

FISCAL YEAR ENDED:

10/31/2015

ANNUAL REPORT CHECKLIST

PROVIDER(S): VILLA MARIN HOMEOWNERS ASSOCIATION

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CCRC(S): VILLA MARIN HOMEOWNERS ASSOCIATION

CONTINUING CARE
CONTRACTS BRANCH

PROVIDER CONTACT PERSON: Milan J. Havel, Controller

TELEPHONE NO.: (415) 492-2658 EMAIL: mhavel@villa-marina.com

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

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 11,057
 - If applicable, late fee in the amount of: \$ n/a
- 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. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- "Continuing Care Retirement Community Disclosure Statement" for *each* community.
- Form 7-1, "Report on CCRC Monthly Service Fees" for *each* community.
- N/A Form 9-1, "Calculation of Refund Reserve Amount", *if applicable*.

Form 8-1
Key Indicators
included
KJ 2/11/16
Copy # 1

Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.



VILLA MARIN

100 Thorndale Drive • San Rafael, California 94903

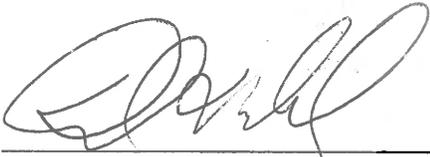
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CONTRACTS BRANCH

To: Department of Social Services

I certify to the best of my knowledge that Villa Marin Homeowners' Association's Annual Reserve Report for the fiscal year ended October 31, 2015 is correct.

I also certify that each continuing care contract form in use or offered to new residents has been approved by the Department of Social Services, and the provider had the required liquid reserve and refund reserve as of October 31, 2015.

Signed: 

Chief Executive Officer

Date: 2-1-16

Signed: 

Controller

Date: 2/1/2016

**FORM 1-1
RESIDENT POPULATION**

| <u>Line</u> | <u>Continuing Care Residents</u> | <u>TOTAL</u> |
|----------------------|---|--------------|
| [1] | Number at beginning of fiscal year | 275 |
| [2] | Number at end of fiscal year | 279 |
| [3] | Total Lines 1 and 2 | 554 |
| [4] | Multiply Line 3 by ".50" and enter result on Line 5. | x .50 |
| [5] | Mean number of continuing care residents | 277 |
| All Residents | | |
| [6] | Number at beginning of fiscal year | 277 |
| [7] | Number at end of fiscal year | 281 |
| [8] | Total Lines 6 and 7 | 558 |
| [9] | Multiply Line 8 by ".50" and enter result on Line 10. | x .50 |
| [10] | Mean number of <i>all</i> residents | 279 |
| [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). | 0.99 |

**FORM 1-2
ANNUAL PROVIDER FEE**

| <u>Line</u> | <u>TOTAL</u> |
|-------------|--------------|
| [1] | \$11,453,181 |
| [a] | \$316,551 |
| [b] | |
| [2] | \$316,551 |
| [3] | \$11,136,630 |
| [4] | 99% |
| [5] | \$11,056,798 |
| | x .001 |
| [6] | \$11,057 |

PROVIDER Villa Marin Homeowners Association
COMMUN Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules.

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VILLA MARIN HOMEOWNERS' ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

YEARS ENDED OCTOBER 31, 2015 AND 2014

**LEVY, ERLANGER & COMPANY
Certified Public Accountants
San Francisco, California**

VILLA MARIN HOMEOWNERS' ASSOCIATION

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YEARS ENDED OCTOBER 31, 2015 AND 2014**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

CONTINUING CARE
CONTRACTS BRANCH

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT AUDITORS' REPORT

Board Of Directors
Villa Marin Homeowners' Association
San Rafael, California

We have audited the accompanying financial statements of **Villa Marin Homeowners' Association** (the Association), which comprise the balance sheets as of October 31, 2015 and 2014, and the related statements of revenues, expenses and changes in fund balances, and cash flows, for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board Of Directors
Villa Marin Homeowners' Association
Independent Auditors' Report (Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Villa Marin Homeowners' Association** as of October 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As further discussed in the notes to the financial statements, the Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting replacement reserve funding plan is a function of the completeness of the major component list and the accuracy of the estimated quantity, useful and remaining lives, and replacement costs of those components.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material. Therefore, amounts accumulated in the replacement fund may or may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement of common area major components until sufficient funds are available.

Disclaimer of Opinion on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on future major repairs and replacements of common property be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Kew, Erlanger & Company
January 3, 2016

VILLA MARIN HOMEOWNERS' ASSOCIATION

**BALANCE SHEET
OCTOBER 31, 2015**

| | Operations Fund | General Reserve Fund | Property Replacement Fund | Gifts & Bequests Fund | Total Funds |
|---|----------------------------|----------------------------|---------------------------------|-----------------------------|----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents (Note 2) | \$ 972,696 | \$ 24,213 | \$ 744,373 | \$ 27,582 | 1,768,864 |
| Investment in certificates of deposit (Note 2) | | 641,382 | 1,080,000 | 70,000 | 1,791,382 |
| Assessments receivable (Note 2) | 61,520 | | | | 61,520 |
| Healthcare accounts receivable, less allowance for doubtful accounts of \$20,000 | 14,281 | | | | 14,281 |
| Interest receivable | 3,200 | | 28,488 | 99 | 31,787 |
| Prepaid insurance | 160,788 | | | | 160,788 |
| Prepaid expenses | 213,989 | | | | 213,989 |
| Other assets | 9,098 | | | | 9,098 |
| Due from general reserve fund | 4,529 | | | | 4,529 |
| Furniture, equipment, vehicles and artwork, net of accumulated depreciation of \$3,354,125 | 1,663,492 | | | | 1,663,492 |
| Total assets | <u>\$ 3,103,593</u> | <u>\$ 665,595</u> | <u>\$ 1,852,861</u> | <u>\$ 97,681</u> | <u>\$ 5,719,730</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 256,927 | \$ - | \$ 2,123 | \$ - | \$ 259,050 |
| Accrued salaries and benefits payable | 645,057 | | | | 645,057 |
| Due to operations fund | | 4,529 | | | 4,529 |
| Future major repairs and replacements (Note 3) | - | - | - | - | - |
| Income taxes payable | 603 | | 840 | 20 | 1,463 |
| Total liabilities | <u>902,587</u> | <u>4,529</u> | <u>2,963</u> | <u>20</u> | <u>910,099</u> |
| COMMITMENTS (NOTE 4) | | | | | |
| | - | - | - | - | - |
| FUND BALANCE (DEFICIT) | <u>2,201,006</u> | <u>661,066</u> | <u>1,849,898</u> | <u>97,661</u> | <u>4,809,631</u> |
| Total liabilities and fund balance | <u>\$ 3,103,593</u> | <u>\$ 665,595</u> | <u>\$ 1,852,861</u> | <u>\$ 97,681</u> | <u>\$ 5,719,730</u> |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**BALANCE SHEET
OCTOBER 31, 2014**

| | Operations | General | Property | Gifts & | Total |
|---|---------------------|-------------------|---------------------|------------------|---------------------|
| | Fund | Reserve | Replacement | Bequests | Funds |
| | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Fund</u> | <u>Funds</u> |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,147,356 | \$ 33,690 | \$ 818,049 | \$ 23,033 | \$ 2,022,128 |
| Investment in certificates of deposit | | 626,000 | 780,000 | 70,000 | 1,476,000 |
| Assessments receivable | 38,917 | | | | 38,917 |
| Healthcare accounts receivable, less allowance for doubtful accounts of \$20,000 | 66,261 | | | | 66,261 |
| Interest receivable | 2,286 | | 28,031 | 95 | 30,412 |
| Prepaid insurance | 155,087 | | | | 155,087 |
| Prepaid income taxes | 1,958 | | 2,425 | 280 | 4,663 |
| Prepaid expenses | 99,204 | | | | 99,204 |
| Deposits | 43,554 | | | | 43,554 |
| Other assets | 547 | | | | 547 |
| Due from general reserve fund | 5 | | | | 5 |
| Furniture, equipment, vehicles and artwork, net of accumulated depreciation of \$3,254,843 | 1,541,316 | | | | 1,541,316 |
| Total assets | <u>3,096,491</u> | <u>659,690</u> | <u>1,628,505</u> | <u>93,408</u> | <u>5,478,094</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 208,818 | \$ - | \$ 23,460 | \$ - | \$ 232,278 |
| Accrued salaries and benefits payable | 654,848 | | | | 654,848 |
| Due to operations fund | | 5 | | | 5 |
| Future major repairs and replacements | - | - | - | - | - |
| Total liabilities | <u>863,666</u> | <u>5</u> | <u>23,460</u> | <u>-</u> | <u>887,131</u> |
| COMMITMENTS | - | - | - | - | - |
| FUND BALANCE (DEFICIT) | <u>2,232,825</u> | <u>659,685</u> | <u>1,605,045</u> | <u>93,408</u> | <u>4,590,963</u> |
| Total liabilities and fund balance | <u>\$ 3,096,491</u> | <u>\$ 659,690</u> | <u>\$ 1,628,505</u> | <u>\$ 93,408</u> | <u>\$ 5,478,094</u> |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2015**

| | Operations Fund | General Reserve Fund | Property Replacement Fund | Gifts & Bequests Fund | Total Funds |
|---|--------------------|----------------------------|---------------------------------|-----------------------------|-------------------|
| REVENUES | | | | | |
| Assessments | \$ 8,735,784 | \$ - | \$ 800,000 | \$ - | \$ 9,535,784 |
| Resident medical income | 1,814,929 | | | | 1,814,929 |
| Nonresident services | 219,000 | | | | 219,000 |
| License fee revenue | 188,598 | | | | 188,598 |
| Interest income (Note 2) | 7,864 | | 10,949 | 253 | 19,066 |
| Other revenue | 268,787 | | | 4,300 | 273,087 |
| Total revenues | 11,234,962 | - | 810,949 | 4,553 | 12,050,464 |
| EXPENSES | | | | | |
| <u>Administration</u> | | | | | |
| Bad debt expense | 27,362 | - | - | - | 27,362 |
| General administration | 1,026,098 | | | | 1,026,098 |
| Human resources | 247,902 | | | | 247,902 |
| Income tax provision (Note 2) | 1,180 | | 1,643 | 40 | 2,863 |
| Insurance | 229,331 | | | | 229,331 |
| Marketing | 55,048 | | | | 55,048 |
| Workers' compensation insurance | 184,197 | | | | 184,197 |
| Total administration | 1,771,118 | - | 1,643 | 40 | 1,772,801 |
| <u>Maintenance and operations</u> | | | | | |
| Activities | 152,284 | - | - | - | 152,284 |
| Depreciation expense | 316,551 | | | | 316,551 |
| Housekeeping | 1,295,995 | | | | 1,295,995 |
| Maintenance services | 733,069 | | | | 733,069 |
| Meals and food preparation | 2,450,971 | | | | 2,450,971 |
| Medical | 3,429,863 | | | | 3,429,863 |
| Reception | 269,751 | | | | 269,751 |
| Security services | 165,017 | | | | 165,017 |
| Transportation | 152,292 | | | | 152,292 |
| Total maintenance and operations | 8,965,793 | - | - | - | 8,965,793 |
| <u>Utilities</u> | | | | | |
| Cable television | 97,759 | - | - | - | 97,759 |
| Garbage collection | 70,929 | | | | 70,929 |
| Gas and electricity | 382,911 | | | | 382,911 |
| Telephone | 112,536 | | | | 112,536 |
| Water and sewer | 52,095 | | | | 52,095 |
| Total utilities | 716,230 | - | - | - | 716,230 |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2015**

| | Operations Fund | General Reserve Fund | Property Replacement Fund | Gifts & Bequests Fund | Total Funds |
|---|---------------------|----------------------------|---------------------------------|-----------------------------|---------------------|
| EXPENSES (CONTINUED) | | | | | |
| <u>Major repairs and replacements</u> | | | | | |
| Deck repairs | \$ - | \$ - | \$ 114,222 | \$ - | \$ 114,222 |
| Garage and pool leak project | | | 67,849 | | 67,849 |
| Painting | | | 3,000 | | 3,000 |
| Pool | | | 81,259 | | 81,259 |
| Other major repairs and replacements | | | 110,642 | | 110,642 |
| Total major repairs and replacements | - | - | 376,972 | - | 376,972 |
| Total expenses | 11,453,141 | - | 378,615 | 40 | 11,831,796 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | (218,179) | - | 432,334 | 4,513 | 218,668 |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 186,360 | 1,381 | (187,481) | (260) | - |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | <u>2,232,825</u> | <u>659,685</u> | <u>1,605,045</u> | <u>93,408</u> | <u>4,590,963</u> |
| FUND BALANCE (DEFICIT), END OF YEAR | <u>\$ 2,201,005</u> | <u>\$ 661,066</u> | <u>\$ 1,849,898</u> | <u>\$ 97,661</u> | <u>\$ 4,809,631</u> |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2014**

