





Annual Report 2016









25 YEARS

The Forum – Twenty-Five Years of Progress

Listen my friends and you shall hear Of the founding of a place that we all hold dear It was nineteen hundred and ninety-one The year that The Forum had truly begun

Now we honor those brave pioneers They have lived at The Forum for so many years Their courage and vision have shown us the way We celebrate them on this memorable day

— Excerpt from Pat Gordon



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Message from the President

The Forum is now well into its 26th year. We are moving along with our Master Plan which will update and modernize our physical plant to meet the exceptional care enjoyed in both Independent Living and our Health Care Center. After many years of transforming our vision for expansion into a real plan, I can report that we have submitted our proposed plan to the City of Cupertino Planning Department. They have been most receptive and have told us to move ahead with the various environmental and engineering studies needed for them to make decisions on the proposed changes. We have set these studies in motion and hope to have the results to the city by early in the second quarter of this year.

When completed, we will have from 18 to 25 additional Villas, a new Memory Care unit with 24 housing units, a new Skilled Nursing wing which will add 10 beds for a total of 58 Skilled Nursing beds and 58 Assisted Living units. The existing facilities will be upgraded and there will be modernized nursing stations plus other amenities such as more dining venues, places to visit with family, see movies and have celebrations.

We have continued our meetings with the immediate neighborhood to get their feedback on how our changes will affect them and what we can do to make this change positive. We are encouraged by their interest and feedback.

I am also pleased to report that we have been able to maintain our 5-star rating in the Health Care Center due in most part to the excellent work the staff puts in on a daily basis to ensure all residents receive the very best of care.

2016 was a good year in marketing and sales and our inventory of available residences is well below the average of 10% seen in most Senior Residences. We attribute this to the excellent reputation enjoyed by The Forum as well as the popularity of the upcoming modernization via the Master Plan.

All in all I feel most comfortable in reporting that The Forum is moving ahead in a most positive direction and look forward to actual ground breaking in 2018.

Mary Elizabeth O'Connor

President, RHC Board of Directors



mary Elasth Honnor





Our Mission: To remain a community that embraces a culture of friendship, health and purpose

Our Vision: The Forum at Rancho San Antonio: A place where involved Residents take pride in ownership of a community surrounded by natural beauty, friends and family



Message from the Executive Director

This has been a year in which the RHC and RSI Boards of Directors and The Forum Management took a good hard look at ourselves — to ask and to challenge what we mean when we proclaim The Forum is a first-class Life Plan Community.

The Forum experiences successfully high Independent Living occupancy, and a 5-star Medicare-rated Skilled Nursing Facility. We've implemented a Master Plan to ensure the long-term financial viability and sustainability of The Forum as a Life Plan Community. We are proud of the strong financial and operational performance of both our corporations, both demonstrating positive net income. But, is this enough — to keep us competitive in the marketplace, and to continue to provide the highest level of services and amenities to our current residents, as well as to attract future residents?

Toward that end, The Forum Boards and Management engaged our management company, Life Care Services (LCS), to facilitate a Strategic Planning session to identify the Strategic Initiatives that are vital for the next three years. Strategic Objectives are the "roadmap" to define how to proceed and continue to position The Forum at Rancho San Antonio as a Life Plan Community of excellence, while fulfilling the Mission, Vision and Values credo of The Forum community.

The new 3-year key Strategic Initiatives are:

- 1. Develop and implement a leading-edge Technology Plan to enhance the needs of current residents, future residents and staff.
- 2. Implement the campus Master Plan Phase 1 & 2 with seamless communications to all stakeholders. Anticipate and respond to the changing demographics and modernization needs of the community.
- 3. Develop an Accountable Care Organization (ACO) strategy to maintain a leading position in healthcare quality in an ever-changing healthcare environment.
- Enhance our current recruiting and retention plan to assure our success in a competitive workforce arena that meets current resident needs, as well as the needs of future generations.
- 5. Expand community outreach to strengthen The Forum's brand.

These initiatives have been taken and an action plan produced by Management, assigning responsibility and target dates for completion. Updates on the status of this operational action plan to accomplish all strategic initiatives have been given to both the Boards and to all resident members.

We look forward to implementing initiatives and achieving our vision while maintaining our mission.

Sincerely,

Executive Director

Nancy Kao

44

A sant'e — To your health
L'chaim — To life
Here's to fun, friends and community at The Forum!

77

— Dave Stearns, Resident



Timecapsule

September 21, 2016, was the 25th anniversary of the day on which The Forum opened its doors to its first four residents. Within two months—by November 18, 1991—The Forum had 163 residents, of whom eight still live here.

So far as we know, in those early days no one buried a time capsule to tell us what life was like for the first Forum residents. But from a variety of sources we can easily picture the early days and see how far we have come in 25 years.

Two things, at least, have remained constant since the beginning:

- The warmth and helpfulness, and the sense of family, that have always been part of The Forum's culture.
- The good food. A dinner menu in September 1991 offered a choice among five entrees, and an attractive assortment of appetizers, salads, vegetables, and desserts, wholly consistent with the excellent four-page dinner menus we enjoy today.

The structures of Buildings 4 and 5 were in place in late 1991, but finishing work and compliance with state regulations remained to be done. Residents who had purchased the right to live in those buildings were obliged to move temporarily into units in Buildings 1, 2, or 3, or into hotels. "There were workmen everywhere."

In the beginning there was no landscaping. One resident remembered "not a bush or a tree, or even a weed." Today's beautiful landscaping came later.

In 1991, the old St. Joseph's College structure remained standing in the area now occupied by the Oak Valley residential development.

The average age of the first Forum residents has been estimated to have been in the early 70s, and a number of the younger residents remained active in businesses and professions. Early residents often dressed up a little for dinner, especially on Fridays and Saturdays. Initially







everyone was a "newbie," and small groups of residents, singles and couples alike, would gather in one of their living units, over appetizers and a glass of wine before dinner, to become better acquainted. There was no dinner reservation system in the early days. As a reservation system became necessary, the culture shifted toward predinner gatherings in the lounge. There was no Leisure Night in the early days, and the continental breakfast was not as elaborate as it is today.

At the outset, The Forum offered only a small fitness center and no swimming pool. The first pool, a cloverleaf shape that did not lend itself to swimming laps, was built in 1992 and replaced by our rectangular pool in 2006. At the outset there were two saunas, but these were little used and soon phased out. The present larger and well-equipped fitness center was designed in 2007.

The Forum's library has grown from a relatively small collection, primarily of books donated by the new residents, to the first-rate facility we enjoy today.

Perhaps reflecting a somewhat younger average age, parties, and particular New Year's celebrations, lasted later into the evenings in the early years than they do now.

As late as August 1991, there were no television hookups! Two days before the first four residents moved in an entrepreneur managed to provide a local cable hookup to a satellite dish, a far cry from today's sophisticated commercial cable service.

The Forum had no woodworking shop in 1991. A "Hobby Shop," which has developed into a well-equipped woodworking and repair facility, was established early in 11992. Over the years The Forum's residents have built and repaired furniture for the dining room and other common areas and have made a variety of repairs for individual residents.

The Forum's highly-rated Health Care Center was not open in 1991; Assisted Living and Skilled Nursing opened in 1992. By April 1997 the Health Care Center had added a "Day Care Center" for patients with various kinds of memory issues. The successful "Our Place" program began with six residents in 2013, and The Forum plans to add a free-standing Memory Unit offering both residential and day care.







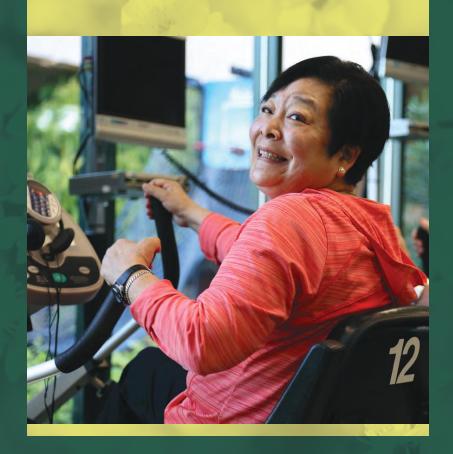




Time has gone by so quickly. I have lived here 13 years and have loved every minute of it.



— Janice Shibuya, Resident



Financials - Forum Stats At-A-Glance

On the Campus

Year of Opening
Year of First Expansion in Health Care Center
Number of Acres54
Number of Residents467
Percent of Board Members Who Are Residents
Resident Committees and Interest Groups 31

Census for Year

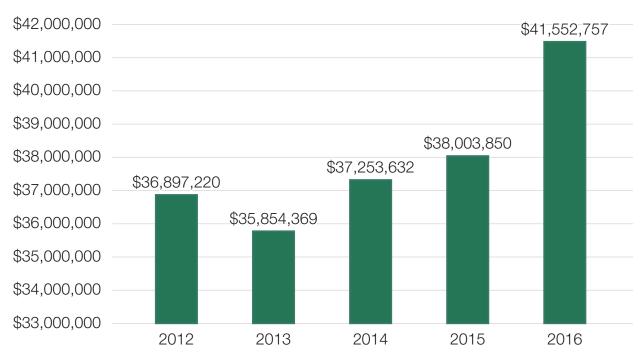
	Current Unit Capacity	New Plan Additions
Independent Living	319	Up To 25
Assisted Living	40	18*
Memory Care (MC)	18	24**
Skilled Nursing	48	10

^{*18} From Current Memory Care area

Year Over Year

	2014	2015	2016
Unrestricted Cash & Investments	\$37,253,632	\$38,003,850	\$41,552,757
Net Income Before Depreciation	\$4,054,122	\$4,282,042	\$6,122,660
Long-Term Debt Outstanding	\$5,563,668	\$5,138,091	\$5,529,862

Unrestricted Cash & Investments



^{**24} Unit New Memory Care building planned











Forum = Family

We are located next to Rancho San Antonio County Park with its myriad of hiking trails, sylvan landscape, and extraordinary views...these features are part of a portrait we can enjoy each day from The Forum.

As lucky as we are with this site, most residents feel our greatest asset here is our unique staff that provides unparalleled, professional services to us all. They are a very impressive part of our Forum Family, some having been here since the outset. This year we are celebrating our 25th anniversary.

José Mendez is one of three of our "venerable" employees who have worked at The Forum since our nascent stage. He began his tenure as a dishwasher, then a busboy, and now a server who has the responsibility for breakfast each morning Monday through Friday. This requires a 4 a.m. reveille in order to arrive at The Forum by five. When breakfast was first initiated, the meal was very simple, but we have gradually added many more choices.

José has observed many changes from 1991-2017 in the dining room. Of course, in the early years, there were fewer residents (estimate 80) and only the front section of the dining area was utilized. The Forum has grown exponentially, and fortunately our administration had envisioned such an event and planned accordingly. We are expanding, as has the Silicon Valley in which we live!

Over the years José has seen many committees (such as food) formed in order to assist management in decision-making. One adjustment is that the versatile Sierra Room now lends itself to Leisure Night, a casual dinner in which the fare represents various cultures. Also in this room the dining staff puts on special dinners for the various committees, supplying the décor and good cheer!

In recalling his years here, José's recent comment really struck a very tender chord, "I don't go to work, I go to see my other family each day." We are proud of the fellowship and camaraderie shown daily between staff and residents, and in 2016 residents donated more to the Staff Appreciation Fund than any other year. We make up a remarkable FAMILY here at The Forum!





