$ 87,359	$ 1,820,575	$ 2,865,934

Note 12 – Funds Held by Presbyterian Foundation

The Organization is the beneficiary of certain permanently restricted endowment funds (Memorial Funds) resulting from gifts that benefit the Organization made to the Presbyterian Foundation. The Presbyterian Foundation holds and administers these endowment funds. The income from the Memorial Funds can either be utilized at the discretion of the Board of Trustees for the skilled nursing facility and the Organization's operating expenses and is recorded as unrestricted revenue or is to be used in accordance with donor stipulations in which case it is recorded as temporarily restricted revenue.

During 2015, management discovered that certain Memorial Funds administered by the Presbyterian Foundation were incorrectly reported as assets of the Organization. Accordingly, the 2014 consolidated financial statements have been restated to reflect these changes as follows:

Note 12 – Funds Held by Presbyterian Foundation (continued)

	December 31, 2014		
	As Previously Reported	Impact of Correction of Error	As Restated
Total net assets, beginning of year	$ 17,769,039	$ (258,924)	$ 17,510,115
Total net assets, end of year	18,692,842	(252,520)	18,440,322
Temporarily restricted net assets, end of year	269,306	681	269,987
Permanently restricted net assets, end of year	2,073,776	(253,201)	1,820,575
Other assets	253,201	(252,520)	681
Total other assets	11,651,243	(252,520)	11,398,723
Total assets	20,188,767	(252,520)	19,936,247
Other nonoperating gains (losses)	(6,363)	6,404	41
Change in net assets	923,803	6,404	930,207

The fair values of the Memorial Funds held with the Presbyterian Foundation consist of the following:

	2015	2014
Anonymous Fund #8 - 1 of 3	$ 4,610	$ 4,999
Rev. Alexander & Marguerite Allen Fd	9,317	10,103
Jennie L. Brown Memorial Fund	3,844	4,168
Josephine W. Leonard Memorial Fund	5,407	5,521
Glenn H. Lutz Memorial Fund	1,423	1,542
John & Edith McAulay Memorial Fund	8,950	9,704
K.S. McLennan & D.S. Stewart Fund	40,684	44,113
Nalbach Memorial Fund	6,055	6,565
Rev Fred C. & Grace M. Patterson	8,537	9,256
Robert H. and Doris E. Prentice Memorial Fund	7,761	8,415
Mildred Severson Memorial Fund	4,774	5,176
Roy M. Smith Memorial Fund	2,501	2,695
Donald G. Stewart Memorial Fund	5,843	6,336
Anne Taylor Memorial Fund	36,826	39,929
Harry & Florence Wylie Fund - 1975	86,692	93,998
Dorothy H. Arnim Fund	2,846	-
Carl E. Berger and Florence L. Berger Memorial Fund	9,013	-
Curtis Fund	49,345	-
Clifford M. and Miriam L. Drury Fund	3,094	-
Van H. and Olive M. Eakes Memorial Fund	3,566	-
Hessel-Wonder Family Memorial Fund	26,736	-
Josephine W. Leonard Memorial Fund	3,349	-
Dr. James McCreight Memorial Fund	5,994	-
Addison S. and Flora H. Moore Fund	10,879	-
Gladys Whitmore Fund 2	5,039	-
	$ 353,085	$ 252,520

Note 12 – Funds Held by Presbyterian Foundation (continued)

During 2015 and 2014, the Organization received distributions of investment income from the Memorial Funds $12,807 and $10,337, respectively.

Note 13 – Retirement Benefits

The Monte Vista Grove 401(k) Plan (the Plan) covers substantially all employees of the Organization who have completed one year of service and attained the age of 21. Participants vest at varying percentages over five years. The Organization makes an employer-matching contribution on the first 3.5% of each participant's salary deferred through employee contributions to the Plan. The Organization's employer-matching contributions to the Plan totaled $88,384 and $78,355 for 2015 and 2014, respectively.