| | Operations Fund | General Reserve Fund | Property Replacement Fund | Gifts & Bequests Fund | Total Funds |
|--|--------------------|----------------------------|---------------------------------|-----------------------------|-------------------|
| REVENUES | | | | | |
| Assessments | \$ 8,576,109 | \$ - | \$ 725,000 | \$ - | \$ 9,301,109 |
| Resident medical income | 1,830,697 | | | | 1,830,697 |
| Nonresident services | 220,800 | | | | 220,800 |
| Donations | | | 208,891 | | 208,891 |
| License fee revenue | 213,623 | | | | 213,623 |
| Interest income (Note 2) | 6,268 | | 8,332 | 365 | 14,965 |
| Other revenue | 234,555 | | | 9,950 | 244,505 |
| Total revenues | 11,082,052 | - | 942,223 | 10,315 | 12,034,590 |
| EXPENSES | | | | | |
| <u>Administration</u> | | | | | |
| Bad debt expense | 65,161 | - | - | - | 65,161 |
| General administration | 1,151,648 | | 300 | | 1,151,948 |
| Human resources | 216,101 | | | | 216,101 |
| Income tax provision (Note 2) | 576 | | 713 | 83 | 1,372 |
| Insurance | 222,160 | | | | 222,160 |
| Marketing | 98,240 | | | | 98,240 |
| Workers' compensation insurance | 158,731 | | | | 158,731 |
| Total administration | 1,912,617 | - | 1,013 | 83 | 1,913,713 |
| <u>Maintenance and operations</u> | | | | | |
| Activities | 113,558 | - | - | - | 113,558 |
| Depreciation expense | 316,588 | | | | 316,588 |
| Housekeeping | 1,261,815 | | | | 1,261,815 |
| Maintenance services | 694,860 | | | | 694,860 |
| Meals and food preparation | 2,334,733 | | | | 2,334,733 |
| Medical | 3,394,927 | | | | 3,394,927 |
| Reception | 257,499 | | | | 257,499 |
| Security services | 171,593 | | | | 171,593 |
| Transportation | 138,545 | | | | 138,545 |
| Total maintenance and operations | 8,684,118 | - | - | - | 8,684,118 |
| <u>Utilities</u> | | | | | |
| Cable television | 94,588 | - | - | - | 94,588 |
| Garbage collection | 66,114 | | | | 66,114 |
| Gas and electricity | 352,789 | | | | 352,789 |
| Telephone | 92,976 | | | | 92,976 |
| Water and sewer | 49,370 | | | | 49,370 |
| Total utilities | 655,837 | - | - | - | 655,837 |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2014**

| | Operations Fund | General Reserve Fund | Property Replacement Fund | Gifts & Bequests Fund | Total Funds |
|---|--------------------|----------------------------|---------------------------------|-----------------------------|----------------|
| EXPENSES (CONTINUED) | | | | | |
| <u>Major repairs and replacements</u> | | | | | |
| Pool | \$ - | \$ - | \$ 78,101 | \$ - | \$ 78,101 |
| Painting | | | 374,427 | | 374,427 |
| Garage and pool leak project | | | 236,935 | | 236,935 |
| Other major repairs and replacements | | | 172,898 | | 172,898 |
| Total major repairs and replacements | - | - | 862,361 | - | 862,361 |
| Total expenses | 11,252,572 | - | 863,374 | 83 | 12,116,029 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | (170,520) | - | 78,849 | 10,232 | (81,439) |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 145,937 | (399,999) | 274,319 | (20,257) | - |
| FUND BALANCE (DEFICIT), BEGINNING OF YEAR | 2,257,408 | 1,059,684 | 1,251,877 | 103,433 | 4,672,402 |
| FUND BALANCE (DEFICIT), END OF YEAR | \$ 2,232,825 | \$ 659,685 | \$ 1,605,045 | \$ 93,408 | \$ 4,590,963 |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2015**

| | <u>Operations Fund</u> | <u>General Reserve Fund</u> | <u>Property Replacement Fund</u> | <u>Gifts & Bequests Fund</u> | <u>Total Funds</u> |
|--|----------------------------|-------------------------------------|--|--|------------------------|
| OPERATING ACTIVITIES | | | | | |
| Excess (deficiency) of revenues over expenses | \$ (218,179) | \$ - | \$ 432,334 | \$ 4,513 | \$ 218,668 |
| Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities: | | | | | |
| Bad debt expense | 27,362 | - | - | - | 27,362 |
| Depreciation expense | 316,551 | - | - | - | 316,551 |
| Decrease (increase) in assets: | | | | | |
| Assessments receivable | (49,965) | - | - | - | (49,965) |
| Healthcare accounts receivable | 51,980 | - | - | - | 51,980 |
| Interest receivable | (914) | - | (457) | (4) | (1,375) |
| Prepaid insurance | (5,701) | - | - | - | (5,701) |
| Prepaid income taxes | 1,953 | - | 2,425 | 280 | 4,663 |
| Deposits | 43,554 | - | - | - | 43,554 |
| Prepaid expenses | (114,785) | - | - | - | (114,785) |
| Other assets | (8,551) | - | - | - | (8,551) |
| Due from general reserve fund | (4,524) | - | - | - | (4,524) |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | 48,109 | - | (21,337) | - | 26,772 |
| Accrued salaries and other expenses | (9,791) | - | - | - | (9,791) |
| Due to operations fund | - | 4,524 | - | - | 4,524 |
| Income taxes payable | 603 | - | 840 | 20 | 1,463 |
| Total adjustments | 295,886 | 4,524 | (18,529) | 296 | 282,177 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | <u>77,707</u> | <u>4,524</u> | <u>413,805</u> | <u>4,809</u> | <u>500,845</u> |
| INVESTING ACTIVITIES | | | | | |
| Net (purchase) sale of certificates of deposit | - | (15,382) | (300,000) | - | (315,382) |
| Net (purchase) sale of fixed assets | (438,727) | - | - | - | (438,727) |
| NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES | <u>(438,727)</u> | <u>(15,382)</u> | <u>(300,000)</u> | <u>-</u> | <u>(754,109)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (361,020) | (10,858) | 113,805 | 4,809 | (253,264) |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 186,360 | 1,381 | (187,481) | (260) | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,147,356</u> | <u>33,690</u> | <u>818,049</u> | <u>23,033</u> | <u>2,022,128</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 972,696</u> | <u>\$ 24,213</u> | <u>\$ 744,373</u> | <u>\$ 27,582</u> | <u>\$ 1,768,864</u> |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2015**

| | <u>Operations Fund</u> | <u>General Reserve Fund</u> | <u>Property Replacement Fund</u> | <u>Gifts & Bequests Fund</u> | <u>Total Funds</u> |
|---------------------------------|----------------------------|-------------------------------------|--|--|------------------------|
| <u>Supplemental Disclosures</u> | | | | | |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Income taxes paid | <u>\$ (1,381)</u> | <u>\$ -</u> | <u>\$ (1,622)</u> | <u>\$ (260)</u> | <u>\$ (3,263)</u> |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2014**

| | <u>Operations Fund</u> | <u>General Reserve Fund</u> | <u>Property Replacement Fund</u> | <u>Gifts & Bequests Fund</u> | <u>Total Funds</u> |
|--|----------------------------|-------------------------------------|--|--|------------------------|
| OPERATING ACTIVITIES | | | | | |
| Excess (deficiency) of revenues over expenses | \$ (170,520) | \$ - | \$ 78,849 | \$ 10,232 | \$ (81,439) |
| Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities: | | | | | |
| Bad debt expense | 65,161 | - | - | - | 65,161 |
| Depreciation expense | 316,588 | | | | 316,588 |
| Decrease (increase) in assets: | | | | | |
| Assessments receivable | (41,605) | | | | (41,605) |
| Healthcare accounts receivable | 2,497 | | | | 2,497 |
| Interest receivable | 330 | | (5,023) | (36) | (4,729) |
| Prepaid insurance | 5,153 | | | | 5,153 |
| Prepaid expenses | 90,869 | | | | 90,869 |
| Prepaid income taxes | (997) | | (1,682) | (249) | (2,928) |
| Deposits | (43,554) | | | | (43,554) |
| Other assets | 867 | | | | 867 |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | (12,355) | | (12,809) | | (25,164) |
| Accrued salaries and other expenses | (15,831) | | | | (15,831) |
| Total adjustments | 367,128 | - | (19,514) | (285) | 347,329 |
| NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | 196,608 | - | 59,335 | 9,947 | 265,890 |
| INVESTING ACTIVITIES | | | | | |
| Net (purchase) sale of certificates of deposit | - | 200,000 | 225,000 | 30,000 | 455,000 |
| Net (purchase) sale of fixed assets | (212,854) | | | | (212,854) |
| NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES | (212,854) | 200,000 | 225,000 | 30,000 | 242,146 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (16,246) | 200,000 | 284,335 | 39,947 | 508,036 |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 145,937 | (399,999) | 274,319 | (20,257) | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 1,017,665 | 233,689 | 259,395 | 3,343 | 1,514,092 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 1,147,356 | \$ 33,690 | \$ 818,049 | \$ 23,033 | \$ 2,022,128 |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2014**

| | <u>Operations Fund</u> | <u>General Reserve Fund</u> | <u>Property Replacement Fund</u> | <u>Gifts & Bequests Fund</u> | <u>Total Funds</u> |
|--------------------------|----------------------------|-------------------------------------|--|--|------------------------|
| Supplemental Disclosures | | | | | |
| Interest paid | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Income taxes paid | <u>\$ 1,573</u> | <u>\$ -</u> | <u>\$ 2,395</u> | <u>\$ 332</u> | <u>\$ 4,300</u> |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2015 AND 2014

1. THE ASSOCIATION

Villa Marin Homeowners' Association (the Association) is a common interest development located in San Rafael, California which consists of 224 residential units and certain common area property. The Association was organized as a nonprofit mutual-benefit corporation in September 1983 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association's Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Assessments. Association members are subject to annual assessments, usually payable in equal monthly installments, to provide funds for operating expenses and major repairs and replacements. In addition to regular annual assessments, special and/or emergency assessments may be imposed by the Association's Board Of Directors, under certain circumstances without member approval. Any excess assessments at year end are retained by the Association for use in the succeeding year. Revenues and expenses and information about future major repairs and replacements are explained in greater detail in the annually-distributed pro forma operating budget (pursuant to California Civil Code Section 5300).

Assessments receivable at the balance sheet date represents the aggregate amount of assessments due from unit owners. The Association's policy is to retain a collection service and/or legal counsel and place liens on the properties of owners whose assessments are delinquent. In certain instances, foreclosure may be necessary. The collection process is explained in greater detail in the annually distributed annual statement of collection procedure (pursuant to California Civil Code Section 5730). Because of these collection procedures, the Board believes that, subject to a reasonable allowance for doubtful accounts, if any, all assessments are collectible. The estimate of allowance for doubtful accounts, if any, is based, generally, on amounts past due greater than 90 to 120 days.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2015 AND 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation. The accompanying financial statements, and the Association's corporate income tax returns, have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned and expenses are recognized when incurred.

Cash and cash equivalents. For purposes of the statement of cash flows, the Association considers all short-term investments with a maturity at date of purchase of three months or less to be cash equivalents. Cash equivalents are classified with cash in the balance sheet.

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of October 31, 2015 totaled approximately \$792,000.

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

Fund accounting. The Association's governing documents provide certain guidelines for governing its financial activities. To ensure the observance of limitations and restrictions on the use of financial resources, the Association maintains its accounts using fund accounting. Financial resources are classified for accounting and reporting purposes in four funds established according to their nature and purpose. The operations fund is used to account for the financial resources available for the general day-to-day operations of the Association. The property replacement fund is used to accumulate financial resources designated for future major repairs and replacements.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2015 AND 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes are paid on income from sources which are not related to the nonprofit, membership purposes of the Association. Nonmembership income, less related nonmembership expenses, subject to federal and California income taxes includes interest earned on cash and investments.

For federal purposes, the Association is taxed as a regular corporation at graduated rates from 15% to 39% on net nonmember income. California income taxes approximate 9% of taxable income.

The Association's tax filings are subject to audit by various taxing authorities: federal income tax returns for the previous three years remain open to examination by the Internal Revenue Service and California income tax returns for the previous four years remain open to examination by the Franchise Tax Board. In evaluating the Association's tax provisions and accruals, the Association believes that its estimates are appropriate based on current facts and circumstances.

Interest earned on operations, property replacement, and gifts and bequests funds, net of related income taxes, is retained in said respective funds. Interest income, net of related income taxes, earned by the general reserve fund, is retained in the operations fund. Income taxes on interest earned by the gifts and bequests fund are paid from the operations fund.

Investments consist of federally-insured certificates of deposit stated at cost which approximates market value.

Membership in the Association is mandatory by virtue of unit ownership.

Real and personal common property acquired by the original owners from the developer is not recognized in the Association's financial statements, in accordance with prevalent industry practice, because it is commonly owned by the individual Association members and its disposition by the Board of Directors is restricted. Similarly, major repairs, replacements and improvements to real property are not recognized. Personal property and equipment acquired by the Association is recorded at cost. Depreciation is recorded on the straight-line basis over estimated useful lives from 5-25 years.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2015 AND 2014**

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

The Association's governing documents, and California state law (Civil Code Section 5300), require that the Board of Directors provide for the repair and replacement of Association common area major components. Accordingly, funds which comprise the replacement fund are not generally available for the payment of day-to-day operating expenses. The gift and bequests fund is used to account for the financial resources made available from gifts and bequests.

The Association has completed a study of its common area major components sufficient to assist the Board in planning for future major repairs and replacements. The reasonableness of the resulting reserve funding plan is a function of the completeness of the major component list, the accuracy of the estimated quantity, useful and remaining lives and current replacement costs of those components, and the reasonableness of significant funding assumptions, including but not limited to the projected cost increase (aka inflation) and interest earning rates.

Funds are being accumulated in the replacement fund based on estimated future costs for repair and replacement of common area property. Actual expenditures and investment income may vary from the estimated amounts, and the variations may be material.

Therefore, amounts accumulated in the replacement fund may not be adequate to meet all future component repair and replacement costs. The ability of the Association to fund its future requirements is dependent upon annual increases in that portion of the assessment which is allocated to the replacement fund, and/or special assessments. In the event that funds are not available when needed, the Board may, subject to the constraints of California law and the Association's governing documents, increase regular assessments, levy special assessments, and/or delay repair and replacement until funds are available.

Additional information about future major repairs and replacements may be found in the annually-distributed assessment and reserve funding disclosure summary (pursuant to California Civil Code Section 5300).