Corporate Information

RHC Board Members

Mary Elizabeth O'Connor President

Ted Jones Vice President

George Crosby
Chief Financial Officer

Edith Tousey Secretary

Don Peterson

David Stearns

Harvey Dixon

RSI Board Members

Ivan Gendzel President

Lily Young Vice President

Jerry Fischbein Treasurer

Lois Adams Secretary

Mim Vasan

Margaret Wilmer

John Glathe

LCS Management Team

Nancy Kao Executive Director

Lynda Kaser,

C.N.H.A. Healthcare Administrator

Nan Boyd Chief Financial Officer

Jessie Perkins HR Director

Sharon Fay, R.N. Wellness Director

Robert Stivers Marketing & Sales Director

Bill Mott Food & Beverage Director

Kaz Takahashi Plant Operations Director

Maria Saralegui Environmental Services Director **Associations**

LeadingAge

City of Cupertino Chamber of Commerce

Asian American Business Council

Cupertino Rotary

Silicon Valley Association of Realtors

National Nursing Home Quality Care Collaberative

California
Association of
Health Facilities

American Healthcare

Association

California Assisted Living Association

















FISCAL YEAR ENDED:

ANNUAL REPORT CHECKLIST

CCRC(S): DBA: The Forum at Rancho San	Antonio
Healthcare Center at the Forum at Ra	ncho San Antonio
CONTACT PERSON: Nan Bovd	
TELEPHONE NO.: (650) 944-0264	EMAIL: nanboyd@theforumrsa.com
• • • • • • • •	
A complete annual report must consis	t of <u>3 copies</u> of all of the following:
☑ Annual Report Checklist.	
Annual Provider Fee in the amount	of: \$_\$26.635 chk# 19460
If applicable, late fee in the an	nount of: \$_N/A
approved by the Departmen	best of his/her knowledge. form in use or offered to new residents has been
Evidence of the provider's fidelity	bond, as required by H&SC section 1789.8.
Provider's audited financial statem accountant's opinion thereon.	nents, with an accompanying certified public
Provider's audited reserve reports accompanying certified public a	(prepared on Department forms), with an puntant's opinion thereon.
Provider's "Continuing Care Retire "Report on CCRC Monthly Service F	ment Community Disclosure Statement" and Form 7-1 Fees" for <i>each</i> community.
Provider's Refund Reserve Calculat	tion(s) – Form 9-1 and/or Form 9-2, if applicable.
	to be submitted within 30 days of the due date of the may be submitted at the same time as the annual

report.

FORM 1-1 RESIDENT POPULATION

	Line Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	453
[2]	Number at end of fiscal year	442
[3]	Total Lines 1 and 2	895
[4]	Multiply Line 3 by ".50" and enter result on Line 5. x .50	x.50
[5]	Mean number of continuing care residents	448
	All Residents	
[6]	Number at beginning of fiscal year	482
[7]	Number at end of fiscal year	472
[8]	Total Lines 6 and 7	954
[9]	Multiply Line 8 by ".50" and enter result on Line 10. x .50	x,50
[10]	Mean number of all residents	477
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of all residents (Line 10) and enter the result (round to two decimal places).	0.94
Line	FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
	ANNUAL PROVIDER FEE	TOTAL 32,921,806
[1]	ANNUAL PROVIDER FEE	32,921,806
[1] [a]	ANNUAL PROVIDER FEE Total Operating Expenses (including depreciation and debt service – interest only)	32,921,806
[1] [a] [b]	ANNUAL PROVIDER FEE Total Operating Expenses (including depreciation and debt service – interest only) Depreciation 4,337,70	32,921,806
[1] [a] [b]	ANNUAL PROVIDER FEE Total Operating Expenses (including depreciation and debt service – interest only) Depreciation 4,337,70 Debt Service (Interest Only) 192,98	32,921,806 3 1
[1] [a] [b] [2]	ANNUAL PROVIDER FEE Total Operating Expenses (including depreciation and debt service – interest only) Depreciation 4,337,70 Debt Service (Interest Only) 192,98 Subtotal (add Line 1a and 1b)	32,921,806 3 1 4,530,684
[1] [a] [b] [2] [3]	ANNUAL PROVIDER FEE Total Operating Expenses (including depreciation and debt service – interest only) Depreciation 4,337,70 Debt Service (Interest Only) 192,98 Subtotal (add Line 1a and 1b) Subtract Line 2 from Line 1 and enter result.	32,921,806 3 1 4,530,684 28,391,122
[b] [2] [3] [4] [5]	ANNUAL PROVIDER FEE Total Operating Expenses (including depreciation and debt service – interest only) Depreciation 4,337,70 Debt Service (Interest Only) 192,98 Subtotal (add Line 1a and 1b) Subtract Line 2 from Line 1 and enter result. Percentage allocated to continuing care residents (Form 1-1, Line 11)	32,921,806 3 1 4,530,684 28,391,122



April 27, 2017

Department of Social Services Continuing Care Contract Program 744 P Street, MS 10-90 Sacramento, CA 95814

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION

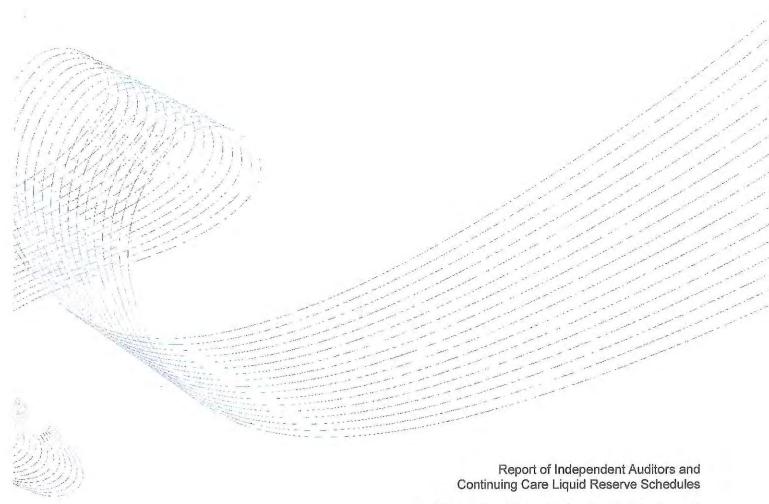
The undersigned hereby certifies that (i) the materials enclosed with the annual report for 2015 and any amendments, submitted herewith to the California Department of Social Services is, to the best of her knowledge and belief, true and correct, (ii) and that the forms of the continuing care agreements at Rancho San Antonio in use or offered to residents are those which have theretofore been submitted to, and approved by, the California Department of Social Services, and (iii) The Forum at Rancho San Antonio is maintaining the required liquid reserve and a refund reserve trust fund was not required.

Mary Elizabeth O'Connor, President

www.experiencetheforum.com | 23500 Cristo Rey Drive, Cupertino, CA 95014 | 650 944 0100

California RCFE# 435200344 | © Equal Housing Opportunity | COA# 204 &





Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc.

December 31, 2016



Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Audit Committee and the Board of Directors Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Rancho San Antonio Retirement Housing Corporation ("RHC") and Rancho San Antonio Retirement Services, Inc. ("RSI") (collectively referred to as the "Company"), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserves of the Company as of and for the year ended December 31, 2016, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.



			-

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by the Company on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Supplementary Form 5-4, Reconciliation to Audit Report; and Supplementary Form 5-5, Reconciliation to Audit Report; presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc., and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California April 21, 2017

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CONTINUING CARE LIQUID RESERVE SCHEDULES

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. FORM 5-1

LONG-TERM DEBT INCURRED IN PRIOR FISCAL YEAR
December 31, 2016

FORM 5-1 LONG-TERM DEBT INCURRED IN PRIOR FISCAL YEAR

(2)
Principal Paid
During Fiscal Year

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

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

PROVIDER: Rancho San Antonio, RHC & RSI

	<u> </u>		

FORM 5-2

LONG-TERM DEBT INCURRED DURING FISCAL YEAR December 31, 2016

LONG-TERM DEBT INCURRED DURING FISCAL YEAR FORM 5-2

	(d) (e)	Number of Reserve Requirement	Payments over	next 12 months	\$0	U\$	0\$	C	OS S	O\$	C	0\$	0\$ 0\$
(Including Balloon Debt)	(9)	<u></u>	Total Interest Paid Amount of Most Recent	During Fiscal Year Payment on the Debt									0\$
	(a)		m.	ation Date Incurred									TOTAL:
			Long-Term	Debt Obliga	1	2	cs.	4	5	9	7	8	

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

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

PROVIDER: Rancho San Antonio, RHC & RSI

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RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. FORM 5-3 CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

December 31, 2016

FORM 5-3

Line	CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT	TOTAL
ਜ	Total from Form 5-1 bottom of Column (e)	\$168,575
7	Total from Form 5-2 bottom of Column (e)	\$0
m	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:	: \$168,575

PROVIDER: Rancho San Antonio, RHC & RSI

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

FORM 5-4

Line	CALCULATION OF NET OPERATING EXPENSES	Amounts	TOTAL
H	Total operating expenses from financial statements	Į	\$32,921,806
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$168,575	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
	c. Depreciation	\$4,337,703	
	d. Amortization	\$0	
	Revenues received during the fiscal year for services to persons who did not have a continuing e. care contract	\$2,320,564	
	f. Extraordinary expenses approved by the Department	\$0	
m	Total Deductions		\$6,826,842
4	Net Operating Expenses		\$26,094,964
ro	Divide Line 4 by 365 and enter the result.		\$71,493
9	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	nt	\$5,361,975
PROVIDER:	Rancho San Antonio, RHC & RSI		
COMMUNITY:	Rancho San Antonio, dba, The Forum at Rancho San Antonio		

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC.

FORM 5-5

ANNUAL RESERVE CERTIFICATION

Provider Name:		Rancho San Antonio, RHC & RSI		
Fiscal Year Ended:		December 31, 2016		
We have reviewed	our de	bt service reserve and operating expense reserve requirem	nents as of, and for	
the period ended		12/31/2016	and are in compliance with those requ	uirements.
Our liquid reserve are as follows:	regulre	ements, computed using the audited financial statements fo	or the fiscal year	
			Amount	
	[1]	Debt Service Reserve Amount	\$168,5	75
	[2]	Operating Expense Reserve Amount	\$5,361,97	<u>75</u>
	[3]	Total Liquid Reserve Amount:	\$5,530,59	50
Qualifying assets st	ifficient	t to fulfill the above requirements are held as follows:		
		Qualifying Asset Description	(market value at end <u>Debt Service Reserve</u>	of quarter) Operating Reserve
	[4]	Cash and Cash Equivalents	\$168,575	\$18,136,006
	[5]	Investment Securities	\$0	\$7,622,356
	[6]	Equity Securities	\$0	
	[7]	Unused/Available Lines of Credit	50	\$0
	[8]	Unused/Available Letters of Credit	<u>\$0</u>	\$0
	[9]	Debt Service Reserve	\$0	(not applicable)
	[10]	Other: Board Designated Cash & Investments	30	\$5,780,551
		(describe qualifying asset)		
		Listed for Reserve Obligation: [11]	\$168,575 [12]	\$31,538,913
		Reserve Obligation Amount: [13]	\$168,575 [14]	\$5,361,975
		Surplus/(Deficiency): [15]	\$0 [16]	\$26,176,938
Signature:	-0			
Mark	10	<u>Na</u>	Date:	April 21, 2017
(Authorized Represe	ntative			
Chief Financial Office	r			
(Title)				