In addition, each year, the Organization determines a discretionary contribution, if any, to be contributed to the Plan. The discretionary contribution is equal to a percentage of all eligible participants' compensation, the exact percentage to be approved each year by the Board of Trustees. There were no discretionary contributions to the Plan for the years ended 2015 and 2014.

Note 14 – Commitments and Contingencies

Operating Leases

The Organization has certain office equipment and other services under non-cancelable operating leases expiring at various dates through 2018. The lease expense totaled approximately $60,000 and $59,000 for 2015 and 2014, respectively.

As of December 31, 2015, the Organization is committed under long-term leases as follows:

Years Ending December 31,		
2016	$	56,070
2017		32,435
2018		14,679
	$	103,184

Gain Contingency

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

Note 14 – Commitments and Contingencies (continued)

Other

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

Note 15 – Subsequent Events

The Organization has considered subsequent events through May 9, 2016, the date of issuance, in preparing the consolidated financial statements and notes thereto. No subsequent events requiring disclosure were noted.

RECEIVED
JUN 03 2016
CONTINUING CARE
CONTRACTS BRANCH

Continuing Care Reserve Report Schedules

MONTE VISTA GROVE HOMES AND SUBSIDIARY

For the Year Ended December 31, 2015

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

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CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Monte Vista Grove Homes and Subsidiary

We have audited the accompanying continuing care reserve report schedules of Monte Vista Grove Homes and Subsidiary (the Organization) which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 (Schedules) as of and for the year ended December 31, 2015.

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

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

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

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

Opinion

In our opinion, the Schedules present fairly, in all material respects, the continuing care reserve requirements of the Organization as of December 31, 2015, in accordance with the provisions of the California Health and Safety Code Section 1792.

Basis of Accounting

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

Restriction on Use

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

Martin Werbelow LLP

May 9, 2016

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

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

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

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

PROVIDER: Monte Vista Grove Homes

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

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

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

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

PROVIDER: Monte Vista Grove Homes

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

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

PROVIDER: Monte Vista Grove Homes

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$6,856,901
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$0	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$987,446	
	d.	Amortization	$0	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$2,472,251	
	f.	Extraordinary expenses approved by the Department	$375,563	
3		Total Deductions		$3,835,260
4		Net Operating Expenses		$3,021,641
5		Divide Line 4 by 365 and enter the result.		$8,278
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$620,850

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

MONTE VISTA GROVE HOMES
TWO-WAY RECONCILLIATION, FORM 5-4
CALCULATION OF OPERATING EXPENSES

Total Operating Expenses per Consolidated Statement of Functional Expenses	$ 7,751,859
-- Less Independent Living Expenses Before Depreciation not allocable to CCRC residents per audited financial statements	(894,958)
Total Operating Expenses allocable to CCRC Residents, Form 5-4, Line 1	$ 6,856,901

Futher Deductions from Operating Expenses for Form 5-4	
-- Less % Allocable to Non-CCRC residents	
Total Operating Expenses allocable to CCRC Residents	$ 6,856,901
-- Less Form 5-4, Line 2 c.- Depreciation	(987,446)
-- Less Form 5-4, Line 2 f. - Extraordinary expenses approved by the Department (Total Fundraising Expenses per audited financial statements)	(375,563)
Sub-Total of Operating Expenses to be Allocated to Non-CCRC residents	5,493,892
Non-CCRC average population for 2015	45.00%
Form 5-4, Line 2 e.	$ 2,472,251

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Monte Vista Grove Homes
Fiscal Year Ended: December 31, 2015

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2015 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year ended 12/31/2015 are as follows:

		Amount
[1]	Debt Service Reserve Amount	$0
[2]	Operating Expense Reserve Amount	$620,850
[3]	**Total Liquid Reserve Amount:**	$620,850