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2015 AND 2014**

4. COMMITMENTS

The Association enters into contracts for maintenance services in the normal course of its business operations. These contracts are generally cancelable on thirty to ninety days' notice. The Association also has entered into employment agreements with two of its executives. The contracts are generally cancelable by either party and, under certain circumstances, one of the parties may be obligated to pay the other party as liquidated damages six months compensation.

In addition to management and maintenance of the common area property and meals, the Association provides its members with both assisted living non-medical care and skilled nursing long-term care. Skilled nursing care and assisted living care are also provided to members that elect to sell their unit after they have physically moved into the long-term care facilities and assisted living care facilities, respectively. Such services are provided under contract and require a certain monthly payment from the former member. While the Association has an obligation to provide assisted living and skilled nursing care to members and some former members, no liability has been recorded in the financial statements for the present value of these future services. In the opinion of Association management, the monthly assessment paid by the members, and the monthly contract payments made by former members, is sufficient to meet these obligations.

5. FURNITURE, EQUIPMENT, VEHICLES AND ARTWORK

Furniture, equipment, vehicles and artwork as of October 31, 2015 and 2014 consists of the following:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------|---------------------|---------------------|
| Furniture and fixtures | \$ 1,729,141 | \$ 1,665,188 |
| Equipment | 2,963,887 | 2,896,730 |
| Vehicles and artwork | <u>324,589</u> | <u>234,241</u> |
| | <u>5,017,617</u> | <u>4,796,159</u> |
| Accumulated depreciation | <u>(3,354,125)</u> | <u>(3,254,843)</u> |
| Net furniture and equipment | <u>\$ 1,663,492</u> | <u>\$ 1,541,316</u> |

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2015 AND 2014**

6. BANK LINES OF CREDIT

The Association has a \$500,000 unused line of credit with Bank of Marin which is limited to the amount(s) the Association has in its cash account(s) with Bank of Marin. Such limitation as of October 31, 2015 was approximately \$395,000. Any advances under the line of credit are secured by an interest in a Bank of Marin bank account(s). Interest on amounts borrowed is payable monthly at prime. The Association also has a \$500,000 unused line of credit with Westamerica Bank. Any advances under the line of credit are secured by an interest in the Association's equipment. Interest on amounts borrowed is payable monthly at the rate of prime plus 1-1/4% per annum.

7. EMPLOYEE PENSION PLAN

The Association has established a 401(k) retirement plan (the Plan). The Plan covers full-time employees over the age of 21 who have at least one year of service. Employee salary deferrals are allowed. The Board annually determines the contribution rate which currently is 4% of compensation. The contribution expense for the years ended October 31, 2015 and 2014 was \$166,329 and \$151,171, respectively.

8. CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

The Association is required to have 75 days of operating liquidity in accordance with California Department of Social Services regulations. For the years ended October 31, 2015 and 2014, the Association has been in compliance with this regulation.

9. RELATED PARTIES AND CONCENTRATION OF VENDORS

The Association has a contract with an outside party to provide food and the related personnel oversight of the food preparation. The contract renews annually and requires a fixed payment per week. For the years ended October 31, 2015 and 2014, the vendor was paid \$1,051,130 and \$1,045,466, respectively.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2015 AND 2014**

10. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 3, 2016, the date that the financial statements were available to be issued.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2015
(UNAUDITED)**

The following information on common area major components was compiled by Reserve Analysis Consulting, L.L.C. of Sausalito, California as of May 2015 and has served as the basis for the current estimates of replacement reserve funding:

| Code # | Component Description | 2014/15 End Req'd in Bank | Year New | Useful Life | Rmng. (15/16) | Total Cost | Annual Allocation |
|--------------|--|---------------------------|----------|-------------|---------------|------------|-------------------|
| 1.000 | ROOFING | | | | | | |
| 1.001 | Built Up Roofing - Metacryllic over Tar & Gravel System | \$96,000 | 2011 | 10 | 6 | \$320,000 | \$32,000 |
| 1.002 | Skylights - North & South | \$12,051 | 2001 | 20 | 6 | \$18,540 | \$927 |
| 1.010 | Metal Flashing & Parapet Repair & Replacement | \$9,000 | 1984 | 50 | 19 | \$15,000 | \$300 |
| 1.012 | Little Villa Skylight | \$200 | 2011 | 30 | 26 | \$2,000 | \$67 |
| 2.000 | BUILDING EXTERIOR | | | | | | |
| 2.001 | Exterior Caulking - Base | \$29,750 | 2007 | 20 | 12 | \$85,000 | \$4,250 |
| 2.002 | Wall Joint Tape, Awnings & Professional Services | \$208,000 | 2001 | 25 | 11 | \$400,000 | \$16,000 |
| 2.003 | Exterior & Interior Structural Repair Allowance | \$50,000 | 2014 | 1 | 0 | \$50,000 | \$50,000 |
| 2.019 | Railing Wall Repair & Concrete Work Allowance | \$5,000 | 2004 | 10 | -1 | \$5,000 | \$500 |
| 2.023 | Exterior Painting - Unit 100 / Little Villa | \$3,500 | 2010 | 20 | 15 | \$17,500 | \$875 |
| 2.024 | Front 1/2 Main Building Exterior - Paint/Waterproofing | \$48,667 | 2012 | 15 | 12 | \$365,000 | \$24,333 |
| 2.025 | Back 1/2 Main Building Exterior - Paint/Waterproofing | \$24,333 | 2013 | 15 | 13 | \$365,000 | \$24,333 |
| 2.026 | Back Walls Under Promenade Deck - Painting/Waterproofing | \$85,714 | 1984 | 35 | 4 | \$100,000 | \$2,857 |
| 3.000 | CONCRETE BLOCKS | | | | | | |
| 3.002 | Concrete Garage "Ventilation Block" Replace | \$2,083 | 2009 | 6 | 0 | \$2,500 | \$417 |
| 4.000 | AWNINGS & WINDOWS | | | | | | |
| 4.001 | Blue Awnings (6) | \$1,200 | 2012 | 10 | 7 | \$6,000 | \$600 |
| 4.007 | Window Replacement Allowance | \$7,000 | 2014 | 1 | 0 | \$7,000 | \$7,000 |
| 4.008 | Yellow Awnings Front 1/2 Building (153) | \$12,240 | 2012 | 10 | 7 | \$61,200 | \$6,120 |
| 4.011 | Yellow Awnings Back 1/2 Building (193) | \$7,720 | 2013 | 10 | 8 | \$77,200 | \$7,720 |
| 4.012 | Yellow Awnings Back 1/2 Main Building (168) | \$26,880 | 2010 | 10 | 5 | \$67,200 | \$6,720 |
| 4.013 | Yellow Awnings- Recurring Repair/Replace Allowance | \$5,000 | 2014 | 1 | 0 | \$5,000 | \$5,000 |
| 5.000 | ELECTRIC GATES | | | | | | |
| 5.001 | Garage Gates (4) - Repair/Replace Allowance | \$5,000 | 2014 | 1 | 0 | \$5,000 | \$5,000 |
| 5.005 | Garage Gates Controllers (4) - Repair/Replace Allowance | \$5,300 | 2014 | 1 | 0 | \$5,300 | \$5,300 |
| 5.009 | Loading Dock Door & Controller | \$700 | 2009 | 25 | 19 | \$3,500 | \$140 |
| 5.010 | Central Trash Controller & Door | \$1,167 | 2012 | 6 | 3 | \$3,500 | \$583 |
| 5.011 | Card Access System | \$18,000 | 2006 | 20 | 11 | \$45,000 | \$2,250 |
| 5.012 | Garage Pedestrian Doors - Lower Level (Non Electric) | \$5,700 | 1984 | 50 | 19 | \$9,500 | \$190 |
| 5.013 | Security Cameras - System Upgrade/Replacement | \$78,672 | 2002 | 20 | 7 | \$131,120 | \$6,556 |
| 6.000 | WALL COVERING | | | | | | |
| 6.001 | PCU Corridors & Rooms | \$15,600 | 2002 | 25 | 12 | \$32,500 | \$1,300 |
| 6.004 | SNF Corridors & Rooms | \$19,500 | 2005 | 15 | 5 | \$32,500 | \$2,167 |
| 6.006 | SNF Dining Room | \$7,500 | 2005 | 15 | 5 | \$12,500 | \$833 |
| 6.007 | PCU Dining Room | \$6,000 | 2002 | 25 | 12 | \$12,500 | \$500 |
| 6.008 | Beauty Shop | \$4,940 | 2001 | 25 | 11 | \$9,500 | \$380 |
| 7.000 | ELEVATORS | | | | | | |
| 7.012 | Condo Gym Door Automatic Opener | \$900 | 2011 | 20 | 16 | \$6,000 | \$300 |
| 7.014 | Elevator Pit Sump Pumps (5) - Replacement Allowance | \$1,100 | 2014 | 1 | 0 | \$1,100 | \$1,100 |
| 7.021 | Elevator - South #1 | \$117,188 | 1984 | 32 | 1 | \$125,000 | \$3,906 |
| 7.022 | Elevator - Central #2 | \$0 | 2014 | 30 | 29 | \$125,000 | \$4,167 |
| 7.023 | Elevator - Freight #3 | \$120,968 | 1984 | 31 | 0 | \$125,000 | \$4,032 |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2015
(UNAUDITED)**