SUPPLEMENTARY SCHEDULES

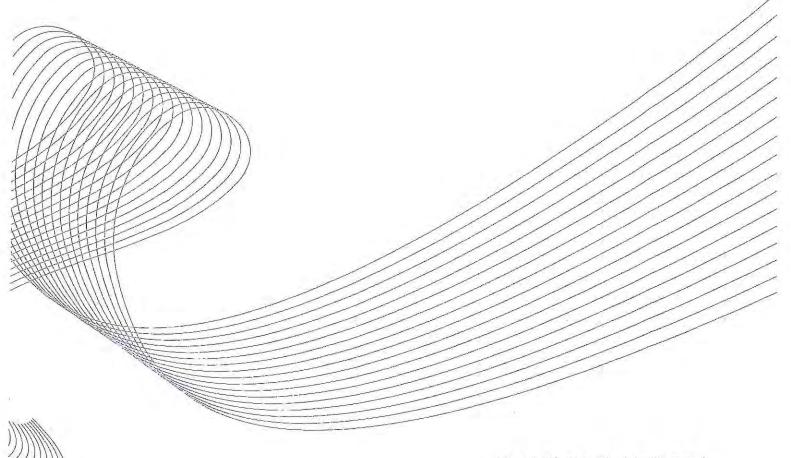
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RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. SUPPLEMENTARY FORM 5-4 RECONCILIATION TO AUDIT REPORT December 31, 2016

Total Operating Expenses Add: Interest Expense	\$ 32,728,825 192,981
Total operating expenses from financial statements	\$ 32,921,806

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. SUPPLEMENTARY FORM 5-5 RECONCILIATION TO AUDIT REPORT December 31, 2016

	Total
Cash and cash equivalents	\$ 9,386,400
Unexpended escrow transaction and exit fees for Healthcare Center purposes	 8,918,181
TOTAL CASH AND CASH EQUIVALENTS	\$ 18,304,581
TOTAL CASH AND CASH EQUIVALENTS FOR DEBT SERVICE RESERVE	\$ 168,575
TOTAL CASH AND CASH EQUIVALENTS FOR OPERATING RESERVE	18,136,006
TOTAL CASH AND CASH EQUIVALENTS	\$ 18,304,581



Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc.

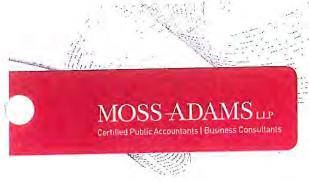
December 31, 2016 and 2015



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REPORT OF INDEPENDENT AUDITORS

To the Members of the Audit Committee and the Board of Directors Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Rancho San Antonio Retirement Housing Corporation ("RHC") and Rancho San Antonio Retirement Services, Inc. ("RSI") (collectively referred to as the "Company"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in members' equity, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc. as of December 31, 2016 and 2015, and the results of their operations and changes in members' equity, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheet and consolidating statement of operations, as of and for the year ended December 31, 2016, for Rancho San Antonio Retirement Housing Corporation and Rancho San Antonio Retirement Services, Inc., presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

San Francisco, California April 21, 2017

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CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016 and 2015

and the second s	-	2016	-	2015
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$	9,386,400	\$	7,373,665
Investments Accounts receivable, net of allowances of		7,622,356		6,582,407
approximately \$35,000 in 2016 and 2015		132231		
Inventories		1,123,994		1,003,344
Interest receivable and other		79,018 13,800		83,793
Prepaid expenses		662,229		60,826 616,662
Member advances - investments		9,845,270		10,576,996
Total current assets		28,733,067		26,297,693
PROPERTY AND EQUIPMENT				33,24,722
Land rights and improvements		16,268,855		16,188,224
Buildings and improvements		118,502,237		117,256,752
Furniture and equipment		12,636,692		11,921,043
Construction in process		1,417,960		1,114,579
Property and equipment		148,825,744		146,480,598
Less accumulated depreciation	_	(85,655,959)		(81,644,012)
Property and equipment, net		63,169,785		64,836,586
BOARD-DESIGNATED CASH AND INVESTMENTS		5,780,551		5,534,801
UNEXPENDED ESCROW TRANSACTION AND EXIT FEES FOR HEALTHCARE CENTER PURPOSES		8,918,181		7 026 202
Total assets	<u></u>	\$50.00 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	4	7,936,282
		106,601,584	===	104,605,362
LIABILITIES AND MEMBERS	'EQUITY			
CURRENT LIABILITIES	de	1,000,000	\$	
Line of credit	\$	1,000,000	- 10	425 570
Line of credit Current portion of note payable to bank	\$	5,529,862		445,5/8
Line of credit Current portion of note payable to bank Accrued liabilities	\$			425,578 1,696,658
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees	\$	5,529,862 2,004,224 309,974		
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees Member advances		5,529,862 2,004,224		1,696,658
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees Member advances Total current liabilities	\$	5,529,862 2,004,224 309,974		1,696,658 303,823
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees Member advances Total current liabilities NOTE PAYABLE TO BANK, net of current portion	\$ 	5,529,862 2,004,224 309,974 12,857,116	-	1,696,658 303,823 14,047,052
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees Member advances Total current liabilities NOTE PAYABLE TO BANK, net of current portion		5,529,862 2,004,224 309,974 12,857,116		1,696,658 303,823 14,047,052 16,473,111
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees Member advances Total current liabilities	\$	5,529,862 2,004,224 309,974 12,857,116 21,701,176	_	1,696,658 303,823 14,047,052 16,473,111 5,138,091
Line of credit Current portion of note payable to bank Accrued liabilities Current portion of deferred escrow transaction fees Member advances Total current liabilities NOTE PAYABLE TO BANK, net of current portion DEFERRED ESCROW TRANSACTION FEES, net of current portion	\$ 	5,529,862 2,004,224 309,974 12,857,116 21,701,176	_	1,696,658 303,823 14,047,052 16,473,111 5,138,091 1,823,938

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. CONSOLIDATED STATEMENTS OF OPERATIONS Years Ended December 31, 2016 and 2015

	2016	2015
REVENUES Resident service revenue Ancillary revenue Appreciation on resale of memberships Commission on sale of membership	\$ 24,047,294 2,930,406 4,106,125 1,140,700	\$ 23,060,163 2,424,089 3,708,750 1,285,500
Total revenues	32,224,525	30,478,502
Salaries Employee benefits and taxes Insurance Legal and professional Depreciation Management fees Marketing Property taxes Utilities Cable and IT services Maintenance and supplies Food and supplies Ancillary Other	12,603,220 3,993,310 571,362 160,886 4,337,703 1,405,431 413,270 465,905 1,511,692 478,351 1,557,323 2,612,799 1,136,739 1,470,005	11,838,453 3,754,108 355,072 171,878 4,249,017 1,314,100 476,056 394,616 1,404,162 473,598 1,302,469 2,452,398 1,210,495 1,393,616
Total operating expenses	32,717,996	30,790,038
NET OPERATING LOSS	(493,471)	(311,536)
OTHER INCOME (EXPENSE) Interest and investment income Amortization of escrow transaction and exit fees Interest expense Net unrealized gain (loss) on investments Other income	558,198 1,288,758 (192,981) 644,111 2,535	361,560 1,333,168 (402,068) (628,941) 1,958
Gain before provision for income taxes	1,807,150	354,141
PROVISION FOR INCOME TAXES	(22,193)	(24,116)
NET INCOME	\$ 1,784,957	\$ 330,025

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY Years Ended December 31, 2016 and 2015

		Cooperative nberships, net	Accumulated icit in Retained Earnings	Total Members' Equity		
Balance, January 1, 2015	\$	118,344,015	\$ (37,503,818)	\$	80,840,197	
Net income			330,025		330,025	
Balance, December 31, 2015	1	118,344,015	(37,173,793)		81,170,222	
Netincome			1,784,957		1,784,957	
Balance, December 31, 2016	\$	118,344,015	\$ (35,388,836)	\$	82,955,179	

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS Years Ended December 31, 2016 and 2015

		2016		2015
CASH FLOWS FROM OPERATING ACTIVITIES Cash received from residents for housing services	\$	11,697,370	\$	11,160,725
Cash received from residents and third-party payers for medical services Cash received from noncontract residents		9,046,820 2,320,564		9,992,517 1,559,178
Cash received from moncontract residents Cash received from ancillary revenues and other income Cash received for resale of memberships Cash received from commission of sales of memberships		1,762,106 4,106,125 1,140,700		2,424,089 3,708,750 1,285,500
Cash paid for operating activities, including suppliers and employees Cash received from interest		(25,500,593) 591,538		(26,675,061) 361,560
Cash paid for interest		(168,575)		(402,068)
Net cash provided by operating activities	-	4,996,055	-	3,415,190
CASH FLOWS FROM INVESTING ACTIVITIES Additions to property and equipment		(2,639,905) (12,834,922)		(2,010,043) (4,822,571)
Purchases of investments Proceeds from investments Net change in board-designated cash and investments		10,965,011 546,654		4,468,024 344,293
Net change in unexpended escrow transaction and exit fees for Healthcare Center purposes Net change in member advances - investments		(962,585) 749,970		(943,400) 202,632
Net cash used in investing activities		(4,175,777)	_	(2,761,065)
CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from member advances Repayment of member advances Proceeds from escrow transaction fees Proceeds from line of credit		3,900,000 (5,089,936) 1,416,200 1,000,000 (33,807)		3,900,000 (5,665,291) 1,508,600 - (397,938)
Repayment of note payable to bank Net cash provided by (used in) financing activities		1,192,457		(654,629)
NET CHANGE IN CASH AND CASH EQUIVALENTS		2,012,735		(504)
CASH AND CASH EQUIVALENTS, beginning of year		7,373,665	/4.00	7,374,169
CASH AND CASH EQUIVALENTS, end of year	\$	9,386,400	\$	7,373,665
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				0.00
Net income Adjustments to reconcile net income to net cash provided	\$	1,784,957	\$	330,025
by operating activities: Depreciation (Gain) loss on disposal of equipment Amortization of deferred escrow transaction and exit fees		4,337,703 (30,997) (1,288,758)		4,249,017 70,792 (1,333,168)
Changes in assets and liabilities: Accounts receivable Inventories Other receivables		(120,650) 4,775 47,026 (45,567)		(107,557) (5,192) 297,034 79,508
Prepaid expenses Accrued liabilities		307,566	P	(165,269)
Net cash provided by operating activities	\$	4,996,055	\$	3,415,190
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION Cash paid during the year for income taxes	\$	23,922	\$	1,515

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Rancho San Antonio Retirement Housing Corporation ("RHC"), a California taxable nonprofit mutual benefit corporation, owns the Forum at Rancho San Antonio (the "Community"), which contains 319 independent living units and a healthcare facility (the "Healthcare Center") in Cupertino, California.

Rancho San Antonio Retirement Services, Inc. ("RSI") is a separate California taxable nonprofit mutual benefit corporation that provides healthcare services to members of the Community and the general public. RSI leases the Healthcare Center from RHC. The Healthcare Center contains 48 nursing beds and 58 assisted living suites. Members of the Community pay a separate monthly fee to RSI for the Healthcare Center and its services. The California Department of Social Services ("DSS") and the California Department of Health Services ("DHS") have certified RHC and RSI to provide care to members of the Community and the public.