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			**$2,186,109**
[5]	Investment Securities			**$1,632,076**
[6]	Equity Securities			**$3,098,596**
[7]	Unused/Available Lines of Credit			
[8]	Unused/Available Letters of Credit			
[9]	Debt Service Reserve			(not applicable)
[10]	Other: (describe qualifying asset)			
[11]	**Total Amount of Qualifying Assets Listed for Reserve Obligation:**	$0	[12]	$6,916,781
[13]	**Reserve Obligation Amount:**	$0	[14]	$620,850
[15]	**Surplus/(Deficiency):**	$0	[16]	$6,295,931

Signature: Deborah Herbert
(Authorized Representative)

Date: May 9, 2016

Executive Director
(Title)

MONTE VISTA GROVE HOMES
TWO-WAY RECONCILIATION, FORM 5-5
QUALIFYING ASSETS

			Allocable to CCRC		
Form 5-5, Line [4] Cash and Cash Equivalents			**%**		**Qualifying Assets**
Total Cash and Cash Equivalents per Audited Financial Statements - Current Assets	$ 2,082,207				
-- Less The Grove Campus LLC Cash not allocable to CCRC residents General Ledger Account 50-00-00-1011	(55,831)	2,026,376	100%		2,026,376
Total Investments Cash and Cash Equivalents per Audited Financial Statements - Note 5	430,390				
-- Less Temporarily Restricted Cash and Cash Equivalents General Ledger Account 64-00-00-1009	(6,023)				
-- Less Permanently Restricted Cash and Cash Equivalents General Ledger Accounts 80-00-00-1009, 81-00-00-1009, 82-00-00-1009	(133,943)	290,424	55%	*	159,733
To Line [4] Qualifying Asset - Cash and Cash Equivalents					$ 2,186,109
Form 5-5, Line [5] Investment Securities					
Total Investments Securities per Audited Financial Statements - Note 5					
-- Government Obligations and Agencies	$ 1,240,375				
-- Corporate Bonds	3,015,111				
-- Less Permanently Restricted Investment Securities General Ledger Accounts 80-00-00-1014, 81-00-00-1014, 82-00-00-1014	(1,288,076)	2,967,410	55%	*	1,632,076
To Line [5] Qualifying Asset - Investment Securities					$ 1,632,076
Form 5-5, Line [6] Equity Securities					
Total Investments Securities - Marketable Equity Securities per Audited Financial Statements Note 5	$ 6,078,184				
-- Less Temporarily Restricted Investment Securities General Ledger Accounts 11-00-00-1015, 65-05-00-1008	(9,323)				
-- Less Permanently Restricted Investment Securities General Ledger Accounts 80-00-00-1015, 81-00-00-1015, 82-00-00-1015, 80-00-00-1017	(435,051)	5,633,810	55%	*	3,098,596
To Line [6] Qualifying Asset - Equity Securities					$ 3,098,596

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

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 6/1/2016

FACILITY NAME: Monte Vista Grove Homes
ADDRESS: 2889 San Pasqual Street ZIP CODE: 91107 PHONE: 626-796-9753
PROVIDER NAME: Monte Vista Grove Homes FACILITY OPERATOR: Monte Vista Grove Homes
RELATED FACILITIES: The Grove Campus, LLC RELIGIOUS AFFILIATION: Presbyterian
YEAR OPENED: 1924 # OF ACRES: 1.3 ☑ SINGLE STORY ☑ MULTI-STORY ☐ OTHER: ____ MILES TO SHOPPING CTR: 2 MILES TO HOSPITAL: 4

* *

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS – STUDIO: ____
APARTMENTS – 1 BDRM: ____
APARTMENTS – 2 BDRM: ____
COTTAGES/HOUSES: ____
RLU OCCUPANCY (%) AT YEAR END: ____

HEALTH CARE

ASSISTED LIVING: 16
SKILLED NURSING: 40
SPECIAL CARE: ____
DESCRIPTION: > ____
> ____

* *

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

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

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

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

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

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

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

* *

FACILITY SERVICES AND AMENITIES

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

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

PROVIDER NAME: Monte Vista Grove Homes

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

MULTI-LEVEL RETIREMENT COMMUNITIES	LOCATION (City, State)	PHONE (with area code)