| Code # | Component Description | 2014/15 End Req'd in Bank | Year New | Useful Life (15/16) | Rmng. | Total Cost | Annual Allocation |
|--------|--|---------------------------|----------|---------------------|-------|------------|-------------------|
| 7.024 | Elevator - North #4 | \$113,636 | 1984 | 33 | 2 | \$125,000 | \$3,788 |
| 7.025 | Elevator - Kitchen #5 | \$107,143 | 1984 | 35 | 4 | \$125,000 | \$3,571 |
| 7.031 | Elevator Cab Interior - South #1 | \$23,438 | 1984 | 32 | 1 | \$25,000 | \$782 |
| 7.032 | Elevator Cab Interior - Central #2 | \$0 | 2014 | 30 | 29 | \$25,000 | \$833 |
| 7.033 | Elevator Cab Interior - Freight #3 | \$24,194 | 1984 | 31 | 0 | \$25,000 | \$806 |
| 7.034 | Elevator Cab Interior - North #4 | \$22,727 | 1984 | 33 | 2 | \$25,000 | \$758 |
| 7.035 | Elevator Cab Interior - Kitchen #5 | \$22,059 | 1984 | 34 | 3 | \$25,000 | \$735 |
| 8.000 | ROAD AREA REPLACEMENT | | | | | | |
| 8.001 | Seal Coat, Stripe @ South Fire Access & Tennis Court | \$3,000 | 2011 | 7 | 3 | \$7,000 | \$1,000 |
| 8.002 | Overlay @ South Fire Access | \$53,156 | 1984 | 40 | 9 | \$70,875 | \$1,772 |
| 8.003 | Striping & Repair Thorndale Drive | \$2,900 | 2012 | 10 | 7 | \$14,502 | \$1,450 |
| 8.004 | Overlay @ Thorndale Drive | \$151,059 | 1984 | 40 | 9 | \$201,413 | \$5,035 |
| 8.005 | Repair Thorndale Drive/Sidewalk & Curb | \$3,900 | 2011 | 5 | 1 | \$6,500 | \$1,300 |
| 8.006 | Concrete | \$5,000 | 2014 | 1 | 0 | \$5,000 | \$5,000 |
| 8.007 | Renovation @ South Fire Access & Tennis Court | \$14,625 | 2005 | 20 | 10 | \$32,500 | \$1,625 |
| 8.008 | Asphalt Replacement - South Fire Road | \$30,375 | 1984 | 70 | 39 | \$70,875 | \$1,813 |
| 8.009 | Asphalt Base Replacement - Thorndale Drive | \$86,320 | 1984 | 70 | 39 | \$201,413 | \$2,877 |
| 8.010 | Roadway Guard Rail Repair & Replace Allowance | \$300 | 2013 | 10 | 8 | \$3,000 | \$300 |
| 9.000 | MECHANICAL | | | | | | |
| 9.001 | Boiler System - Domestic Hot Water - Roof (6) (large-750k btu) | \$112,500 | 1984 | 40 | 9 | \$150,000 | \$3,750 |
| 9.004 | Boiler System - Heating Water - Roof (2) (Small) | \$30,000 | 1984 | 40 | 9 | \$40,000 | \$1,000 |
| 9.006 | Boiler Systems SNF- Domestic Water & Heating - (2lg)/2sm) | \$150,000 | 1984 | 40 | 9 | \$200,000 | \$5,000 |
| 9.007 | Air Handlers (4 Roof, 2 LL, 2 Return Air) | \$68,571 | 1984 | 35 | 4 | \$80,000 | \$2,286 |
| 9.008 | Variable Volume Controllers (60)-Replacement Allowance | \$2,000 | 2014 | 1 | 0 | \$2,000 | \$2,000 |
| 9.010 | Fan Coils (4) | \$5,333 | 2010 | 30 | 25 | \$40,000 | \$1,333 |
| 9.011 | A/C Unit - DX @ SNF | \$193,548 | 1984 | 31 | 0 | \$200,000 | \$6,452 |
| 9.013 | Domestic Water Booster System (3) Variable Speed Pumps | \$9,000 | 2009 | 25 | 19 | \$45,000 | \$1,800 |
| 9.014 | FCU Laundry Exhaust Fan | \$7,280 | 2000 | 25 | 10 | \$13,000 | \$520 |
| 9.015 | Return Air Fan (1) & Exhaust Fan (1) @ SNF | \$17,143 | 1984 | 35 | 4 | \$20,000 | \$571 |
| 9.016 | Package A/C Units - (3) Roof & (1) Garage | \$51,429 | 1984 | 35 | 4 | \$60,000 | \$1,714 |
| 9.018 | Kitchen Range - Exhaust Fan (Roof) | \$21,429 | 1984 | 35 | 4 | \$25,000 | \$714 |
| 9.019 | A/C Unit - Ambulatory Care (2) | \$29,143 | 1984 | 35 | 4 | \$34,000 | \$971 |
| 9.020 | A/C Unit / Heater - Pool Room | \$0 | 2014 | 30 | 29 | \$25,000 | \$833 |
| 9.021 | Filtration System Beauty Shop | \$1,857 | 1988 | 28 | 1 | \$2,000 | \$71 |
| 9.023 | Fuel Transfer Pumps (2) | \$2,000 | 1984 | 30 | -1 | \$2,000 | \$67 |
| 9.025 | Exhaust Fans - Smoke (2) Roof (2) Garage | \$48,000 | 1984 | 35 | 4 | \$56,000 | \$1,600 |
| 9.026 | Residential Thermostats/Fan Coils - Replacement Allowance | \$10,000 | 2014 | 1 | 0 | \$10,000 | \$10,000 |
| 9.031 | Residential Heat Pumps - Roof - Replacement Allowance | \$40,000 | 2014 | 1 | 0 | \$40,000 | \$40,000 |
| 9.035 | Liquid Chiller | \$43,500 | 2008 | 20 | 13 | \$145,000 | \$7,250 |
| 9.037 | Return Air Heating Pump - Kitchen | \$3,500 | 2007 | 20 | 12 | \$10,000 | \$500 |
| 9.038 | Water Backflow Valve - SNF | \$1,000 | 2011 | 30 | 26 | \$10,000 | \$333 |
| 9.039 | Water Backflow Valve - Common Area | \$900 | 2011 | 30 | 26 | \$9,000 | \$300 |
| 9.040 | Portable Generators (3) | \$328 | 2013 | 16 | 14 | \$5,250 | \$328 |
| 9.041 | Kitchen Supply Air Handler | \$21,429 | 1984 | 35 | 4 | \$25,000 | \$714 |
| 9.042 | Kitchen Dishwasher Exhaust | \$2,667 | 2010 | 15 | 10 | \$10,000 | \$667 |
| 9.043 | Hot Water Storage Tank (3) Roof & (1) SNF | \$90,000 | 1984 | 40 | 9 | \$120,000 | \$3,000 |
| 9.044 | Chiller Motors/Pumps (Air Handler Room) | \$17,143 | 1984 | 35 | 4 | \$20,000 | \$571 |
| 9.045 | Pump/Motor/Fan Replacement Allowance | \$2,000 | 2014 | 1 | 0 | \$2,000 | \$2,000 |
| 11.000 | CONCRETE (EXPANSION JOINTS) | | | | | | |
| 11.001 | Seismic Joints - Front North | \$35,707 | 2006 | 30 | 21 | \$133,900 | \$4,463 |
| 11.002 | Vertical Seismic Joints - Front North | \$17,500 | 2007 | 40 | 32 | \$100,000 | \$2,500 |
| 11.003 | Horizontal Seismic Joint - Gym (60") | \$9,064 | 2006 | 30 | 21 | \$33,990 | \$1,133 |
| 11.004 | Horizontal Seismic Joint Beauty Shop (40") | \$4,395 | 2006 | 30 | 21 | \$16,480 | \$549 |
| 11.005 | Vertical Systems Joint Repair | \$10,000 | 2008 | 30 | 23 | \$50,000 | \$1,667 |
| 11.006 | Horizontal Seismic Joint over PLV - North | \$12,000 | 2008 | 30 | 23 | \$60,000 | \$2,000 |
| 11.007 | Vertical Seismic Joint - South Rear | \$4,167 | 2009 | 30 | 24 | \$25,000 | \$833 |
| 11.008 | Vertical Seismic Joints - Front North | \$4,667 | 2007 | 30 | 22 | \$20,000 | \$667 |
| 11.009 | Vertical Seismic Joints - Front South | \$5,333 | 2006 | 30 | 21 | \$20,000 | \$667 |
| 11.010 | Vertical Seismic Joints - Back North | \$5,333 | 2006 | 30 | 21 | \$20,000 | \$667 |
| 11.011 | Vertical Seismic Joints - Back South | \$2,667 | 2010 | 30 | 25 | \$20,000 | \$667 |
| 1.012 | Horizontal Seismic Joint - Front North | \$5,600 | 2006 | 30 | 21 | \$21,000 | \$700 |
| 11.013 | Horizontal Seismic Joint - Back North | \$8,000 | 2008 | 30 | 23 | \$40,000 | \$1,333 |

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| Code # | Component Description | 2014/15 End Req'd in Bank | Year New | Useful Life (15/10) | Rmng. | Total Cost | Annual Allocation |
|--------|--|---------------------------|----------|---------------------|-------|------------|-------------------|
| 11.014 | Horizontal Seismic Joint - Front South | \$1,800 | 2008 | 30 | 23 | \$9,000 | \$300 |
| 11.015 | Horizontal Seismic Joint - Back South | \$16,000 | 2008 | 30 | 23 | \$80,000 | \$2,667 |
| 11.016 | Horizontal Seismic Joint - Back South | \$13,333 | 2010 | 30 | 25 | \$100,000 | \$3,333 |
| 11.017 | Horizontal Seismic Joint - Back South | \$8,400 | 2008 | 30 | 23 | \$42,000 | \$1,400 |
| 11.018 | Horizontal Seismic Joint - Back South | \$7,000 | 2011 | 30 | 26 | \$70,000 | \$2,333 |
| 11.019 | Horizontal Seismic Joint - Back South | \$0 | 2014 | 30 | 29 | \$25,000 | \$833 |
| 11.020 | Horizontal Seismic Joint - Back South | \$63,158 | 1984 | 38 | 7 | \$80,000 | \$2,105 |
| 12.000 | LIPE SAFETY | | | | | | |
| 12.001 | Life Safety System - Phase 1 | \$78,000 | 2002 | 30 | 17 | \$195,000 | \$6,500 |
| 12.002 | Life Safety System - Phase 2 | \$71,500 | 2003 | 30 | 18 | \$195,001 | \$6,500 |
| 12.003 | Life Safety System - Phase 3 | \$58,501 | 2005 | 30 | 20 | \$195,002 | \$6,500 |
| 12.005 | Patient Warden System - All Medical Units | \$10,000 | 2009 | 20 | 14 | \$40,000 | \$2,000 |
| 12.006 | Emergency Generator - Rebuild | \$42,857 | 1984 | 35 | 4 | \$50,000 | \$1,429 |
| 12.007 | Transfer Switches @ Emergency Generator Room | \$8,571 | 1984 | 35 | 4 | \$10,000 | \$286 |
| 12.008 | Transfer Switches @ SNF Battery Room | \$8,571 | 1984 | 35 | 4 | \$10,000 | \$286 |
| 12.009 | Tamper Switches (#51) | \$1,250 | 2013 | 2 | 0 | \$2,500 | \$1,250 |
| 12.010 | SNF Emergency Lighting and Power | \$4,000 | 2009 | 25 | 19 | \$20,000 | \$800 |
| 12.011 | SNF Emergency Batteries | \$2,000 | 2010 | 15 | 10 | \$7,500 | \$500 |
| 12.014 | Two Way Emergency Radlos & Base Station | \$1,000 | 2014 | 1 | 0 | \$1,000 | \$1,000 |
| 12.015 | Telephone System UPS Batteries | \$1,400 | 2012 | 5 | 2 | \$3,500 | \$700 |
| 12.016 | Emergency Fire Pump @ Garden Area - LL Garage | \$85,714 | 1984 | 35 | 4 | \$100,000 | \$2,857 |
| 12.017 | Auxiliary Fire Jockey Pump @ Fire Pump Room | \$4,500 | 2002 | 20 | 7 | \$7,500 | \$375 |
| 12.018 | Fire Extinguishers - Allowance (80 - Total) | \$500 | 2014 | 1 | 0 | \$500 | \$500 |
| 12.020 | Emergency Generator - Allowance | \$2,000 | 2014 | 1 | 0 | \$2,000 | \$2,000 |
| 12.021 | Reception Intercom System | \$7,500 | 2004 | 20 | 9 | \$15,000 | \$750 |
| 12.022 | Emergency Generator - 500 Gl. Diesel Tank (@Front) | \$8,400 | 2000 | 50 | 35 | \$30,000 | \$600 |
| 14.000 | SWIMMING POOL | | | | | | |
| 14.001 | Swimming Pool & Spa Area Refurb | \$0 | 2014 | 15 | 14 | \$50,000 | \$3,333 |
| 14.005 | Pool Heater | \$0 | 2014 | 10 | 9 | \$4,000 | \$400 |
| 14.006 | Gas Duct Heater | \$6,000 | 2004 | 15 | 4 | \$9,000 | \$600 |
| 14.007 | Return Air Handler | \$7,714 | 1984 | 35 | 4 | \$9,000 | \$257 |
| 14.008 | Supply Air Handler | \$0 | 2014 | 30 | 29 | \$9,000 | \$300 |
| 14.009 | Pool Filter | \$0 | 2014 | 20 | 19 | \$2,500 | \$125 |
| 14.010 | Pool Pump | \$0 | 2014 | 10 | 9 | \$1,500 | \$150 |
| 14.012 | Pool Lift | \$750 | 2012 | 20 | 17 | \$7,500 | \$375 |
| 14.013 | Pool Salt Cell | \$0 | 2014 | 10 | 9 | \$2,500 | \$250 |
| 14.014 | Pool Room Exhaust Fans | \$1,067 | 2006 | 15 | 6 | \$2,000 | \$133 |
| 14.015 | Pool Solar | \$4,000 | 2010 | 20 | 15 | \$20,000 | \$1,000 |
| 14.016 | Pool / Gym Equipment Replacement Allowance | \$1,000 | 2014 | 1 | 0 | \$1,000 | \$1,000 |
| 14.017 | Swimming Pool & Spa Area Major Structural Rehab | \$0 | 2014 | 100 | 99 | \$500,000 | \$5,000 |
| 15.000 | SPA | | | | | | |
| 15.004 | Spa Heater | \$0 | 2014 | 10 | 9 | \$4,000 | \$400 |
| 15.005 | Spa Filter | \$0 | 2014 | 20 | 19 | \$2,500 | \$125 |
| 15.008 | Jet Blower Fan | \$0 | 2014 | 10 | 9 | \$2,000 | \$200 |
| 16.000 | FENCES/GATES/RAILS | | | | | | |
| 16.001 | Fencing @ SE Corner by Paddle Tennis Court | \$4,037 | 2005 | 20 | 10 | \$8,970 | \$449 |
| 16.002 | Redwood Fence - North Promenade | \$3,600 | 1984 | 35 | 4 | \$4,200 | \$120 |
| 16.003 | Promenade Steel Gates | \$3,375 | 1984 | 40 | 9 | \$4,500 | \$113 |
| 16.004 | Bottom Vineyard Fencing - Metal | \$450 | 2012 | 40 | 37 | \$9,000 | \$225 |
| 17.000 | DOORS | | | | | | |
| 17.001 | Bi-Fold Doors | \$7,955 | 1984 | 33 | 2 | \$8,750 | \$265 |
| 17.002 | Accordion Doors - Auditorium (Rear) | \$5,333 | 1998 | 18 | 1 | \$6,000 | \$333 |
| 17.003 | Accordion Doors - Auditorium (Front) | \$5,667 | 1997 | 18 | 0 | \$6,000 | \$333 |
| 17.004 | Trash Chute Doors (incl. Kitchen) | \$10,500 | 1984 | 40 | 9 | \$14,000 | \$350 |
| 17.005 | Lower Level Garage Entry Door | \$850 | 1997 | 30 | 12 | \$1,500 | \$50 |
| 17.006 | Promenade North & South - Automatic (4) | \$22,800 | 1995 | 25 | 5 | \$30,000 | \$1,200 |
| 17.007 | LL Clinic - Automatic - Garage | \$7,125 | 1995 | 20 | 0 | \$7,500 | \$375 |
| 17.008 | PCU - Automatic - Garden Area | \$5,700 | 1995 | 25 | 5 | \$7,500 | \$300 |
| 17.009 | Double Slider - Closet - SNF | \$13,500 | 2005 | 10 | 0 | \$15,000 | \$1,500 |
| 17.010 | Accordion - Closet - SNF | \$1,000 | 2012 | 10 | 7 | \$5,000 | \$500 |
| 17.011 | Accordion - Bath - SNF | \$3,200 | 2012 | 10 | 7 | \$16,000 | \$1,600 |
| 17.012 | Double Slider - Closet - PCU | \$10,800 | 2005 | 10 | 0 | \$12,000 | \$1,200 |