Residents of the independent living units of the Community are required to purchase memberships in RHC and to enter into occupancy and healthcare agreements with RHC and RSI, respectively. The memberships are nonrefundable but are transferable at the option of the member, with RHC receiving 50 percent of the appreciation, if any, upon resale of memberships. Members' equity includes all capital raised from the initial sale of all available cooperative memberships in RHC. The initial sale of all memberships was completed by December 31, 1996.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation – The consolidated financial statements include the accounts of RHC and RSI, of which RHC is the sole member. RHC and RSI are collectively referred to as the "Company". All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents – Cash and cash equivalents include demand deposit accounts and money market investment accounts with original maturities of three months or less.

Investments – The Company's investments are included in the following captions on the consolidated balance sheets: investments, member advances – investments, board designated cash and investments and unexpended escrow transaction and exit fees for Healthcare Center purposes. Investments consist of money market funds, which are recorded at cost and approximate fair value, and United States government bonds and certificates of deposit, which are classified as investments held to maturity and are recorded at amortized cost. Investment income or loss, including realized gains and losses on investments, interest, and dividends, is included in interest and investment income on the consolidated statements of operations. Unrealized gains and losses on investments are included in net unrealized gain (loss) on investments on the consolidated statements of operations. As of December 31, 2016 and 2015, the net accumulated unrealized gains and losses on investments were \$756,433 and \$112,322, respectively.

Accounts receivable – The Company provides services to residents and non-residents even though they may lack adequate funds or may participate in programs that do not pay full charges. The Company receives payments for health services from residents and non-residents, insurance companies, Medicare, HMOS, and other third-party payors. As a result, the Company is exposed to certain credit risk. The Company manages its risk by regularly reviewing its account, by providing appropriate allowances for uncollectible accounts.

Inventories – Inventories primarily consist of food and nursing supplies and are stated at the lower of cost or market on a first-in, first-out basis.

Member advances – Under the terms of the healthcare agreement, if a member has received more than 90 consecutive days of care in RSI and sells his or her membership in RHC, the resident is required to advance RSI the lesser of \$300,000 or the net proceeds from the sale. The advance is to be repaid, without interest, within 90 days after the termination of the member's healthcare agreement. Member advances are available for use by RSI at the discretion of management and the Boards of Directors, and are presented as member advances – investments in the accompanying consolidated balance sheets.

Property and equipment – Property and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Land rights85 yearsBuilding40 yearsLand and building improvements8 - 40 yearsFurniture, fixtures and equipment3 - 10 years

The land on which the Community is constructed is leased under an operating lease that expires in 2072. A total of \$13,080,000 has been paid to the property owner which represents the total lease payments required. Amounts paid under the lease are included in land rights and improvements and are amortized on the straight-line method over the term of the lease.

Impairment of long-lived assets and long-lived assets to be disposed of – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company has determined that no such basis adjustment was necessary at December 31, 2016 and 2015.

Board-designated cash and investments – Board-designated cash and investments are funds designated for property, equipment repairs and replacements and for insurance costs.

Unexpended escrow transaction and exit fees for Healthcare Center purposes – Unexpended escrow transaction and exit fees for Healthcare Center purposes are maintained by RHC for the purpose of funding operations of the Healthcare Center, including but not limited to general operating expenses, capital repairs, replacements and expansion and construction of new facilities.

Obligation to provide future services – Management annually calculates the present value of the net cost (difference between cost to operate and maintenance fees charged) of future services and use of the Continuing Care Retirement Community ("CCRC") to be provided to current residents and compares the amount with the balance of deferred escrow transaction fees from the residents. If the present value of the net cost of future services and use of the CCRC exceeds the deferred escrow transaction fees, a liability is recorded with the corresponding charge to income. No liability was recorded at December 31, 2016 and 2015. The discount rate used to calculate the obligation to provide future services is 6% for 2016 and 2015.

Revenue recognition – Resident service revenues generated from monthly occupancy fees for independent living units, assisted living suites and nursing beds are recognized monthly based on the terms of the occupancy and service agreements. Ancillary revenues from supplementary services and other items requested by the resident are recognized as the services are provided.

Resident and ancillary revenues include amounts estimated by management to be reimbursable by the Medicare program. Reimbursements (cost-based or otherwise) are subject to examination by agencies administering the program, and provisions are made for potential retroactive adjustments. To the extent those provisions vary from settlements, operations are charged or credited as the adjustments become known.

RHC charges escrow transaction fees to buyers of occupancy rights and exit fees to sellers of occupancy rights as per the occupancy agreement. These fees are collected by RHC and are held for the purpose of funding the Healthcare Center operations. Escrow transaction fees of \$15,000 per resident, collected from buyers, are recognized on a straight-line basis over the actuarially determined life expectancy of the resident. Exit fees collected from sellers, which are calculated as 4% of the greater of the carrying book value of the occupancy rights or the gross sales proceeds of the sale of such occupancy rights, are recognized at close of escrow.

Interest income includes earnings on cash and cash equivalents, board-designated cash and investments, unexpended escrow transaction fees, marketable securities and member advances and is recorded when earned.

Tax status of RHC and RSI – RHC qualifies as a cooperative under Section 216 of the Internal Revenue Code, as amended. To qualify as a cooperative, certain limitations must be met as to the nature of RHC's revenue. For the years ended December 31, 2016 and 2015, management believes that this requirement has been met because more than 80% of the revenue earned was from resident sources.

RHC and RSI are subject to federal and state income taxes and provide for income taxes under the asset and liability method in accordance with Financial Accounting Standards Board ("FASB) Accounting Standards Codification ("ASC") Topic 740, Income Taxes.

Fair value measurements – FASB ASC Topic 820, Fair Value Measurements and Disclosures, prescribes fair value measurements and disclosures for financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, interest receivable and other prepaid expenses, unexpended escrow transaction and exit fees for Healthcare Center purposes, accrued liabilities, deferred escrow transaction fees, member advances, and long-term debt approximate fair value. The fair values of investments are disclosed in Note 3.

The Company's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Accounting estimates include contractual and uncollectible accounts receivable, liability for deferred escrow transaction fees, calculation of future service benefit obligation, and useful lives of fixed assets,

Concentration of risk – Financial instruments potentially subjecting the Company to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC") limits and accounts receivable.

The Company also grants credit without collateral to its patients, most of whom are individuals insured under third-party payor agreements. The Company manages its collection risk by regularly reviewing its accounts and contracts and by providing appropriate allowances.

	2016	2015
Medicare	47%	40%
Private pay	38%	49%
Third-party insurance	10%	10%
Other payors	5%_	1%
	100%	100%

Professional liability insurance — The Company insures for professional liability claims under a claims-made policy. Under the policy, insurance premiums cover only those claims actually reported during the policy term, up to \$1,000,000 of coverage for each occurrence and \$3,000,000 in aggregate. Should the claims-made policy not be renewed, or replaced with equivalent insurance, claims related to occurrences during their terms but reported subsequent to their termination may be uninsured. Management is not aware of any pending claims that exceed the coverage limitations provided by their policy. Management is of the opinion that the impact, if any, is immaterial, and any settlement would not have a material adverse effect on the Company's consolidated financial position or results of operations. Management's estimate of the Company's liability for expected losses from reported and unreported incidents is based on the Company's historical claim experience within stop-loss coverage limits. The accrual for this liability is included in accrued liabilities on the consolidated balance sheets.

Advertising costs – The Company expenses advertising costs as incurred. Advertising cost totaled \$291,893 and \$285,137 for the years ended December 31, 2016 and 2015, respectively.

Net operating loss – The statements of operations include net operating loss. Other income and expenses which are excluded from net operating loss, consistent with industry practice, include interest income, escrow transaction and exit fees, interest expense, net unrealized gain (loss) on investments, and other income.

Recent accounting pronouncements – In August 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern ("ASU 2014-15"). ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The adoption of ASU 2014-15 did not have a material impact on Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30)*: Simplifying the Presentation of Debt Issuance Costs ("ASU No. 2015-03"). ASU No. 2015-03 requires debt issuance costs related to a recognized debt liability to be presented in the statements of financial position as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to the issuance of ASU No. 2015-03, debt issuance costs were required to be presented as deferred charge assets, separate from the related debt liability. ASU No. 2015-03 does not change the recognition and measurement requirements for debt issuance costs. The standard requires retrospective application and represents a change in accounting principle. The adoption of ASU 2015-03 did not have a material impact on Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"). As compared to existing guidance on revenue recognition, ASU No. 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU No. 2014-09 will provide a framework for addressing revenue recognition issues comprehensively for entities that apply U.S. GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU No. 2014-09 also improves U.S. GAAP by reducing the number of requirements to which an entity must consider in recognizing revenue, as well as requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The effective date of ASU No. 2014-09 was deferred by ASU No. 2015-14, *Deferral of the Effective Date*, to annual periods beginning after December 15, 2018 (fiscal year ending December 31, 2019 for the Company). Management is currently evaluating the impact of the provisions of ASU No. 2014-09 on the consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU No. 2015-17"). ASU 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. The guidance is effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018, with early adoption is permitted. The adoption is effective for the Company beginning January 1, 2019. Management is currently evaluating the impact of the provisions of ASU No. 2015-17 on the consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"), which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities including not-for-profit entities and employee benefit plans, the amendment is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. All entities that are not public business entities may adopt the amendments in this update earlier as of fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The adoption is effective for the Company beginning January 1, 2019. The adoption is not expected to have a material impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption is effective for the Company for fiscal year ending December 31, 2020. Management is currently evaluating the impact of the provisions of ASU No. 2016-02 on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments ("ASU 2016-15"), which provides guidance on eight specific cash flow issues including: debt repayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The amendments in this update are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The adoption is effective for the Company for fiscal year ending December 31, 2019. Management is currently evaluating the impact of the provisions of ASU No. 2016-15 on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"), which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this update are effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The adoption is effective for the Company for fiscal year ending December 31, 2018. Management is currently evaluating the impact of the provisions of ASU No. 2016-18 on the consolidated financial statements.

NOTE 3 - INVESTMENTS

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement, in its entirety.

The fair values of the financial instruments as of December 31, 2016 and 2015, represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by management based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

Marketable investment securities – Marketable equity securities, debt securities, and mutual funds are measured using quoted market prices at the reporting date multiplied by the quantity held.