FREE-STANDING SKILLED NURSING	LOCATION (City, State)	PHONE (with area code)

SUBSIDIZED SENIOR HOUSING	LOCATION (City, State)	PHONE (with area code)

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

PROVIDER NAME: Monte Vista Grove Homes

	2012	2013	2014	2015
INCOME FROM ONGOING OPERATIONS OPERATING INCOME (Excluding amortization of entrance fee income)	$ 5,593,106	$ 6,903,825	$ 6,164,162	$ 6,452,855
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	$ 5,768,049	$ 5,897,810	$ 6,305,849	$ 6,762,247
NET INCOME FROM OPERATIONS	($ 174,943)	$ 1,006,015	($ 141,687)	($ 309,392)
LESS INTEREST EXPENSE	($ 10,547)	($ 1,066)	($ 2,317)	($ 2,166)
PLUS CONTRIBUTIONS	$ 1,365,319	$ 1,153,970	$ 1,454,808	$ 2,083,334
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$ 437,159	($ 234,765)	$ 566,692	($ 32,072)
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$ 1,616,988	$ 1,924,154	$ 1,877,496	$ 1,739,704
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)		$ 111,712	$ 671,543	$ 112,107

* *

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

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

* *

FINANCIAL RATIOS (see next page for ratio formulas)

	2013 CCAC Medians 50th Percentile *(optional)*	2013	2014	2015
DEBT TO ASSET RATIO	37.71%	0.70%	0.48%	0.22%
OPERATING RATIO	98.54%	73.21%	82.80%	79.24%
DEBT SERVICE COVERAGE RATIO	2.55	35.63	22.04	31.60
DAYS CASH ON HAND RATIO	343	536	601	592

* *

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2012	%	2013	%	2014	%	2015
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE	$ 1,187	2.70%	$ 1,219	6.89%	$ 1,303	8.06%	$ 1,408
ASSISTED LIVING	$ 3,893	-10.15%	$ 3,498	0.86%	$ 3,528	3.46%	$ 3,650
SKILLED NURSING	$ 6,965	-10.04%	$ 6,266	2.90%	$ 6,448	3.78%	$ 6,692
SPECIAL CARE							

* *

COMMENTS FROM PROVIDER: > 2013 was the first year that Monte Vista Grove Homes operated its Assisted Living and Skilled Nursing as a

> Continuing Care Retirement Community. 10% decrease from 2012 to 2013 in Assisted Living and Skilled Nursing monthly service fees were the

> result of providing a 10% discount to CCRC residents.

PROVIDER NAME: Monte Vista Grove Homes

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.

FORM 7-1

REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	N/A	$3,528	$6,448
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	N/A	3.46% to $3,650 *	3.78% to $6,692 #

☐ 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: * February 1, 2015 for Assisted Living # January 1, 2015 for Skilled Nursing semi-private
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

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

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

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

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

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

PROVIDER: Monte Vista Grove Homes

COMMUNITY: Monte Vista Grove Homes

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

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

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

Residents who have Entered into a CCRC Contract

	Rate	Daily Fee		Monthly Fee	
	Increase	From	To	From	To
Assisted Living	3.46%	$116	$120	$3,528	$3,650
Skilled Nursing					
-- Semi Private	3.78%	$212	$220	$6,448	$6,692
-- Private	3.37%	$267	$276	$8,121	$8,395
-- Private Suite	3.25%	$338	$349	$10,281	$10,615

Private Pay Residents who have not Entered into a CCRC Contract

	Rate	Daily Fee		Monthly Fee	
	Increase	From	To	From	To
Assisted Living	3.10%	$129	$133	$3,924	$4,045
Skilled Nursing					
-- Semi Private	3.39%	$236	$244	$7,178	$7,422
-- Private	3.37%	$297	$307	$9,034	$9,338
-- Private Suite	3.47%	$375	$388	$11,406	$11,802