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| Code # | Component Description | 2014/15 End Req'd in Bank | Year New | Usefl Life | Rmng. (15/16) | Total Cost | Annual Allocation |
|--------|---|---------------------------|----------|------------|---------------|------------|-------------------|
| 17.013 | Accordlon - Closet - PCU | \$11,700 | 2005 | 10 | 0 | \$13,000 | \$1,300 |
| 17.014 | Accordlon - Bath - PCU | \$13,500 | 2005 | 10 | 0 | \$15,000 | \$1,500 |
| 17.015 | Interior & Exterior Steel Doors | \$3,000 | 2011 | 4 | 0 | \$4,000 | \$1,000 |
| 17.017 | Door Lock Sets Repair & Replacement Allowance | \$6,000 | 2014 | 1 | 0 | \$6,000 | \$6,000 |
| 17.017 | Door Locks - Health Center | \$0 | 2014 | 30 | 29 | \$30,000 | \$1,000 |
| 18.000 | LANDSCAPING | | | | | | |
| 18.003 | Lined Flower Beds adjoining Building | \$1,000 | 2012 | 20 | 17 | \$10,000 | \$500 |
| 18.009 | Common Area Exterior Personal Property | \$1,800 | 2011 | 5 | 1 | \$3,000 | \$600 |
| 18.016 | Tree Removal & Replacement Allowance | \$5,000 | 2014 | 1 | 0 | \$5,000 | \$5,000 |
| 18.017 | Upgrade Grounds Allowance | \$3,000 | 2009 | 25 | 19 | \$15,000 | \$600 |
| 19.000 | VEHICLES | | | | | | |
| 19.002 | Forklift - Kamatsu | \$9,000 | 2005 | 15 | 5 | \$15,000 | \$1,000 |
| 19.004 | Ford Large Bus | \$0 | 2014 | 20 | 19 | \$130,000 | \$6,500 |
| 19.005 | Honda Van | \$25,282 | 2005 | 11 | 1 | \$30,900 | \$2,809 |
| 19.008 | Grounds Cart | \$6,800 | 1997 | 20 | 2 | \$8,000 | \$400 |
| 19.009 | Ford Small Bus | \$0 | 2014 | 20 | 19 | \$95,000 | \$4,750 |
| 19.010 | Ford Flex Crossover | \$14,000 | 2010 | 10 | 5 | \$35,000 | \$3,500 |
| 20.000 | FLOOR COVERINGS | | | | | | |
| 20.001 | Dining Room Refurbishment | \$67,500 | 2008 | 20 | 13 | \$225,000 | \$11,250 |
| 20.002 | Carpeting - 2/3 1st Floor Refurbish | \$8,395 | 2013 | 8 | 6 | \$67,160 | \$8,395 |
| 20.003 | Carpeting - 1/3 1st Floor Corridors Refurbish | \$11,000 | 2011 | 15 | 11 | \$55,000 | \$3,667 |
| 20.004 | Carpeting - Administration | \$7,425 | 2005 | 10 | 0 | \$8,250 | \$825 |
| 20.005 | Flooring - SNF Common Area | \$4,000 | 2012 | 10 | 7 | \$20,000 | \$2,000 |
| 20.006 | SNF Patient Rooms - Replacement Allowance | \$4,000 | 2014 | 1 | 0 | \$4,000 | \$4,000 |
| 20.007 | Carpeting - 2nd Floor & Landing Refurbishment | \$22,000 | 2011 | 15 | 11 | \$110,000 | \$7,333 |
| 20.008 | PCU Patient Rooms Replacement Allowance | \$4,000 | 2014 | 1 | 0 | \$4,000 | \$4,000 |
| 20.009 | Flooring - PCU Common Area | \$3,500 | 2012 | 10 | 7 | \$17,500 | \$1,750 |
| 20.010 | Carpeting - Other Common Areas | \$19,200 | 2006 | 10 | 1 | \$24,000 | \$2,400 |
| 20.011 | Lobby - Refurbishment | \$40,000 | 2010 | 15 | 10 | \$150,000 | \$10,000 |
| 20.012 | Carpeting - Auditorium | \$540 | 2013 | 12 | 10 | \$6,480 | \$540 |
| 20.013 | Card Room & Gift Shop Refurbishment | \$3,333 | 2010 | 15 | 10 | \$12,500 | \$833 |
| 20.014 | Kitchen Flooring | \$14,213 | 1984 | 60 | 29 | \$28,425 | \$474 |
| 20.015 | Kitchen Flooring Base & Wall | \$9,677 | 1984 | 31 | 0 | \$10,000 | \$323 |
| 20.018 | Flooring @ Lunchroom/Corridors | \$0 | 2014 | 20 | 19 | \$7,815 | \$391 |
| 20.019 | Sheet Vinyl Flooring @ Locker Rooms | \$3,175 | 1997 | 20 | 2 | \$3,735 | \$187 |
| 20.020 | Vinyl Tile Flooring @ All Areas | \$5,200 | 2004 | 20 | 9 | \$10,400 | \$520 |
| 20.021 | Stair Treads - Ari Corridor to OPS | \$200 | 2013 | 15 | 13 | \$3,000 | \$200 |
| 20.022 | Floor Covering - 1st Floor Ramps | \$4,550 | 2001 | 20 | 6 | \$7,000 | \$350 |
| 20.023 | Baseboard Refurbishng | \$5,100 | 2005 | 15 | 5 | \$8,500 | \$567 |
| 20.024 | Beauty Shop Refurbishment | \$2,625 | 2007 | 20 | 12 | \$7,500 | \$375 |
| 20.025 | Auditorium - Wood Floor & Baseboard | \$500 | 2013 | 15 | 13 | \$7,500 | \$500 |
| 20.026 | Carpeting - 3rd Floor refurbish | \$66,667 | 2006 | 12 | 3 | \$100,000 | \$8,333 |
| 20.027 | Carpeting 4th Floor Refurbish | \$77,727 | 2005 | 11 | 1 | \$95,000 | \$8,636 |
| 20.028 | Library Refurbish | \$16,000 | 2006 | 25 | 16 | \$50,000 | \$2,000 |
| 20.029 | PCU Nursing Station Floor | \$6,000 | 2008 | 15 | 8 | \$15,000 | \$1,000 |
| 21.000 | WINDOW COVERINGS | | | | | | |
| 21.003 | Window Coverings - Lobby | \$2,667 | 2010 | 15 | 10 | \$10,000 | \$667 |
| 21.004 | Mini Blinds @ Common Area | \$643 | 2005 | 21 | 11 | \$1,500 | \$71 |
| 21.005 | Sun Block Shades | \$2,567 | 2007 | 15 | 7 | \$5,500 | \$367 |
| 21.006 | Auditorium Blinds/Dividers | \$250 | 2013 | 20 | 18 | \$5,000 | \$250 |
| 21.007 | PCU Patient Room Mini Blinds | \$6,263 | 1997 | 19 | 1 | \$7,000 | \$368 |
| 21.008 | PCU Room Cube Curtains, Window Treatments & Bedding | \$1,050 | 2013 | 20 | 18 | \$21,000 | \$1,050 |
| 21.009 | SNF Patient Room Mini Blinds | \$7,158 | 1997 | 19 | 1 | \$8,000 | \$421 |
| 21.010 | SNF Patient Room Window Curtains | \$8,320 | 2001 | 20 | 6 | \$12,900 | \$640 |
| 21.011 | Mini Blinds - Dining Room | \$875 | 2007 | 20 | 12 | \$2,500 | \$125 |
| 22.000 | DOOR CLOSERS | | | | | | |
| 22.001 | Door Closers, Hydraulic - Various Locations - Allowance | \$1,000 | 2014 | 1 | 0 | \$1,000 | \$1,000 |
| 22.002 | Electric Door Operators (5) | \$16,000 | 1994 | 25 | 4 | \$20,000 | \$800 |
| 22.003 | Electric Fire Door Relenser Allowance | \$2,000 | 2014 | 1 | 0 | \$2,000 | \$2,000 |
| 22.005 | Front Door - Electric Opener | \$500 | 2013 | 20 | 18 | \$10,000 | \$500 |
| 23.000 | HOUSEKEEPING TOOLS & EQUIPMENT | | | | | | |
| 23.001 | Washer - HC Laundry Room | \$770 | 2007 | 10 | 2 | \$1,100 | \$110 |

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|--------|---|---------------------------|----------|---------------------|-------|------------|-------------------|
| 23.003 | PCU - HD Washing Machine | \$5,156 | 1999 | 16 | 0 | \$5,500 | \$344 |
| 23.004 | Common Area Washers & Dryers Replacement Allowance | \$1,500 | 2014 | 1 | 0 | \$1,500 | \$1,500 |
| 23.005 | Dryer - HC Laundry Room | \$2,800 | 2002 | 15 | 2 | \$3,500 | \$233 |
| 23.008 | Teri-Towel System Repair & Replacement Allowance | \$1,000 | 2014 | 1 | 0 | \$1,000 | \$1,000 |
| 23.009 | Standard Vacuum Cleaners (#17) - Replacement Allowance | \$2,000 | 2014 | 1 | 0 | \$2,000 | \$2,000 |
| 23.012 | Steam Machine | \$3,300 | 2005 | 15 | 5 | \$5,500 | \$367 |
| 23.013 | Pullman Holt 19" Scrubber | \$60 | 2013 | 25 | 23 | \$1,500 | \$60 |
| 23.014 | Steamer - Housekeeping | \$1,597 | 1984 | 31 | 0 | \$1,650 | \$53 |
| 23.015 | Buffer | \$2,317 | 1986 | 29 | 0 | \$2,400 | \$83 |
| 23.016 | Pullman Holt 17" Buffer | \$611 | 2004 | 18 | 7 | \$1,100 | \$61 |
| 23.018 | Housekeeping Carts (#16) Replacement Allowance | \$1,100 | 2014 | 1 | 0 | \$1,100 | \$1,100 |
| 23.022 | Wet or Dry Vacuums | \$1,440 | 2005 | 10 | 0 | \$1,600 | \$160 |
| 24.000 | PCU FURNITURE & EQUIPMENT | | | | | | |
| 24.001 | Swimming Pool/Gymnasium Equipment Replace Allowance | \$1,250 | 2014 | 1 | 0 | \$1,250 | \$1,250 |
| 24.002 | PCU Common Area Replacement Allowance | \$4,500 | 2014 | 1 | 0 | \$4,500 | \$4,500 |
| 24.004 | 3rd Floor Housekeeping Bathrooms Remodel (Unisex) | \$2,667 | 2010 | 30 | 25 | \$20,000 | \$667 |
| 24.006 | 1st Floor Art Hall - Bathroom Remodel & ADA | \$0 | 2014 | 30 | 29 | \$80,000 | \$2,667 |
| 24.007 | Pool Bathroom Remodel | \$0 | 2014 | 15 | 14 | \$20,000 | \$1,333 |
| 24.008 | Dining Room Area Bathroom Remodel (Unisex) | \$8,000 | 2008 | 15 | 8 | \$20,000 | \$1,333 |
| 24.009 | Employee Break Room & Bathrooms Remodel (Men/Women) | \$11,613 | 1984 | 31 | 0 | \$12,000 | \$387 |
| 24.010 | Medical Unit Hospital Beds & Mattresses (#59) Allowance | \$4,000 | 2014 | 1 | 0 | \$4,000 | \$4,000 |
| 24.020 | PCU Overbed Tables | \$3,430 | 2007 | 20 | 12 | \$9,800 | \$490 |
| 24.030 | PCU Bathroom Cabinets | \$980 | 2007 | 20 | 12 | \$2,800 | \$140 |
| 24.050 | PCU Side Chairs | \$3,080 | 2007 | 20 | 12 | \$8,800 | \$440 |
| 24.060 | PCU Side Tables | \$5,880 | 2007 | 20 | 12 | \$16,800 | \$840 |
| 24.091 | PCU Refrigerators | \$875 | 2009 | 10 | 4 | \$1,750 | \$175 |
| 24.092 | PCU Nurses Station Refurbish | \$8,750 | 2007 | 20 | 12 | \$25,000 | \$1,250 |
| 24.093 | PCU Cabinets & Countertops Replace/Refurb Allowance | \$17,143 | 1984 | 35 | 4 | \$20,000 | \$571 |
| 24.100 | CLINIC EXAM ROOM #1 | | | | | | |
| 24.101 | Hewlett-Packard EKG | \$1,250 | 2008 | 24 | 17 | \$5,000 | \$208 |
| 24.102 | Clinic Exam Table # 1 | \$3,167 | 1995 | 30 | 10 | \$5,000 | \$167 |
| 24.103 | Defibrillator & Battery Case | \$1,800 | 2005 | 10 | 0 | \$2,000 | \$200 |
| 24.110 | CLINIC EXAM ROOM #2 | | | | | | |
| 24.111 | Clinic Exam Table #2 | \$1,000 | 2010 | 20 | 15 | \$5,000 | \$250 |
| 24.120 | PHYSICAL THERAPY | | | | | | |
| 24.130 | X-RAY ROOM | | | | | | |
| 24.140 | HSK LINEN ROOM | | | | | | |
| 24.141 | Built In Shelving | \$1,477 | 2001 | 30 | 16 | \$3,408 | \$114 |
| 25.000 | SNF FURNITURE & EQUIPMENT | | | | | | |
| 25.001 | SNF Common Area Replacement Allowance | \$5,000 | 2014 | 1 | 0 | \$5,000 | \$5,000 |
| 25.016 | Arrow Lov Bed - (Kneeling Bed) | \$5,250 | 2005 | 12 | 2 | \$7,000 | \$583 |
| 25.030 | SNF Overbed Tables | \$5,880 | 2000 | 20 | 5 | \$8,400 | \$420 |
| 25.040 | SNF Bathroom Cabinets | \$1,440 | 2005 | 20 | 10 | \$3,200 | \$160 |
| 25.060 | SNF Suction Machines | \$660 | 2003 | 20 | 8 | \$1,200 | \$60 |
| 25.080 | SNF Closet Organizers - SNF & PCU | \$945 | 2005 | 20 | 10 | \$2,100 | \$105 |
| 25.090 | SNF Side Chairs | \$1,013 | 2012 | 15 | 12 | \$7,600 | \$507 |
| 25.100 | SNF Bedside Stands | \$15,913 | 2000 | 15 | 0 | \$17,050 | \$1,137 |
| 25.120 | SNF Patient Room Television Stands | \$1,440 | 2006 | 20 | 11 | \$3,600 | \$180 |
| 25.130 | SNF Patient Room Divider Curtains | \$9,068 | 2001 | 20 | 6 | \$13,950 | \$698 |
| 25.140 | Waste Baskets - Fire Resistant SNF & PCU | \$1,071 | 2011 | 7 | 3 | \$2,500 | \$357 |
| 25.150 | Blanket Warmers | \$990 | 1996 | 20 | 1 | \$1,100 | \$55 |
| 25.160 | Blankets & Bedspreads (50) | \$720 | 2013 | 2 | 0 | \$1,440 | \$720 |
| 25.061 | Dinamap Pro - HC | \$2,979 | 2003 | 12 | 0 | \$3,250 | \$271 |
| 25.061 | Dinamap - HC | \$0 | 2014 | 10 | 9 | \$2,200 | \$220 |
| 25.162 | Digital Chair Scale (#2) | \$2,200 | 2003 | 12 | 0 | \$2,400 | \$200 |
| 25.163 | Golvo Lift | \$6,646 | 2003 | 12 | 0 | \$7,250 | \$604 |
| 25.164 | Alarm Mats (13) | \$1,250 | 2009 | 5 | -1 | \$1,250 | \$250 |
| 25.165 | Enclosed Display Cases (2) | \$688 | 2003 | 20 | 8 | \$1,250 | \$63 |
| 25.166 | SNF Refrigerators (2) | \$2,800 | 2007 | 10 | 2 | \$4,000 | \$400 |
| 25.167 | SNF Cabinets & Countertops Replace/Refurb Allowance | \$34,286 | 1984 | 35 | 4 | \$40,000 | \$1,143 |
| 25.200 | SNF DINING ROOM | | | | | | |
| 25.201 | Large Screen TV (2) | \$2,400 | 2008 | 10 | 3 | \$4,000 | \$400 |