Investments by level at December 31, 2016 and 2015, are as follows:

P	-	Level 1	To	evel 2		Level 3		Total
Description	-	- C.N		.VCI Z			\$	1,040,702
Corporate bonds	\$	1,040,702	\$		\$	-	4	1,010,702
Equity Domestic		8,087,289		-		1.2		8,087,289
International		5,162,076		= 1		127		5,162,076
Fixed Income Funds								12,383,933
Domestic		12,383,933				-		5,492,358
Cash and cash equivalents	1	5,492,358	*		Φ.		\$	32,166,358
	\$	32,166,358	\$		Φ.		-	02)200)===
					015			m . 1
Description		Level 1	Le	evel 2		Level 3	-	Total
Corporate bonds	\$	2,857,690	\$	~	\$		\$	2,857,690
U.S. government securities		252,608		-		- -		252,608
Equity		8,894,884				4		8,894,884
Domestic International		2,041,202		_		4		2,041,202
Fixed Income Funds		2,011,20						2 F0F 0F2
Domestic		6,505,856				4		6,505,856 1,549,022
International		1,549,022		-		ш.		8,529,224
Cash and cash equivalents	-	8,529,224	-		-		ď	30,630,486
	\$	30,630,486	\$		\$		<u> </u>	30,030,400
nvestments, at fair value, at I	Decemb	er 31, include the	following:			2016		2015
							\$	6,582,407
Investments					\$	7,622,356 9,845,270	Þ	10,576,996
Member advances - investme	ents	tm				5,780,551		5,534,801
Board designated cash and in Unexpended escrow transact	ivesume	ents Lexit fees for						
Healthcare Center purpo	ses					8,918,181	-	7,936,282
					\$	32,166,358	\$	30,630,486
NOTE 4 - NOTES PAYABLE								
Note payable to bank - At D	ecemb	er 31, note payabl	e to the bar	ık consist of t	he followi	ing:		
						2016		2015
Commercial note payable to variable interest rate of 12/31/16 this rate was	LIBOR-1 3.1167	oased rate plus 2%. Principal p	applicable	margin. At	• \$	5,529,862	\$	5,563,66
Collateralized with all assets					- A'	5,529,862		425,578
Less: Current portion of note	e payab	le to bank			-	3,323,002	-	5,138,09
							Q.	5 138 09

Note payable – Under the terms of the note payable to Comerica, the Company is required to maintain certain deposits with the lender. Such deposits are included in cash and cash equivalents. Management believes that the Company was in compliance with the requirement as of and for the years ended December 31, 2016 and 2015.

Long-term debt is carried at amortized cost. The fair value of Company's long-term debt is estimated to equal its carrying value based on Level 2 inputs, such as the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

Line of credit – On April 6, 2015, the Company obtained a \$10,000,000 revolving line of credit due May 1, 2017, from Comerica Bank. Monthly payments of accrued interest began on May 6, 2015, with a final payment of unpaid principal and interest due on May 1, 2017. Accrued interest is calculated at a variable interest rate of no less than 3.15%. The line of credit is secured with all assets of the Company. As of December 31, 2016, there was an outstanding balance of \$1,000,000 on the line of credit.

Note payable from RHC to RSI – During 2003, RHC borrowed \$4,500,000 from RSI in order to pay a loan in full. RHC has a note payable to RSI for the outstanding principal amount. The note bears interest at 6.5% and RHC makes monthly principal and interest payments to RSI for the term of the note, ending on February 1, 2033. At the option of RSI, the note is payable on 120 day demand. The note payable and related interest, which had an outstanding balance of \$2,283,342 and \$2,379,185 as of December 31, 2016 and 2015, has been eliminated upon consolidation of the financial statements.

NOTE 5 - MANAGEMENT SERVICES

In June 2012, the Company entered into a management agreement with Life Care Services, LLC (the "Manager") for a term of five years. The fee paid to the Manager is 4.65% of gross revenue, as defined in the management agreement. Management fee totaled \$1,405,431 and \$1,314,100 for the years ended December 31, 2016 and 2015, respectively.

The Manager utilizes their centralized payroll, purchasing and distribution functions, and employee benefit plans.

NOTE 6 - CONTINUING CARE RESERVE REQUIREMENTS

RHC is subject to statutory reserve requirements. At December 31, 2016 and 2015, RHC's reserves, as calculated in accordance with Continuing Care Contract Statutes of the California Health and Safety Code, were in excess of such requirements.

NOTE 7 - INCOME TAXES

The provision for tax expenses were \$22,193 and \$24,116 for the years ended December 31, 2016 and 2015, respectively.

Deferred taxes are recorded for differences in the timing of the recognition of revenues and expenses for financial reporting and income tax purposes. A deferred tax asset is recognized for all deductible temporary differences and operating loss carry forwards. A valuation allowance is recognized if it is more likely than not that some portion or all of the deferred tax asset will not be recognized.

Deferred income towards (I. J. 2011)	-	2016	2015
Deferred income tax assets (liabilities): Net operating loss, capital loss, and contributions carryover Buyers fees Depreciation Bad debts Accrued liabilities and change in accounting method Unrealized gains on securities	\$	5,720,474 918,905 1,130,885 14,058 279,282 (305,815)	\$ 5,567,604 866,977 751,836 14,058 242,765 (45,461)
Total deferred income tax assets		7,757,788	7,397,779
Valuation allowance	-	(7,757,788)	(7,397,779)
Net deferred income taxes	\$	- 10	\$

The valuation allowance decreased by \$360,009 during the year ended December 31, 2016, and decreased by \$4,402 during the year ended December 31, 2015.

Net operating loss carryforwards for federal tax purposes amount to approximately \$15,743,765 and begin to expire in 2018. Net operating loss carryforwards for California tax purposes amount to approximately \$3,728,054 and begin to expire in 2031.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company may be a party to claims and legal actions. While the outcome cannot be determined at this time, management's opinion is the liability, if any, from these actions will not have a material adverse effect on the Company's consolidated financial position or results of operations.

NOTE 9 - HEALTH AND SAFETY CODE SECTION 1790(a)(3) DISCLOSURE

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health & Safety Code. The Company has expended \$925,645 for the new buildings and major renovations project.

NOTE 10 - SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are issued. The Company recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Company's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before consolidated financial statements are available to be issued.

Subsequent events have been evaluated through April 21, 2017, which is the date the consolidated financial statements are available to be issued.

SUPPLEMENTARY INFORMATION

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. CONSOLIDATING BALANCE SHEET

December 31, 2016

		RHC	RSI	Е	liminations		Total
ASSETS			,				
- A							
CURRENT ASSETS Cash and cash equivalents Investments Accounts receivable, net Account receivable from RSI Inventories Interest receivable and other Prepaid expenses Member advances - investments	\$	7,209,899 7,622,356 70,540 1,506,780 47,776 13,555 421,749	\$ 2,176,501 - 1,053,454 - 31,242 245 240,480 9,845,270	\$	(1,506,780)	\$	9,386,400 7,622,356 1,123,994 - 79,018 13,800 662,229 9,845,270
Total current assets		16,892,655	 13,347,192	-	(1,506,780)		28,733,067
PROPERTY AND EQUIPMENT Land rights and improvements Buildings and improvements Furniture and equipment Construction in process		16,268,855 118,502,237 12,636,692 1,417,960			, , , , , , , , , , , , , , , , , , ,		16,268,855 118,502,237 12,636,692 1,417,960
Property and equipment		148,825,744	(2)		- 3		148,825,744
Less accumulated depreciation		(85,655,959)				-	(85,655,959)
Property and equipment, net		63,169,785	2		5		63,169,785
NOTE RECEIVABLE FROM RHC		< <u>₹</u>	2,283,342		(2,283,342)		
BOARD-DESIGNATED CASH AND INVESTMENTS		5,780,551			145		5,780,551
UNEXPENDED ESCROW TRANSACTION AND EXIT FEES FOR HEALTHCARE CENTER PURPOSES		8,918,181	 			_	8,918,181
Total assets	\$	94,761,172	\$ 15,630,534	\$	(3,790,122)	\$	106,601,584
LIABILITIES AND MEMBERS' EQUITY							
CURRENT LIABILITIES Line of credit Current portion of note payable to bank Note payable to RSI Accrued liabilities Accounts payable to RHC Current portion of deferred escrow transaction fees Member advances	\$	1,000,000 5,529,862 2,283,342 1,122,457 - 309,974	\$ 881,767 1,506,780 12,857,116	\$	(2,283,342) - (1,506,780)	\$	1,000,000 5,529,862 - 2,004,224 - 309,974 12,857,116
Total current liabilities		10,245,635	15,245,663		(3,790,122)		21,701,176
DEFERRED ESCROW TRANSACTION FEES, net of current portion	-	1,945,229				_	1,945,229
Total liabilities		12,190,864	15,245,663		(3,790,122)		23,646,405
MEMBERS' EQUITY		82,570,308	 384,871	-		_	82,955,179
Total liabilities and members' equity	\$	94,761,172	\$ 15,630,534	\$	(3,790,122)	\$	106,601,584

RANCHO SAN ANTONIO RETIREMENT HOUSING CORPORATION AND RANCHO SAN ANTONIO RETIREMENT SERVICES, INC. CONSOLIDATING STATEMENT OF OPERATIONS Year Ended December 31, 2016

		RHC		RSI	Eli	minations		Total
REVENUES				-				
Resident service revenue	\$	11,787,910	\$	12,259,384	\$	1.0	\$	24,047,294
Ancillary revenue		451,895		2,478,511		V.		2,930,406
Appreciation on resale of memberships		4,106,125		4.0		-		4,106,125
Commission on sale of memberships		1,140,700		- 4				1,140,700
Rental income from RSI		1,540,483		P =		(1,540,483)		60.000
Total revenues		19,027,113		14,737,895		(1,540,483)		32,224,525
OPERATING EXPENSES								
Salaries		6,102,777		6,500,443		-		12,603,220
Employee benefits and taxes		1,903,470		2,089,840		12		3,993,310
Insurance		448,039		123,323		-		571,362
Legal and professional		93,682		67,204		-		160,886
Depreciation		4,337,703				-		4,337,703
Management fees		730,677		674,754		9		1,405,431
Marketing		375,379		37,891		-		413,270
Property taxes		465,905		-		28-1		465,905
Utilities		1,042,092		469,600		59		1,511,692
Cable and IT services		331,647		146,704		7		478,351
Maintenance and supplies		1,223,334		333,989		-		1,557,323
Food and supplies		1,691,784		921,015		-		2,612,799
Ancillary		-		1,136,739		*		1,136,739
Other		153,035		1,316,970		- 4		1,470,005
Rental expense to RHC	_	•		1,540,483	1	(1,540,483)		
Total operating expenses		18,899,524	-	15,358,955		(1,540,483)	_	32,717,996
NET OPERATING INCOME (LOSS)		127,589		(621,060)				(493,471)
OTHER INCOME (EXPENSE)								
Interest and investment income		462,386		255,822		(160,010)		558,198
Amortization of escrow transaction and exit fees		888,758		400,000				1,288,758
Interest expense		(352,991)		-		160,010		(192,981)
Net unrealized gain on investments		414,289		229,822		57		644,111
Other income		1,308		1,227		121		2,535
Income before provision for income taxes		1,541,339		265,811		2		1,807,150
PROVISION FOR INCOME TAXES		(21,303)	T-	(890)		<u> </u>		(22,193)
NET INCOME	\$	1,520,036	\$	264,921	\$		\$	1,784,957



EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY) 4/28/2017

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S). ALTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS PHONE (A/C, No, Ext): 312-704-0100				COMPANY NAME AND ADDRESS		NAIC NO: 19437		
Arthur J. Gallagher Risk Management Services 300 South Riverside Plaza, Suite 1900 Chicago IL 60606	, I	nc.		Lexington Insurance Compa 100 Summer Street Boston MA 02110	any			
FAX (A/C, No): 312-803-7443 E-MAIL ADDRESS:				IF MULTIPLE COMPANIES, CO	MPLETE SEPA	RATE FORM FOR EACH		
				POLICY TYPE				
CODE: SUB CODE:			-					
AGENCY CUSTOMER ID #: NAMED INSURED AND ADDRESS	-		_	LOAN NUMBER	POL	ICY NUMBER		
The Forum at Rancho San Antonio					01	2944920		
23500 Cristo Rey Drive				EFFECTIVE DATE EXPIRATION D.	ATE	CONTINUED (MITH		
Cupertino, CA 95014				06/30/2016 06/30/20	17	CONTINUED UNTIL TERMINATED IF CHECKED		
ADDITIONAL NAMED INSURED(S)		-		THIS REPLACES PRIOR EVIDENCE DATED:				
ADDITIONAL NAMED INSURED(S)								
PROPERTY INFORMATION (Use REMARKS on page 2, if mo	ara s	ena	co is	required) BUILDING OR	BUSINE	SS PERSONAL PROPERT		
LOCATION / DESCRIPTION	510	Spar	00 10	required) — Delegate - 1.				
3500 Cristo Rey Drive, Cupertino CA 95014								
3500 Cristo Rey Drive, Cupercino CA 33014								
	-	7000		The second service and the second	, DEDIOD II	DICATED NOTWITHSTANDING		
THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED	OT 0	THE	INS	SURED NAMED ABOVE FOR THE POLICY	PERIOD IN	DICATED. NOTWITHSTANDING		
ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR	OTH	ER D	oct	JMENT WITH RESPECT TO WHICH THIS I	LVIDENCE C	EVELLISIONS AND CONDITION		
BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY	PAI	O CL	AIM	SCRIBED HEREIN IS SUBJECT TO ALL T	ne renno,	EXOCOGIONO AND CONDITION		
COVERAGE INFORMATION PERILS INSURED		SIC		BROAD X SPECIAL				
	257		2 /			DED: \$30,000		
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INCOMMERCIAL TO			N/A			Q307000		
☑ BUSINESS INCOME ☐ RENTAL VALUE	-	1,10	1300	If YES, LIMIT: Incl in Pollim	v Actua	I Loss Sustained; # of months:		
	X			If YES, indicate value(s) reported on prope	7.1			
ANKET COVERAGE	X		-	Attach Disclosure Notice / DEC	ry racination	237,303,472		
RRORISM COVERAGE	X	-	-	Allacit bisclosure redice / bic				
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		-	X					
IS DOMESTIC TERRORISM EXCLUDED?	123		X	WATER LIMITS AND A SEC		DED: 420 000		
LIMITED FUNGUS COVERAGE	X			If YES, LIMIT: \$100,000		DED: \$30,000		
FUNGUS EXCLUSION (If "YES", specify organization's form used)	X							
REPLACEMENT COST	X							
AGREED VALUE			X		_			
COINSURANCE		X		If YES, %		hen its a second		
EQUIPMENT BREAKDOWN (If Applicable)	X	1 1		If YES, LIMIT: \$750,000,000		DED: \$30,000		
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	X			If YES, LIMIT: Policy limit		DED: \$30,000		
- Demolition Costs	X		1	If YES, LIMIT: \$25,000,000		DED: \$30,000		
- Incr. Cost of Construction	X			If YES, LIMIT: \$25,000,000		DED: \$30,000		
EARTH MOVEMENT (If Applicable)	X			IFYES, LIMIT: 0		DED:		
FLOOD (If Applicable)	X			If YES, LIMIT: \$200,000,000		DED: \$30,000		
WIND / HAIL INCL YES NO Subject to Different Provisions:	X			If YES, LIMIT: \$750,000,000		DED: \$30,000		
NAMED STORM INCL YES NO Subject to Different Provisions:	2.		X	If YES, LIMIT:		DED:		
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE			1521					
HOLDER PRIOR TO LOSS			X					
CANCELLATION						TOTAL MALL DE		
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES	BE	CAN	ICE	LLED BEFORE THE EXPIRATION	DATE TH	EREOF, NOTICE WILL BE		
DELIVERED IN ACCORDANCE WITH THE POLICY PROVISION	NS.							
ADDITIONAL INTEREST								
MORTGAGEE CONTRACT OF SALE				LENDER SERVICING AGENT NAME AND ADDR	RESS			
LENDERS LOSS PAYABLE								
NAME AND ADDRESS								
Rancho San Antonio Housing Corporation								
23500 Cristo Rey Drive								
Cupertino CA 95014								
				AUTHORIZED REPRESENTATIVE				
				PH 3.G	U-her			
				lating (7)	n True			

			<i>X</i>
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EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS - Including Special Conditions (Use only if more space is required)								
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 6/29/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES 3ELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED CEPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s). CONTAC NAME: Arthur J. Gallagher Risk Management Services, Inc. FAX (A/C, No): 312-803-7443 PHONE (A/C, No, Ext): 312-704-0100 300 South Riverside Plaza, Suite 1900 ADDRESS: Chicago IL 60606 INSURER(S) AFFORDING COVERAGE NAIC# INSURER A: Lexington Insurance Company 19437 INSURED LCSHOLD-03 INSURER B : Zurich American Insurance Company 16535 The Forum at Rancho San Antonio INSURER c: National Union Fire Insurance Compa 19445 23500 Cristo Rev Drive INSURER D: Cupertino, CA 95014 INSURER E: INSURER F : CERTIFICATE NUMBER: 795876608 COVERAGES REVISION NUMBER: THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES, LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. ADDL SUBR POLICY EFF POLICY EXP TYPE OF INSURANCE POLICY NUMBER 6/30/2016 6/30/2017 COMMERCIAL GENERAL LIABILITY 6710041 \$1,000,000 A X EACH OCCURRENCE DAMAGE TO RENTED X CLAIMS-MADE OCCUR \$50,000 PREMISES (Ea occurrence) \$10,000 X MED EXP (Any one person) Policy Agg: PERSONAL & ADV INJURY \$1,000,000 \$27,500,000 GEN'L AGGREGATE LIMIT APPLIES PER: GENERAL AGGREGATE \$3,000,000 PRO-JECT X LOC \$3,000,000 PRODUCTS - COMP/OP AGG POLICY Deductible 50 OTHER: COMBINED SINGLE LIMIT (Ea accident) 6/30/2016 6/30/2017 **AUTOMOBILE LIABILITY** \$1,000,000 BAP 5471897-05 BODILY INJURY (Per person) \$ ANY AUTO SCHEDULED AUTOS NON-OWNED ALL OWNED AUTOS BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ HIRED AUTOS AUTOS Coll: \$500 X Comp: \$500 S UMBRELLA LIAB 6710009 6/30/2016 6/30/2017 A X EACH OCCURRENCE \$10,000,000 OCCUR EXCESS LIAB X AGGREGATE \$50,000,000 CLAIMS-MADE \$10,000,000 DED X RETENTION \$ 25,000 Facility Agg WORKERS COMPENSATION PER STATUTE AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) E.L. EACH ACCIDENT \$ NIA E.L. DISEASE - EA EMPLOYEE \$ of yes, describe under DESCRIPTION OF OPERATIONS below E.L. DISEASE - POLICY LIMIT Medical Prof. Liab (Claims Made) 6/30/2016 6/30/2017 Per Claim \$1,000,000 6710041 AC Medical Prof. Liab (Claims Made) Crime Aggregate Limit of Liab 6710041 6/30/2016 6/30/2017 01-541-42-84 6/30/2016 6/30/2017 \$5,000,000 DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) PROFESSIONAL LIABILITY DEDUCTIBLE IS SAME AS GL DEDUCTIBLE. CERTIFICATE HOLDER IS ADDITIONAL INSURED ON THE GENERAL AND PROFESSIONAL LIABILITY COVERAGE, ON A PRIMARY, NON-CONTRIBUTORY BASIS WITH WAIVER OF SUBROGATION IN THEIR FAVOR, AS REQUIRED BY WRITTEN CONTRACT, PER ENDORSEMENT (FORM #113904 05/13). CANCELLATION CERTIFICATE HOLDER SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE Rancho San Antonio Housing Corporation THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. 23500 Cristo Rey Drive Cupertino CA 95014

AUTHORIZED REPRESENTATIVE
PLATE Gold Then

Continuing Care Retirement Community Date Prepared: 4/26/2017

Disclosure Statement General Information

Rancho San Antonio- Retirement Housing Corp.(RHC) & Retirement Services, Inc.(RSI), dba The FACILITY NAME: Forum at Rancho San Antonio 650-944-PHONE: 7IP 95014 23500 Cristo Rey Dr. DDRESS: 0100 CODE: Managed by Life Care Services RSA, RHC & RSI FACILITY OPERATOR: PROVIDER NAME: None RELIGIOUS AFFILIATION: RELATED FACILITIES: ☐ MULTI-STORY **DOTHER:** NO. OF ACRES: 54 ☑ MULTI-STORY YEAR OPENED: 1991 MILES HOSPITAL: <5 MILES TO SHOPPING CTR: 1.5 **HEALTH CARE** RESIDENTIAL LIVING NUMBER OF UNITS: ASSISTED LIVING 58 units APARTMENTS - STUDIO 48 licensed beds SKILLED NURSING 135 APARTMENTS - 1 BDRM SPECIAL CARE 124 APARTMENTS - 2 BDRM **DESCRIBE SPECIAL CARE:** 60 COTTAGES/HOUSES 94% RLU OCCUPANCY (%) AT YEAR END ACCREDITED: Y N BY: ☐ FOR PROFIT TYPE OF OWNERSHIP: X NOT FOR PROFIT ☐ LIFE CARE □ ENTRY FEE IN FEE FOR SERVICE FORM OF CONTRACT: **☒** CONTINUING CARE ☐ RENTAL ☐ ASSIGNMENT OF ASSETS **XEQUITY MEMBERSHIP** REFUND PROVISIONS (Check all that apply): □90% □75% □50% □PRORATED TO 0% ☑OTHER: Equity RCFE RANGE OF ENTRANCE FEES: \$__n/a___ TO \$_____ LONG-TERM CARE INSURANCE REQUIRED? □Y ⊠N 90 temporary care days, and discounted membership fee HEALTH CARE BENEFITS INCLUDED IN CONTRACT: OTHER: Application PRIOR PROFESSION: ENTRY REQUIREMENTS: MIN. AGE: 60 ESIDENT REPRESENTATIVE TO THE BOARD: Per bylaws of RHC - Board directors are elected by the resident membership (Board members elected are residents within the community nominated by the Nominating Committee); Per bylaws of RSI - RHC is the sole member and appoints 7 RSI board directors of which 5 are required to be residents. **FACILITY SERVICES AND AMENITIES** INCLUDED IN FEE FOR EXTRA CHARGE AVAILABLE FEE FOR SERVICE SERVICES AVAILABLE Common Area Amenities HOUSEKEEPING TIMES/MONTH +X BEAUTY/BARBER SHOP X X +X NUMBER OF MEALS/DAY X **BILLIARD ROOM** +X SPECIAL DIETS AVAILABLE BOWLING GREEN (Bocce Ball) X X CARD ROOMS 24-HOUR EMERGENCY RESPONSE X CHAPEL X X **ACTIVITIES PROGRAM COFFEE SHOP** ALL UTILITIES EXCEPT PHONE X **CRAFT ROOMS** X X APARTMENT MAINTENANCE X **EXERCISE ROOM** X CABLE TV **GOLF COURSE ACCESS** LINENS FURNISHED X LIBRARY X LINENS LAUNDERED **PUTTING GREEN** X MEDICATION MANAGEMENT X X SHUFFLEBOARD X X X NURSING/WELLNESS CLINIC X SPA (Jacuzzi) PERSONAL NURSING/HOME CARE X X SWIMMING POOL-INDOOR TRANSPORTATION-PERSONAL X SWIMMING POOL-OUTDOOR X TRANSPORTATION-PREARRANGED X X **TENNIS COURT** OTHER High Speed Internet X X WORKSHOP (Hobby Shop)

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.