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|--------|---|---------------------------|----------|---------------------|---------------|------------|-------------------|
| 25.202 | SNF Piano | \$4,500 | 1984 | 40 | 9 | \$6,000 | \$150 |
| 5.203 | All Medical Unit TV's (#59) Replacement Allowance | \$2,000 | 2013 | 2 | 0 | \$4,000 | \$2,000 |
| 5.225 | Nurses Station - SNF Refurbish | \$8,000 | 2006 | 25 | 16 | \$25,000 | \$1,000 |
| 25.226 | Medical Cart | \$5,000 | 1999 | 15 | -1 | \$5,000 | \$333 |
| 25.227 | Upper & Lower Cabinets - Nurses SNF | \$4,500 | 2005 | 20 | 10 | \$10,000 | \$500 |
| 25.228 | Upper & Lower Cabinets - Clinic | \$1,400 | 2007 | 25 | 17 | \$5,000 | \$200 |
| 25.250 | SHOWER ROOM | | | | | | |
| 25.251 | Whirlpool | \$16,200 | 1996 | 50 | 31 | \$45,000 | \$900 |
| 25.252 | Blankets | \$1,875 | 2009 | 8 | 2 | \$3,000 | \$375 |
| 26.000 | FOOD SERV. EQUIP. & APPL. - GARDEN AREA | | | | | | |
| 26.010 | Lower Level Walk-In Refrigerator Compressors (2) | \$3,200 | 2006 | 15 | 6 | \$6,000 | \$400 |
| 26.011 | Lower Level Walk-In Freezer Compressor | \$2,933 | 2006 | 15 | 6 | \$5,500 | \$367 |
| 26.012 | Kitchen Walk-In refrigerator Compressors | \$2,933 | 2006 | 15 | 6 | \$5,500 | \$367 |
| 26.100 | FOOD SERV. EQUIP. & APPL. - KITCHEN | | | | | | |
| 26.101 | Grease Traps | \$2,333 | 2009 | 15 | 9 | \$7,000 | \$467 |
| 26.102 | Gas Griddle & Oven FS Kitchen | \$0 | 2014 | 10 | 9 | \$13,000 | \$1,300 |
| 26.103 | Gas Range 6 Burner FS Kitchen & Oven | \$0 | 2014 | 10 | 9 | \$13,000 | \$1,300 |
| 26.104 | Steam Tables - FS Kitchen | \$1,267 | 2010 | 30 | 25 | \$9,500 | \$317 |
| 26.105 | Gas Charbroiler FS Kitchen | \$0 | 2014 | 10 | 9 | \$8,000 | \$800 |
| 26.106 | Reach-In-Freezer - FS Kitchen | \$1,733 | 2010 | 15 | 10 | \$6,500 | \$433 |
| 26.107 | Fryer - FS Kitchen | \$0 | 2014 | 10 | 9 | \$6,000 | \$600 |
| 26.108 | Mixer - FS Kitchen | \$3,600 | 1996 | 25 | 6 | \$5,000 | \$200 |
| 26.109 | Tilt Skillet | \$4,725 | 2005 | 20 | 10 | \$10,500 | \$525 |
| 26.110 | Gas Convection Oven (Double) - FS Kitchen | \$15,938 | 1999 | 16 | 0 | \$17,000 | \$1,063 |
| 26.111 | Food Warmers - FS Kitchen | \$4,000 | 2002 | 15 | 2 | \$5,000 | \$333 |
| 26.112 | Ice Cream Freezer - FS Kitchen | \$600 | 2010 | 20 | 15 | \$3,000 | \$150 |
| 26.114 | Steamer | \$5,091 | 2006 | 11 | 2 | \$7,000 | \$636 |
| 26.116 | CO2 Hood Fire Extinguisher System - Kitchen | \$4,667 | 2000 | 30 | 15 | \$10,000 | \$333 |
| 26.117 | Unitized Base Dispenser | \$3,500 | 2004 | 20 | 9 | \$7,000 | \$350 |
| 26.120 | Slicer - Kitchen | \$2,100 | 2000 | 20 | 5 | \$3,000 | \$150 |
| 26.123 | Stainless Steel Shelving Units - Kitchen | \$12,500 | 1984 | 60 | 29 | \$25,000 | \$417 |
| 5.123 | Stainless Steel Work Tables - Kitchen | \$3,214 | 1984 | 70 | 39 | \$7,500 | \$107 |
| 26.126 | Stainless Steel Serving Racks - Kitchen | \$400 | 2011 | 15 | 11 | \$2,000 | \$133 |
| 26.127 | Stove - Small One Burner - Kitchen | \$1,714 | 1984 | 35 | 4 | \$2,000 | \$57 |
| 26.128 | Dish Dolly & Racks | \$300 | 2011 | 15 | 11 | \$1,500 | \$100 |
| 26.129 | Charcoal Grille - FS Kitchen | \$4,125 | 1984 | 40 | 9 | \$5,500 | \$138 |
| 26.130 | Replacement Shelving - Lower Freezer (walk-in) | \$700 | 2010 | 20 | 15 | \$3,500 | \$175 |
| 26.131 | Reach In Refrigerator # 1 | \$1,050 | 2007 | 20 | 12 | \$3,000 | \$150 |
| 26.132 | Reach In Refrigerator # 2 | \$1,400 | 2006 | 20 | 11 | \$3,500 | \$175 |
| 26.133 | Pellet Warmer | \$4,500 | 2005 | 20 | 10 | \$10,000 | \$500 |
| 26.134 | Bread Warmers (2) | \$300 | 2013 | 10 | 8 | \$3,000 | \$300 |
| 26.135 | Kitchen Suspended Ceiling & Lights | \$0 | 2014 | 10 | 9 | \$35,000 | \$3,500 |
| 26.136 | Cabinets & Wait Station Servers | \$0 | 2014 | 15 | 14 | \$10,000 | \$667 |
| 26.200 | FOOD SERV. EQUIP. & APPL. - DINING ROOM | | | | | | |
| 26.202 | Soup Warmers - Dining Room | \$4,050 | 1987 | 30 | 2 | \$4,500 | \$150 |
| 26.203 | Faucets - Kitchen & Dining Room | \$4,400 | 2007 | 7 | -1 | \$4,400 | \$629 |
| 26.204 | Buffet Table w/ Guard (Hot & Cold) | \$1,430 | 2003 | 20 | 8 | \$2,600 | \$130 |
| 26.205 | Tables & Chairs | \$22,000 | 2009 | 25 | 19 | \$110,000 | \$4,400 |
| 26.206 | Cabinets/Countertops - South Wait Station | \$2,100 | 2007 | 20 | 12 | \$6,000 | \$300 |
| 26.207 | Cabinets/Countertops - Other | \$750 | 2012 | 8 | 5 | \$3,000 | \$375 |
| 26.208 | Plate Warmers | \$1,400 | 2010 | 10 | 5 | \$3,500 | \$350 |
| 26.300 | FOOD SERV. EQUIP. & APPL. - ROOF | | | | | | |
| 26.301 | Hood Exhaust Fan Motor - Roof | \$0 | 2014 | 25 | 24 | \$2,000 | \$80 |
| 26.400 | FOOD SERV. EQUIP. & APPL. - LOADING DOCK | | | | | | |
| 26.401 | Ice Machine - LL Freight Dock | \$2,500 | 2009 | 12 | 6 | \$6,000 | \$500 |
| 26.402 | Steel Lockers | \$1,029 | 1984 | 70 | 39 | \$2,400 | \$34 |
| 26.403 | Lower Level Walk-In Freezer and Refrigerator | \$6,000 | 2011 | 25 | 21 | \$50,000 | \$2,000 |
| 26.404 | Wait Station Ice Cream Freezer (Dip-In) | \$1,167 | 2007 | 15 | 7 | \$2,500 | \$167 |
| 26.405 | PCU Ice Maker (HC) | \$1,225 | 2007 | 20 | 12 | \$3,500 | \$175 |
| 26.406 | Walk In Fridge Kitchen - Total Replace | \$1,200 | 2012 | 25 | 22 | \$15,000 | \$600 |
| 000 | OFFICE EQUIPMENT | | | | | | |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2015
(UNAUDITED)**

| Code # | Component Description | 2014/15 End Req'd in Bank | Year New | Useful Life | Rmng. (15/16) | Total Cost | Annual Allocation |
|--|--|---------------------------|----------|-------------|---------------|--------------|-------------------|
| 27.007 | Computer - Hard Duty (9) & Computers | \$0 | 2014 | 3 | 2 | \$15,750 | \$5,250 |
| 27.008 | Computer - Medium/Hard Duty (9) & Computers | \$10,500 | 2012 | 3 | 0 | \$15,750 | \$5,250 |
| 27.009 | Computer - Medium Duty (9) Memo | \$0 | 2013 | 3 | 1 | \$0 | \$0 |
| 27.010 | Computer - Light Duty (9) Memo | \$0 | 2013 | 3 | 1 | \$0 | \$0 |
| 27.028 | Software - Medical/ Keane - Re-Occurring Allowance | \$5,000 | 2014 | 1 | 0 | \$5,000 | \$5,000 |
| 27.029 | Software - Financial - Re-Occurring Allowance | \$4,000 | 2014 | 1 | 0 | \$4,000 | \$4,000 |
| 27.030 | Operating System Software, etc. | \$0 | 2014 | 6 | 5 | \$17,000 | \$2,833 |
| 27.031 | Time Clocks & Programming | \$1,000 | 2011 | 12 | 8 | \$4,000 | \$333 |
| 27.032 | File Server | \$12,000 | 2011 | 5 | 1 | \$20,000 | \$4,000 |
| 27.033 | Network Cable | \$286 | 2013 | 7 | 5 | \$2,000 | \$286 |
| 27.034 | In-House Network Back Up System | \$2,000 | 2012 | 5 | 2 | \$5,000 | \$1,000 |
| 27.037 | Computer Switches (2) | \$3,000 | 2008 | 8 | 1 | \$4,000 | \$500 |
| 27.038 | Computer Hub (2) | \$1,500 | 2008 | 8 | 1 | \$2,000 | \$250 |
| 27.039 | Computer/Telephone Room Improvements | \$1,000 | 2006 | 8 | -1 | \$1,000 | \$125 |
| 27.040 | HP Printer 4000 TN Network | \$429 | 2012 | 7 | 4 | \$1,500 | \$214 |
| 27.043 | Laptop Art Committee Computer | \$750 | 2011 | 6 | 2 | \$1,500 | \$250 |
| 27.044 | Software - GL, FS, AP | \$53,333 | 1998 | 18 | 1 | \$60,000 | \$3,333 |
| 27.045 | Software - Healthcare | \$37,647 | 1998 | 17 | 0 | \$40,000 | \$2,353 |
| 27.047 | Mae Laptop Computer & Printer | \$833 | 2012 | 6 | 3 | \$2,500 | \$417 |
| 27.048 | Offsite Network Backup | \$2,500 | 2012 | 8 | 5 | \$10,000 | \$1,250 |
| 27.049 | Community WIFI System | \$7,143 | 2013 | 7 | 5 | \$50,000 | \$7,143 |
| 30.000 | COMMON AREAS | | | | | | |
| 30.001 | Mail Boxes | \$12,320 | 1992 | 60 | 37 | \$33,600 | \$560 |
| 30.002 | Common Area Furniture Replacement Allowance | \$16,578 | 2014 | 1 | 0 | \$16,578 | \$16,578 |
| 30.003 | Piping & Fixtures & Painting Allowance | \$15,000 | 2014 | 1 | 0 | \$15,000 | \$15,000 |
| 30.007 | Server Room Fire Suppression System | \$19,355 | 1984 | 31 | 0 | \$20,000 | \$645 |
| 30.010 | LOBBY | | | | | | |
| 30.014 | Main Lobby Holiday Tree | \$750 | 2011 | 10 | 6 | \$2,500 | \$250 |
| 30.020 | AUDITORIUM | | | | | | |
| 30.021 | Auditorium Sound System | \$18,000 | 2005 | 15 | 5 | \$30,000 | \$2,000 |
| 30.022 | Grand Piano/Bench | \$9,214 | 1984 | 70 | 39 | \$21,500 | \$307 |
| 0.023 | Auditorium Chairs & Walls | \$4,000 | 2012 | 15 | 12 | \$30,000 | \$2,000 |
| 30.024 | Auditorium Projection Equipment | \$625 | 2013 | 8 | 6 | \$5,000 | \$625 |
| 30.030 | LIBRARY | | | | | | |
| 30.031 | Furniture | \$1,167 | 2007 | 30 | 22 | \$5,000 | \$167 |
| 30.040 | FIRST FLOOR ATRIUM NORTH | | | | | | |
| 30.041 | Grand Piano/Bench | \$9,214 | 1984 | 70 | 39 | \$21,500 | \$307 |
| 30.050 | THIRD FLOOR CENTRAL LOUNGE | | | | | | |
| 30.051 | Upright Piano | \$2,571 | 1984 | 70 | 39 | \$6,000 | \$86 |
| 30.060 | HOUSEKEEPING MANAGERS OFFICE | | | | | | |
| 30.061 | Built In File Cabinet | \$1,013 | 1995 | 60 | 40 | \$3,200 | \$53 |
| 30.070 | MAINTENANCE MANAGERS OFFICE | | | | | | |
| 30.072 | Engraving Machine | \$2,680 | 1998 | 20 | 3 | \$3,350 | \$168 |
| 31.000 | PA SYSTEM | | | | | | |
| 31.001 | PA System & Associated Cabinets & Microphones | \$14,625 | 2005 | 20 | 10 | \$32,500 | \$1,625 |
| 31.002 | Two Channel Portable Sound System | \$375 | 2011 | 10 | 6 | \$1,250 | \$125 |
| 31.003 | Auditorium Podium with Amplification System | \$600 | 2011 | 10 | 6 | \$2,000 | \$200 |
| 31.100 | Health Center Portable Sound | \$300 | 2010 | 20 | 15 | \$1,500 | \$75 |
| 31.101 | PA System for Card Room | \$300 | 2012 | 10 | 7 | \$1,500 | \$150 |
| 33.000 | LIGHTING & ELECTRICAL | | | | | | |
| 33.001 | Interior Lighting Replacement Allowance | \$3,300 | 2014 | 1 | 0 | \$3,300 | \$3,300 |
| 33.003 | Fire Alarm/Exit Lights/Etc. Replacement Allowance | \$1,500 | 2014 | 1 | 0 | \$1,500 | \$1,500 |
| 33.004 | Exterior Lighting Replacement | \$16,100 | 2007 | 25 | 17 | \$57,500 | \$2,300 |
| 33.005 | Land Centers & Panel Boards Replacement Allowance | \$1,250 | 2014 | 1 | 0 | \$1,250 | \$1,250 |
| 33.006 | Circuit Breakers - Disconnects Replacement Allowance | \$3,000 | 2014 | 1 | 0 | \$3,000 | \$3,000 |
| Total-Value of Components: | | | | | | \$10,851,471 | |
| Annual Straight-Line Allocation: | | | | | | | \$742,994 |
| | | 2014/15 End | | | | | 2 |
| Total Dollars Necessary to be 100% Funded: | | \$4,688,274 | | | | | |