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PROVIDER NAME: Rancho San Antonio- Rh	HC & RSI, dba The Forum at Rancho S	an Antonio
CCRCs	LOCATION (City, State) 23500 Cristo Rey Dr.	PHONE (with area code) 650-944-0100
orum at Rancho San Antonio, RHC	Cupertino, CA 95014	C50 044 0200
Forum at Rancho San Antonio, RSI	23600 Via Esplendor Cupertino, CA 95014	650-944-0200
Forum at Nancho San Antonio, Noi	ouperino, ox coors	_
Not a Life care		
MULTI-LEVEL RETIREMENT COMMUNITIE	S	
Forum at Rancho San Antonio, RHC	23500 Cristo Rey Dr. Cupertino, CA 95014	650-944-0100
orum at Rancho San Antonio, RSI	23600 Via Esplendor Cupertino, CA 95014	650-944-0200
FREE-STANDING SKILLED NURSING		
SUBSIDIZED SENIOR HOUSING		

^{*} PLEASE INDICATE IF THE FACILITY IS LIFE CARE.

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PROVIDER NAME: Rancho San Antonio-RHC & RSI, dba The Forum at Rancho San Antonio

INCOME FROM ONG	OING OPERATIONS		20	013		2014	2015	2016
OPERATING INCOM		ne)	\$ 27,1	122,279	\$ 28	3,266,738	\$ 30,478,502	\$ 32,224,52
LESS OPERATING E (excluding depreciation NET INCOME FROM	on, amortization, & intere	est)		799,404 22,875		5,731,617 ,535,121	-\$26,565,137 <u>\$3,913,365</u>	-\$28,402,48 \$ 3,822,039
LESS INTEREST EX	PENSE		- \$ 46	61,589	-\$4	431,017	-\$ 402,068	-\$ 192,981
PLUS CONTRIBUTIO	ons		-					
	ING INCOME (EXPEN	SES)	\$ 1,42	23,112	\$ 1,9	951,618	\$ 1,067,745	\$ 2,493,602
excluding extraordina NET INCOME (LOSS DEPRECIATION AND) BEFORE ENTRANCE	E FEES,	\$ 2,2	82,798	\$ 4,	,054,122	\$ 4,579,042	\$ 6,122,660
NET CASH FLOW FF Total Deposits Less I	ROM ENTRANCE FEES Refunds)	S			_			
DESCRIPTION OF S	ECURED DEBT AS OF	MOST RE	CENT FIS	SCAL YE	AR E	ND		
LENDER	OUTSTANDING	INTERE		DATE				MORTIZATIO PERIOD
	BALANCE	RATI	E	ORIGINA	HON	I MA	TURITY	PERIOD
N/A	BALANCE	RATI	E -	ORIGINA	TION	MA	TURITY	PERIOD
	(see next page for rat	io formula 012 CCAC 50 th Perc	s) Medians		1100	I MA	2015	2016
INANCIAL RATIOS	(see next page for rat	io formula	s) Medians	20			2015	2016
INANCIAL RATIOS	(see next page for rat	io formula 012 CCAC 50 th Perc	s) Medians					
EINANCIAL RATIOS DEBT TO ASSET RADPERATING RATIO	(see next page for rat 20	io formula 012 CCAC 50 th Perc	s) Medians	20)14		2015 049 86 0.35	2016 .052 .82 12.6
FINANCIAL RATIOS DEBT TO ASSET RATIO DEBT SERVICE CONDAYS CASH-ON-HA	(see next page for rat 20 ATIO /ERAGE RATIO	io formula 012 CCAC 50 th Perc	s) Medians	20 .052 .87)14		2015 049 86	2016 .052 .82
EINANCIAL RATIOS DEBT TO ASSET RADPERATING RATIO DEBT SERVICE CONDAYS CASH-ON-HA	(see next page for rat 20 ATIO VERAGE RATIO ND RATIO HLY SERVICE FEES PERCENT CHANGE	io formula 012 CCAC 50 th Perc	s) Medians	.052 .87 9.02 371.6)14		2015 049 86 0.35 871.23	2016 .052 .82 12.6
EINANCIAL RATIOS DEBT TO ASSET RADPERATING RATIO DEBT SERVICE CONDAYS CASH-ON-HADISTORICAL MONTI	(see next page for rat 20 ATIO /ERAGE RATIO ND RATIO HLY SERVICE FEES PERCENT CHANGE 2013	io formula 012 CCAC 50 th Perc (option	Medians entile	.052 .87 9.02 371.6	64	2015	2015 049 86 0.35 371.23	2016 .052 82 12.6 404.72
EINANCIAL RATIOS DEBT TO ASSET RAD DEBT SERVICE CONDAYS CASH-ON-HAD DISTORICAL MONTH	(see next page for rat 20 ATIO /ERAGE RATIO ND RATIO HLY SERVICE FEES PERCENT CHANGE 2013	%	Medians rentile nal) 2014	.052 .87 9.02 371.6	64 5.9	2015	2015 049 86 0.35 371.23	2016 .052 .82 12.6 404.72 2016
EINANCIAL RATIOS DEBT TO ASSET RAD DEBT SERVICE CONDAYS CASH-ON-HA DISTORICAL MONTINUERAGE FEE AND DISTUDIO DINE BEDROOM TWO BEDROOM	(see next page for rat 20 ATIO VERAGE RATIO ND RATIO HLY SERVICE FEES PERCENT CHANGE 2013 1787 2880	% 5.7 5.7	medians rentile mal) 2014 1899 3043	.052 .87 9.02 371.6	64 5.9 5.9	2015 2000 3223	2015 049 86 0.35 871.23 % 5.2 5.2	2016 .052 .82 12.6 404.72 2016 2104 3389
FINANCIAL RATIOS DEBT TO ASSET RAD DEBT SERVICE CONDAYS CASH-ON-HA HISTORICAL MONTI AVERAGE FEE AND DISTUDIO DINE BEDROOM TWO BEDROOM COTTAGE/HOUSE	(see next page for rat 20 ATIO VERAGE RATIO ND RATIO HLY SERVICE FEES PERCENT CHANGE 2013 1787 2880 2979	% 5.7 5.7 5.7 5.7	2014 1899 3043 3148	.052 .87 9.02 371.6	64 5.9 5.9 5.9	2015 2000 3223 3334	2015 049 86 0.35 871.23 % 5.2 5.2 5.2 5.2	2016 .052 .82 12.6 404.72 2016 2104 3389 3506
FINANCIAL RATIOS DEBT TO ASSET RADPERATING RATIO DEBT SERVICE CONDAYS CASH-ON-HAD HISTORICAL MONTIA VERAGE FEE AND DISTUDIO DINE BEDROOM TWO BEDROOM	(see next page for rat 20 ATIO VERAGE RATIO ND RATIO HLY SERVICE FEES PERCENT CHANGE 2013 1787 2880	% 5.7 5.7 5.7 6.1	medians rentile mal) 2014 1899 3043	.052 .87 9.02 371.6	64 65.9 5.9 5.9 5.7	2015 2000 3223	2015 049 86 0.35 871.23 % 5.2 5.2	2016 .052 .82 12.6 404.72

COMMENTS FROM PROVIDER:

HC Fee \$610 2.5% \$625 1.6% \$635 1.6% \$645

Rates for 3 of 10 specific unit styles are listed above. See attached fee schedules for

each rate.

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FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion Total Assets

OPERATING RATIO

Total Operating Expenses

- -- Depreciation Expense
- -- Amortization Expense
- Total Operating Revenues
- Amortization of Deferred Revenue

DEBT SERVICE COVERAGE RATIO

Total Excess of Revenues over Expenses + Interest, Depreciation, and Amortization Expenses

- -- Amortization of Deferred Revenue
- + Net Proceeds from Entrance Fees Annual Debt Service

DAYS CASH ON HAND RATIO

Unrestricted Current Cash And Investments + Unrestricted Non-Current Cash and Investments

(Operating Expenses - Depreciation - 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.

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FORM 7-1 REPORT ON CCRC MONTHLY SERVICE FEES

			RESIDENTIAL LIVING	ASSISTED LIVING	NURSING
[1]	be	onthly Service Fees at ginning of reporting period: ndicate range, if applicable)	2104-3506 plus 645 HC Fee	4057 plus 645 HC Fee	5826 plus 645 HC Fee
[2]	in pe	dicate percentage of increase fees imposed during reporting riod: ndicate range, if applicable)	5.1% and 1.6% HC Fee	3.4% and 1.6% HC Fee	5.2% and 1.6% HC Fee
	1	☐ Check here if monthly serve reporting period. (If you che form and specify the names	necked this box, please	e skip down to the l	eased during the cottom of this
[3]	Ind (If	icate the date the fee increase was imple	ras implemented: mented, indicate the d	Jan 1, 2016_ lates for each increa	ase.)
[4]	Che	eck each of the appropriate boxe	es:		
	☑	Each fee increase is based on and economic indicators.	the provider's project	ed costs, prior year	per capita costs,
	V	All affected residents were girprior to its implementation.	ven written notice of t	his fee increase at l	east 30 days
	Ø	At least 30 days prior to the ir representative of the provider attend.	ncrease in monthly ser convened a meeting	vice fees, the desig that all residents we	nated ere invited to
	Ø	At the meeting with residents, increase, the basis for determ calculating the increase.	the provider discusse ining the amount of the	ed and explained the ne increase, and the	e reasons for the data used for
	\square	The provider provided resider held to discuss the fee increase		vs advance notice o	f each meeting
	V	The governing body of the proposted the notice of, and the a community at least 14 days p	agenda for, the meetin	ed representative og in a conspicuous	f the provider place in the
[5]	On a	an attached page, provide a con- uding the amount of the increas	cise explanation for the	ne increase in mont	hly service fees
		DER:Rancho San Antonio, F JNITY:Rancho San Anto		=	

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KEY INDICATORS REPORT

Date Prepared: 4/26/17
Please attach an explanatory memo that

Chief Financial Officer Signature

summarizes significant trends or variances in							Forecast				Preferred
the key operational indicators.	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Trend Indicator
OPERATIONAL STATISTICS 1. Average Annual Occupancy by Site (%)	91.20%	93.80%	93.01%	92.90%	93.90%	93.90%	93.90%	93.90%	93.90%	93.90%	N/A
MARGIN (PROFITABILITY) INDICATORS 2. Net Operating Margin (%)	-16.41%	4.88%	8.97%	12.84%	11.93%	12.35%	12.77%	13.19%	13.61%	14.03%	→
3. Net Operating Margin - Adjusted (%)	-16.41%	4.88%	8.97%	12.84%	11.93%	12.35%	12.77%	13.19%	13.61%	14.03%	→
LIQUIDITY INDICATORS 4. Unrestricted Cash and Investments (\$000)	\$23,636	\$24,766	\$26,640	\$27,427	\$31,707	\$32,285	\$32,878	\$33,490	\$34,118	\$34,766	→
5. Days Cash on Hand (Unrestricted)	342	350	378	377	408	401	395	388	382	376	*
CAPITAL STRUCTURE INDICATORS 6. Deferred Revenue from Entrance Fees (\$000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
7. Net Annual E/F proceeds (S000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	NIA
8. Unrestricted Net Assets (\$000)	\$82,456	\$80,941	\$80,840	\$81,170	\$82,955	\$82,872	\$82,789	\$82,707	\$82,624	\$82,541	N/A
9. Annual Capital Asset Expenditure (S000)	\$2,265	\$3,237	\$1,761	\$2,033	\$2,166	\$2,144	\$2,122	\$2,101	\$2,080	\$2,059	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	-1.22	-2.16	-0.12	0.40	2.91	2.32	2.64	2.99	3.36	6.66	→
11. Annual Debt Service Coverage (x)	-1.22	-2.16	4.82	9.02	10.78	12.61	12.36	12.15	11.95	11.77	→
12. Annual Debt Service/Revenue (%)	32.90%	25.37%	21.28%	17.98%	16.83%	16.61%	15.81%	15.03%	14.29%	13.61%	*
13. Average Annual Effective Interest Rate (%)	7.35%	7.28%	7.23%	7.12%	7.12%	7.12%	7.12%	7.12%	7.12%	7.12%	~
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	373.01%	415.42%	478.82%	533.80%	573.39%	583.82%	594.56%	605.61%	616.99%	628.69%	→
15. Average Ag	17.04	17.99	18.89	39	20.89	21.9	22.89	23.89	24.89	25	→