See independent auditors' report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2015
(UNAUDITED)

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **before-tax interest rate** of 2-1/4% on replacement fund cash balances and an annual **inflation rate** of 1-1/2% on major component replacement costs. The replacement fund **cash** and investment balances at October 31, 2015 totaled **\$1,824,373**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$4,688,000**. The portion of **2016 regular assessments** budgeted to be allocated to the replacement fund totals **\$800,000**.

See independent auditors' report and accompanying notes.

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VILLA MARIN HOMEOWNERS' ASSOCIATION

**INDEPENDENT AUDITORS' REPORT AND CONTINUING CARE
RESERVE REPORT SCHEDULES**

YEAR ENDED OCTOBER 31, 2015

VILLA MARIN HOMEOWNERS' ASSOCIATION

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YEAR ENDED OCTOBER 31, 2015**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

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INDEPENDENT AUDITORS' REPORT

Board Of Directors
Villa Marin Homeowners' Association
San Rafael, California

We have audited the accompanying continuing care reserve report schedules, Forms 1-1 through 5-5 (including Form 5-5 Attachments) (the Schedules) of **Villa Marin Homeowners' Association** (the Association) as of October 31, 2015. These Schedules are the responsibility of the Association's management. Our responsibility is to express an opinion on these 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Schedules were prepared for the purpose of complying with California Health and Safety Code Section 1790(a) as described in Note 2, in accordance with the instructions provided by the State of California Department of Social Services and are not intended to be a complete presentation of the Association's assets, liabilities, revenues and expenses.

In our opinion, the Schedules referred to above present fairly, in all material respects, the liquid reserve requirements of **Villa Marin Homeowners' Association** as of October 31, 2015 in conformity with accounting principles generally accepted in the United States of America and the report preparation provision of California Health and Safety Code Section 1790(a).

This report is intended solely for the use of the Association and for filing with the California Department of Social Services and is not intended to be and should not be used by anyone other than these specified parties.

Levy Erlanger & Company

January 3, 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 |

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

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

PROVIDER: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules.

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

| | (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)) |
|------------------------------|----------------------|--|---|---|--|
| Long-Term Debt Obligation | | | | | |
| 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: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules.

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: Villa Marin Homeowners Association

See independent auditors' report and accompanying notes to schedules.

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

| Line | Amounts | TOTAL |
|------|--|---------------------|
| 1 | Total operating expenses from financial statements | <u>\$11,453,181</u> |
| 2 | Deductions: | |
| a. | Interest paid on long-term debt (see instructions) | |
| b. | Credit enhancement premiums paid for long-term debt (see instructions) | |
| c. | Depreciation | <u>\$316,551</u> |
| d. | Amortization | |
| e. | Revenues received during the fiscal year for services to persons who did not have a continuing care contract | <u>\$219,000</u> |
| f. | Extraordinary expenses approved by the Department | |
| 3 | Total Deductions | <u>\$535,551</u> |
| 4 | Net Operating Expenses | <u>\$10,917,630</u> |
| 5 | Divide Line 4 by 365 and enter the result. | <u>\$29,911</u> |
| 6 | Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount. | <u>\$2,243,349</u> |

See independent auditors' report and accompanying notes to schedules.

PROVIDER: Villa Marin Homeowners Association
 COMMUNITY: Villa Marin Homeowners Association

Villa Marin
 Department of Social Services
 Detail of Reserves - Operating
 Health & Safety Code Section 1790(a)(2)
 Attachment to Form 5-5
 Fiscal Year Ended 10-31-2015

QUALIFYING ASSET DESCRIPTION - OPERATING ACCOUNT LIQUIDITY:

| | Operating Liquidity | Operating Investments | Total Operating Liquidity |
|---------------------------------|---------------------|-----------------------|---------------------------|
| Cash | \$816,828 | | \$816,828 |
| Cash on Hand - Petty | \$1,500 | | \$1,500 |
| Cash in Savings | \$154,368 | | \$154,368 |
| Cash in Savings | \$27,582 | \$70,000 | \$97,582 |
| Cash in General Reserve Account | \$24,213 | \$641,382 | \$665,595 |
| | <u>\$1,024,491</u> | <u>\$711,382</u> | <u>\$1,735,873</u> |

TOTALS

Status of Assets Qualifying for Operating Reserves - Designated for Operational needs. General Reserve Accounts are Villa Marin Board of Director Designated.

PER CAPITA COSTS OF OPERATIONS:

| | |
|--|---------------------|
| Total Annual Operating Expenses (Per Form 5-4 Line 4) | \$10,917,630 |
| Less: Medicare Revenue | (\$537,330) |
| Less: Interest Income Operating | (\$8,117) |
| Total Annual Operating Expenses less other Non Resident Revenue | <u>\$10,372,183</u> |
| Divided by Average Number of Continuing Care Residents (Per Form 1-1 Line 5) | 277 |
| Average Per Capita Costs Annual | <u>\$37,445</u> |
| Divided by Days Per Year | 365 |
| Average Per Capita Costs Daily | <u>\$103</u> |

See independent auditors' report and accompanying notes to schedules.

Villa Marin
Department of Social Services
Detail of Reserves - Property
Health & Safety Code Section 1790(a)(2)
Attachment to Form 5-5
Fiscal Year Ended 10-31-2015

PROPERTY RESERVE LIQUIDITY:
(see note 4 Property Reserve Disclosures)

Cash in Property Reserve Accounts Morgan Stanley CD's, Money Markets, etc

Property
Reserves
Liquidity

\$1,824,373

See independent auditors' report and accompanying notes to schedules.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO CONTINUING CARE RESERVE REPORT SCHEDULES YEAR ENDED OCTOBER 31, 2015

NOTE 1 - THE ASSOCIATION

Villa Marin Homeowners' Association (the Association) is a common interest development located in San Rafael, California which consists of 224 residential units and certain common area property. The Association was organized as a nonprofit mutual benefit corporation in September 1983 to provide for management, maintenance and architectural control of the individual units and the common area property. The Association is governed by a member-elected Board of Directors which is responsible for enforcing provisions of the governing documents, which include covenants, conditions and restrictions (CC&Rs), by laws, and rules and regulations. Major decisions, as determined by the CC&Rs, are referred to the Association's Board of Directors.

NOTE 2 - CONTINUING CARE RESERVE REPORT SCHEDULES

The California Health and Safety Code Section 1790 requires continuing care contract providers to establish and maintain statutory and refund reserves to ensure financial resources will be available to fulfill contractual obligations to residents. The continuing care reserve report schedules (Schedules), which calculate reserve requirements, are prepared in accordance with Annual Report Instructions provided by the State of California Department of Social Services. The Schedules are required to be submitted annually to the California Department of Social Services within four months of year-end.

NOTE 3 - EVIDENCE OF FIDELITY BOND

The Association is in compliance with the fidelity bond requirement through their commercial crime insurance policy purchased through a commercial insurance carrier.

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO CONTINUING CARE RESERVE REPORT SCHEDULES
YEAR ENDED OCTOBER 31, 2015
(CONTINUED)**

NOTE 4 - PROPERTY RESERVE DISCLOSURES

The following disclosures are in accordance with Health and Safety Code Section 1790(a)(3):

Cash and investments in property reserve fund at October 31, 2015 were \$1,824,373.

The Association maintains a property reserve fund for the purposes of maintaining and/or replacing its fixed assets in compliance with the Association's non-profit mutual benefit corporation status. All property reserve amount are designated for future projects consistent with the Association's non-profit mutual benefit corporation status. An annual study is performed projecting cash requirements and project expenditures over an ongoing 30 year basis. The Association utilizes a threshold funding method to project adequate property reserve funding be available each year over the next 30 years. The current property reserve study dated May 26, 2015 by Reserve Analysis Consulting, LLC shows adequate property reserve funding over each of the next 30 years with projected annual deposits, disbursements, rate of inflation, and return on investments to meet the threshold funding requirements of the next 30 years.

The following are the Association's major property reserve fund projects designated to be performed during the year ending October 31, 2016 as permitted by and in accordance with the Association's non-profit mutual benefit corporation status:

| | |
|--|-----------|
| SNF HVAC | \$200,000 |
| Elevators | 150,000 |
| Heating and air conditioners replacement | 50,000 |
| Software replacement | 40,000 |
| Exterior structural repairs | 50,000 |
| Unscheduled replacement items | 42,528 |
| Sever room fire suppression system upgrade | 20,000 |

See independent auditors' report.

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT AUDITORS' REPORT

Board Of Directors
Villa Marin Homeowners' Association
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the financial statements of **Villa Marin Homeowners' Association** (the Association) as of October 31, 2015, and have issued our report thereon dated January 3, 2016. We have also audited the accompanying statement of cash flows-direct method of **Villa Marin Homeowners' Association** for the year ended October 31, 2015. This statement is the responsibility of the Association's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit of the statement of cash flows-direct method 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 statement of cash flows-direct method is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of cash flows-direct method referred to above presents fairly, in all material respects, the cash flows of **Villa Marin Homeowners' Association** for the year ended October 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Association and for filing with the California Department of Social Services and is not intended to be and should not be used by anyone other than these specified parties.

Levy, Erlanger & Company

January 3, 2016

VILLA MARIN HOMEOWNERS' ASSOCIATION
STATEMENT OF CASH FLOWS - DIRECT METHOD
YEAR ENDED OCTOBER 31, 2015

| | Operating Fund | General Reserve Fund | Property Replacement Fund | Gifts & Bequests Fund | Total Funds |
|---|-------------------|----------------------------|---------------------------------|-----------------------------|---------------------|
| OPERATING ACTIVITIES | | | | | |
| Cash received from residents | \$ 8,713,181 | \$ - | \$ 800,000 | \$ - | 9,513,181 |
| Cash from resident medical income | 1,866,974 | | | | 1,866,974 |
| Cash from non-resident medical income | 218,935 | | | | 218,935 |
| Cash received from license fee revenue | 188,598 | | | | 188,598 |
| Interest received for operations | 6,950 | | | | 6,950 |
| Interest received for property reserve | | | 10,492 | | 10,492 |
| Interest received for gifts & bequests | | | | 249 | 249 |
| Cash received from other revenue | 268,787 | | | 4,300 | 273,087 |
| Cash paid to suppliers and employees | (11,181,194) | | (396,687) | 260 | (11,577,621) |
| Cash for (from) interfund loans | (4,524) | 4,524 | | | - |
| Net cash provided by (used in) operating activities | <u>77,707</u> | <u>4,524</u> | <u>413,805</u> | <u>4,809</u> | <u>500,845</u> |
| INVESTING ACTIVITIES | | | | | |
| Net (purchase) sale of certificates of deposit | - | (15,382) | (300,000) | - | (315,382) |
| Net (purchase) sale of fixed assets | (438,727) | | | | (438,727) |
| | <u>(438,727)</u> | <u>(15,382)</u> | <u>(300,000)</u> | <u>-</u> | <u>(754,109)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (361,020) | (10,858) | 113,805 | 4,809 | (253,264) |
| BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS | 186,360 | 1,381 | (187,481) | (260) | - |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>1,147,356</u> | <u>33,690</u> | <u>818,049</u> | <u>23,033</u> | <u>2,022,128</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 972,696</u> | <u>\$ 24,213</u> | <u>\$ 744,373</u> | <u>\$ 27,582</u> | <u>\$ 1,768,864</u> |

See independent auditors' report

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

Date Prepared: 1/12/2016
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FACILITY NAME: Villa Marin Homeowners Association
 ADDRESS: 100 Thorndale Drive, San Rafael, CA ZIP CODE: 94903 PHONE: 415-499-8711
 PROVIDER NAME: Villa Marin HOA FACILITY OPERATOR: CONTINUING CARE CONTRACTS BRANCH
 RELATED FACILITIES: none RELIGIOUS AFFILIATION: none
 YEAR OPENED: 1985 # OF ACRES: 16 SINGLE STORY MULTI-STORY OTHER: _____
 MILES TO SHOPPING CTR: 1/4 Mile
 MILES TO HOSPITAL: 1/2 Mile

NUMBER OF UNITS:

| | |
|--|----------------------------|
| RESIDENTIAL LIVING | HEALTH CARE |
| APARTMENTS - STUDIO: <u>34</u> | ASSISTED LIVING: <u>28</u> |
| APARTMENTS - 1 BDRM: <u>135</u> | SKILLED NURSING: <u>31</u> |
| APARTMENTS - 2 BDRM: <u>34 + 20 (3bdr)</u> | SPECIAL CARE: _____ |
| COTTAGES/HOUSES: <u>1</u> | DESCRIPTION: > _____ |
| RLU OCCUPANCY (%) AT YEAR END: <u>100%</u> | > _____ |

TYPE OF OWNERSHIP: NOT-FOR-PROFIT FOR-PROFIT ACCREDITED?: YES NO BY: _____

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

REFUND PROVISIONS: (Check all that apply) 90% 75% 50% FULLY AMORTIZED OTHER: Ownership

RANGE OF ENTRANCE FEES: \$ (no entrance fees) - \$ _____ **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: _____

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: _____ OTHER: _____

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > All 7 Board Members are Resident/Owners

| FACILITY SERVICES AND AMENITIES | | | | | |
|--|-------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|-------------------------------------|
| <u>COMMON AREA AMENITIES</u> | <u>AVAILABLE</u> | <u>FEE FOR SERVICE</u> | <u>SERVICES AVAILABLE</u> | <u>INCLUDED IN FEE</u> | <u>FOR EXTRA CHARGE</u> |
| BEAUTY/BARBER SHOP | <input type="checkbox"/> | <input checked="" type="checkbox"/> | HOUSEKEEPING (<u>4</u> TIMES/MONTH) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| BILLIARD ROOM | <input type="checkbox"/> | <input type="checkbox"/> | MEALS (<u>3</u> /DAY) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| BOWLING GREEN | <input type="checkbox"/> | <input type="checkbox"/> | SPECIAL DIETS AVAILABLE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| CARD ROOMS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | 24-HOUR EMERGENCY RESPONSE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| CHAPEL | <input type="checkbox"/> | <input type="checkbox"/> | ACTIVITIES PROGRAM | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| COFFEE SHOP | <input type="checkbox"/> | <input type="checkbox"/> | ALL UTILITIES EXCEPT PHONE | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| CRAFT ROOMS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | APARTMENT MAINTENANCE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| EXERCISE ROOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> | CABLE TV | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| GOLF COURSE ACCESS | <input type="checkbox"/> | <input type="checkbox"/> | LINENS FURNISHED | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| LIBRARY | <input checked="" type="checkbox"/> | <input type="checkbox"/> | LINENS LAUNDERED | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| PUTTING GREEN | <input type="checkbox"/> | <input type="checkbox"/> | MEDICATION MANAGEMENT | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| SHUFFLEBOARD | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NURSING/WELLNESS CLINIC | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| SPA | <input checked="" type="checkbox"/> | <input type="checkbox"/> | PERSONAL HOME CARE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| SWIMMING POOL-INDOOR | <input checked="" type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PERSONAL | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| SWIMMING POOL-OUTDOOR | <input type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PREARRANGED | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| TENNIS COURT | <input checked="" type="checkbox"/> | <input type="checkbox"/> | OTHER <u>Phone</u> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| WORKSHOP | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | | |
| OTHER <u>Private Dining</u> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | | | |

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.
 Page 1 of 4

PROVIDER NAME: Villa Marin Homeowners Association

| | 2012 | 2013 | 2014 | 2015 |
|--|--------------|--------------|--------------|--------------|
| INCOME FROM ONGOING OPERATIONS | | | | |
| OPERATING INCOME (Excluding amortization of entrance fee income) | \$10,907,864 | \$10,626,655 | \$11,092,367 | \$11,239,515 |
| LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest) | \$10,568,188 | \$10,633,828 | \$10,936,067 | \$11,136,630 |
| NET INCOME FROM OPERATIONS | \$339,676 | \$(7,173) | \$156,300 | \$102,885 |
| LESS INTEREST EXPENSE | | | | |
| PLUS CONTRIBUTIONS | | | | |
| PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items) | | | | |
| NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION | \$339,676 | \$(7,173) | \$156,300 | \$102,885 |
| NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds) | 0.00 | 0.00 | 0.00 | 0.00 |

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

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

FINANCIAL RATIOS (see next page for ratio formulas)

| | 2013 CCAC Medians 50 th Percentile (optional) | 2013 | 2014 | 2015 |
|------------------------------------|--|-------|-------|-------|
| DEBT TO ASSET RATIO | | N/A | N/A | N/A |
| OPERATING RATIO | | 1.00 | 0.99 | 0.99 |
| DEBT SERVICE COVERAGE RATIO | | N/A | N/A | N/A |
| DAYS CASH ON HAND RATIO | | 74.85 | 63.42 | 56.89 |

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

| | 2012 | % | 2013 | % | 2014 | % | 2015 |
|-----------------|---------|-----|---------|-----|---------|-----|---------|
| STUDIO | \$2,535 | 0.4 | \$2,544 | 2.9 | \$2,618 | 2.5 | \$2,683 |
| ONE BEDROOM | \$2,687 | 0.7 | \$2,706 | 2.8 | \$2,782 | 2.6 | \$2,854 |
| TWO BEDROOM | \$3,337 | 1.9 | \$3,399 | 2.4 | \$3,482 | 2.9 | \$3,584 |
| COTTAGE/HOUSE | \$5,877 | 3.9 | \$6,108 | 1.8 | \$6,216 | 3.5 | \$6,433 |
| ASSISTED LIVING | \$3,087 | 1.5 | \$3,132 | 2.6 | \$3,212 | 2.8 | \$3,304 |
| SKILLED NURSING | \$3,087 | 1.5 | \$3,132 | 2.6 | \$3,212 | 2.8 | \$3,304 |
| SPECIAL CARE | | | | | | | |

COMMENTS FROM PROVIDER: >

> _____
 > _____
 > _____

PROVIDER NAME: Villa Marin Homeowners Association

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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

| | <u>RESIDENTIAL LIVING</u> | <u>ASSISTED LIVING</u> | <u>SKILLED NURSING</u> |
|---|-------------------------------|----------------------------|----------------------------|
| [1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) | \$ 2,683 To \$ 6,433 | Same | Same |
| [2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | 2.50% To 3.50% | Same | Same |

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: 11-1-2014
 (If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

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

PROVIDER: Villa Marin Homeowners Association

COMMUNITY: Villa Marin Homeowners Association

Villa Marin Homeowners Association
DSS Form 7-1
Report on CCRC Monthly Service Fees

Line (5) "Explanation for the increase in monthly service fees including the amount of the increase"

For Fiscal Year Ending 10-31-2015, Villa Marin HOA Fees increased an average of from 2.50% to 3.50%. FYE 10-31-2015 Monthly Homeowners' fees range from \$2,683 to \$6,433 depending on size of condo owned. These fees were increased to accommodate increase in operational fees including but not limited to labor increases, utility increases, food cost increases, Health Care cost increases, building maintenance, insurance, etc.

 , 2/1/2016

Milan J. Havel, Controller

 CEO 2-1-16

Villa Marin HOA
Form 8-1 (lines 1 & 2)
FYE 10-31-2015

Line 1:

"Occupied" Unit means = If we are receiving fees for the unit it is considered "Occupied" (tele call 3-14-2006)
Therefore all years are 100% Occupied.

| | fye 2010 | fye 2011 | fye 2012 | fye 2013 | fye 2014 | fye 2015 | fye 2016 | fye 2017 | fye 2018 | fye 2019 | fye 2020 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Projected 2016 | Projected 2017 | Projected 2018 | Projected 2019 | Projected 2020 |
| RESIDENT REVENUE: | | | | | | | | | | | |
| Operating Revenue per Audit | \$10,332,598 | \$10,544,583 | \$10,907,864 | \$10,626,655 | \$11,092,367 | \$11,239,515 | \$11,576,700 | \$11,924,001 | \$12,281,722 | \$12,650,173 | \$13,029,678 |
| Less Interest income | (\$47,069) | (\$29,742) | (\$18,482) | (\$13,235) | (\$6,633) | (\$8,117) | (\$8,361) | (\$8,611) | (\$8,870) | (\$9,136) | (\$9,410) |
| Total Operating Revenue per DSS | \$10,285,529 | \$10,514,841 | \$10,889,382 | \$10,613,420 | \$11,085,734 | \$11,231,398 | \$11,568,340 | \$11,915,390 | \$12,272,852 | \$12,641,037 | \$13,020,269 |
| Less Non-Resident Revenue | (\$312,466) | (\$227,590) | (\$207,625) | (\$200,750) | (\$220,800) | (\$219,000) | (\$225,570) | (\$232,337) | (\$239,307) | (\$246,486) | (\$253,881) |
| Resident Revenue | \$9,973,063 | \$10,287,251 | \$10,681,757 | \$10,412,670 | \$10,864,934 | \$11,012,398 | \$11,342,770 | \$11,683,053 | \$12,033,545 | \$12,394,551 | \$12,766,387 |
| RESIDENT EXPENSE: | | | | | | | | | | | |
| Operating Expense per Audit (before inc tax) | \$10,455,178 | \$10,646,355 | \$10,892,327 | \$10,953,627 | \$11,251,996 | \$11,453,181 | \$11,796,776 | \$12,150,680 | \$12,515,200 | \$12,890,656 | \$13,277,376 |
| Less Interest Expense | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| less Depreciation Expense | (\$294,394) | (\$309,483) | (\$327,232) | (\$323,152) | (\$316,588) | (\$316,551) | (\$326,048) | (\$335,829) | (\$345,904) | (\$356,281) | (\$366,969) |
| Total Operating Expense | \$10,160,784 | \$10,336,872 | \$10,565,095 | \$10,630,475 | \$10,935,408 | \$11,136,630 | \$11,470,729 | \$11,814,851 | \$12,169,296 | \$12,534,375 | \$12,910,406 |
| Less Non-Resident Expenses | (\$275,140) | (\$209,745) | (\$176,671) | (\$173,944) | (\$166,586) | (\$184,306) | (\$189,835) | (\$195,530) | (\$201,396) | (\$207,438) | (\$213,661) |
| Resident Expenses | \$9,885,644 | \$10,127,127 | \$10,388,424 | \$10,456,531 | \$10,768,822 | \$10,952,324 | \$11,280,893 | \$11,619,320 | \$11,967,900 | \$12,326,937 | \$12,696,745 |

ANSWER:

| | fye 2010 | fye 2011 | fye 2012 | fye 2013 | fye 2014 | fye 2015 | fye 2016 | fye 2017 | fye 2018 | fye 2019 | fye 2020 |
|--------------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Projected 2016 | Projected 2017 | Projected 2018 | Projected 2019 | Projected 2020 |
| Resident Revenue - Resident Expenses | \$87,419 | \$160,124 | \$293,333 | (\$43,861) | \$96,112 | \$60,074 | \$61,876 | \$63,733 | \$65,645 | \$67,614 | \$69,642 |
| divided by Resident Revenue | \$9,973,063 | \$10,287,251 | \$10,681,757 | \$10,412,670 | \$10,864,934 | \$11,012,398 | \$11,342,770 | \$11,683,053 | \$12,033,545 | \$12,394,551 | \$12,766,387 |
| Result - Net Operating Margin | 0.88% | 1.56% | 2.75% | -0.42% | 0.88% | 0.55% | 0.55% | 0.55% | 0.55% | 0.55% | 0.55% |
| NON RESIDENTS EXPENSES: | | | | | | | | | | | |
| Medical Expenses | 3,278,059 | 3,405,315 | 3,462,475 | 3,353,245 | 3,394,927 | 3,429,863 | 3,532,759 | 3,638,742 | 3,747,904 | 3,860,341 | 3,976,151 |
| divided by Total Health Center Days | 13,737 | 13,443 | 14,836 | 13,880 | 14,877 | 13,585 | 13,993 | 14,412 | 14,845 | 15,290 | 15,749 |
| Cost per Patient Days | 239 | 253 | 233 | 242 | 228 | 252 | 252 | 252 | 252 | 252 | 252 |
| Times Number of Non Resident Days | 1,153 | 828 | 757 | 720 | 730 | 730 | 752 | 774 | 798 | 822 | 846 |
| Non Resident Expenses | 275,140 | 209,745 | 176,671 | 173,944 | 166,586 | 184,306 | 189,835 | 195,530 | 201,396 | 207,438 | 213,661 |