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Addendum to Annual Report

2017 Checklist

- ✓ Disclosure required by Health & Safety Code Section 1790(a)(2) and (3) regarding fixed assets and reserves
- √ Fees
- ✓ Budgeted Cash Reserves
- √ Budget

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TOTAL N/A

The Forum at Rancho San Antonio - IL & HCC ASSESSMENT and RESERVE FUNDING DISCLOSURE SUMMARY Reserve Study – Fiscal Year Ending 2015 For Budget Year Beginning 2016

Note: If assessments vary by th	ment per ownership interest is \$ 611.33 per rate or type of ownership interest, the asserest may be found on page N/A of the attac	essment
(2) Additional regular or special or charged, regardless of the pu members:	assessments that have already been schedurpose, if they have been approved by the b	luled to be imposed oard and/or
Date assessment will be due assessment	Amount per ownership interest per year:N/A	Purpose of

NOTE: If assessments vary by the size or type of ownership interest, the assessment applicable to the ownership interest may be found on page <u>N/A</u> of the attached report.

- (3) Based upon the most recent reserve study and other information available to the board of directors, will currently projected reserve account balances be sufficient at the end of each year to meet the association's obligation for repair and/or replacement of major components during the next 30 years: YES
- (4) If the answer to (3) is no, what additional assessments or other contributions to reserves would be necessary to ensure that sufficient reserve funds will be available each year during the next 30 years that have not yet been approved by the board or the members.
- (5) All major components are included in the reserve study and are included in its calculations.
- (6) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570, the estimated amount required in the reserve fund at the end of the current fiscal year is \$14,102,156 based in whole or in part on the last reserve study or update prepared by zumBrunnen, Inc. as of July, 2013. The projected reserve fund cash balance at the end of the current fiscal year is \$4,768,000, resulting in reserves being 33.8% funded in December 2015.

If an alternate, but generally accepted, method of calculation is also used, the required reserve amount is \$N/A.

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Civil Code §5570. Reserve Funding Disclosure Form

(7) Based on the method of calculation in paragraph (4) of subdivision (b) of Section 5570 of the Civil Code, the estimated amount required in the reserve fund at the end of each of the next five budget years is \$See Below.

Year	2015	2016	2017	2018	2019	2020
Estimated Amount Reg'd In Fund	14,102,156	16,025,527	16,890,315	18,817,421	20,624,739	21,420,836
Projected Reserve Balance (Approved)	4,768,000	4,341,744	4,416,581	5,801,381	6,295,167	6,789,755
Pecent Funded	33.8%	27.1%	26.1%	30.8%	30.5%	31.7%

Note: The financial representations set forth in this summary are based on the best estimates of the preparer at that time. The estimates are subject to change. At the time this summary was prepared, the assumed long-term before-tax interest rate earned on reserve funds was 4% percent per year, and the assumed long-term inflation rate to be applied to major component repair and replacement costs was 2.5% percent per year. (b) For the purposes of preparing a summary pursuant to this section:

- (1) "Estimated remaining useful life" means the time reasonably calculated to remain before a major component will require replacement.
- (2) "Major component" has the meaning used in Section 55530. Components with an estimated remaining useful life of more than 30 years may be included in a study as a capital asset or disregarded from the reserve calculation, so long as the decision is revealed in the reserve study report and reported in the Assessment and Reserve Funding Disclosure Summary. Civil Code §5570. Reserve Funding Disclosure Form
- (3) The form set out in subdivision (a) shall accompany each annual budget report or summary thereof that is delivered pursuant to Section 5300. The form may be supplemented or modified to clarify the information delivered, so long as the minimum information set out in subdivision (a) is provided.
- (4) For the purpose of the report and summary, the amount of reserves needed to be accumulated for a component at a given time shall be computed as the current cost of replacement or repair multiplied by the number of years the component has been in service divided by the useful life of the component. This shall not be construed to require the board to fund reserves in accordance with this calculation.

SUMMARY OF REPLACEMENT RESERVE BALANCES 2016 FIXED ASSET RESERVE BUDGET

16 RESERVE BUDGET ar to date as of July 31, 2015 MIMARY OF RESERVE BALLANCE SCENA RIO & Minimum	Physical Study Actuals 2013	tudy	Actuals 2014	Physical S Actual/Fcst Budget 2015		look 7	Yr2 Outlook 2018	Yr3 Outlook 2019	Yr4 Outlook 2020	Yr5 Outlook 2021
1 Projected Beginning Fund Balance	5,046,270	1 Cy (6% Ann 4,304,147	5% Annual Contribution) 4,304,147 4,703,283 4,768,000	1 bution) 4,768,000	4,341,744 4,416,581	4,416,581	5,801,381	6,295,167	6,789,755
2 Proposed Total Annual Contribution 6.0% 1,951,062 2,010,144	6.0% 1,951,	790	2,010,144	2,207,719	2,340,183	2,480,594	2,629,429	2,787,195	2,954,427	3,131,692
ol Interest (on Beg Fund Balance)	4.0% 45,	45,425	25,887	64,717	71,000,000	150,000 78,307	150,000 86,138	150,000	150,000	150,000
4 Total Reserve Fund Available During Yr 7,042,756	g Yr 7,042,	,756	6,340,177	6,975,719	8,179,371	7,050,645	7,282,148	8,833,328	9,503,820	10,186,097
5 Less: Required Expenditures from Reserve 2,738,610	serve 2,738,	610	1,636,894	2,207,719	3,837,627	2,634,064	1,480,767	2,538,161	2,714,065	1,447,033
7 Projected Year End Balance	4,304,147	,147	4,703,283	4,768,000	4,341,744	4,416,581	5,801,381	6,295,167	6,789,755	8,739,063
8 Minimum Per Policy 31 9 Optimum Per Policy 31	25% 4,237,867 50% 8,475,734	,867	3,031,780 6,063,560	3,525,539 7,051,078	4,006,382 8,012,764	4,222,579 8,445,158	4,704,355 9,408,710	5,156,185 10,312,369	5,355,209 10,710,418	5,532,959
0 Required Additional Deposit? 1 % Funded	No 25	No 25.4%	No 35.6%	No 33.8%	No 27.1%	No 26.1%	No 30.8%	No 30.5%	No 31.7%	No 39.5%

Comments: Healthcare Center Averages 23% Reserve Spending Needs of the total campus

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CURRENT YEAR & FIVE-YEAR HISTORIC SCHEDULE OF MONTHLY FEES THE FORUM AT RANCHO SAN ANTONIO

Somparative Fee Schedule for 2016

Occupancy Fees:

100	Γ	TANCO	-	Г		071		Г	2012		2044	0/ 1202020
ZUID %Increase ZUID %Increase ZUI4	ZU15 %Increase ZU1	%Increase ZUI	707			%Increase	2013	%Increase	2012	%ILICI EASE	2011	7011CLEASE
2104 5.20% 2000 5.88% 1	5.20% 2000 5.88%	2000 5.88%	5.88%		1889	5.71%	1787	5.18%	1699	9 2.76%	1606	2.06%
2338 5.17% 2223 5.91% 2	5.17% 2223 5.91%	2223 5.91%	5.91%		2099	2.69%	1986	5.20%	1888	3 5.76%	1785	2.06%
2688 5.16% 2556 5.88%	5.16% 2556 5.88%	2556 5.88%	5.88%		2414	2.69%	2284	5.21%	2171	1 5.76%	2053	2.02%
3039 5.19% 2889 5.90%	5.19% 2889	2889			2728	2.65%	2582	5.21%	2454	4 5.76%	2320	2.04%
3273 5.17% 3112 5.92%	5.17% 3112	3112			2938	2.68%	2780	5.19%	2643	3 5.76%	2499	2.04%
3389 5.15% 3223 5.92%	5.15% 3223	3223			3043	5.66%	2880	5.21%	2737	7 5.76%	2588	2.02%
3506 5.16% 3334 5.91%	5.16% 3334	3334			3148	2.67%	2979	5.20%	2832	5.76%	2677	2.04%
3506 5.16% 3334 5.91%	5.16% 3334	3334			3148	2.67%	2979	5.20%	2832	2 5.76%	2677	2.04%
3506 5.16% 3334 5.91%	5.16% 3334	3334	Y		3148	2.67%	2979	5.20%	2832	2 5.76%	2677	2.04%
4441 5.16% 4223 5.89%	5.16% 4223	4223			3988	2.70%	3773	5.19%	3587	7 5.76%	3391	2.03%
2ND Person 818 5.14% 778 5.85%	5.14% 778	778			735	2.76%	969	5.19%	661	1 5.76%	625	2.08%

Health Care Fee

4.5% 575 585 610 2.5% 645 Per Person

Alternate Summary

Combined Fee, by IL Occupancy Fee plus HealthCare Fee

2181 2.71%	2360 2.65%	2628 2.57%	2895 2.53%	3074 2.50%	3163 2.47%	3252 2.47%	3252 2.47%	3252 2.47%	3966 2.39%	1200 3.27%
4.70% 2	4.78% 23	4.88% 26	4.96% 28	5.01% 30	5.03% 3	5.05% 32	5.05% 33	5.05% 33	5.18% 38	3.81% 12
2284 4	2473 4	2756 4	3039 4	3228 5	3322 5	3417 5	3417 5	3417 5	4172 5	1246 3
4.95%	4.98%	5.01%	5.03%	5.02%	2.05%	5.04%	5.04%	5.04%	2.06%	4.76%
2397	2596	2894	3192	3390	3490	3589	3589	3589	4383	1305
4.88%	4.93%	5.01%	5.04%	5.10%	5.10%	5.13%	5.13%	5.13%	5.25%	4.21%
2514	2724	3039	3353	3563	3668	3773	3773	3773	4613	1360
4.81%	4.92%	2.00%	5.10%	5.16%	5.18%	5.19%	5.19%	5.19%	5.31%	3.90%
2635	2858	3191	3524	3747	3858	3969	3969	3969	4858	1413
4.33%	4.37%	4.45%	4.54%	4.56%	4.56%	4.59%	4.59%	4.59%	4.69%	3.54%
2749	2983	3333	3684	3918	4034	4151	4151	4151	5086	1463
A	AD	В	O	۵	Э	LL	Ø	>	VD	2ND Person

Appendix D - 5 Yr Historic Fee5Year Historic Fee (Update to Section 1 of Resident Document Binder)

Print Date: 4/28/2017

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4,178.50 3,873.50 823.50

> 137.00 199.00

63 6 6

69

27.00 127.00

6 40 43 6,069.50

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823.50

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27.00

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waived waived

> 391 435

435 520 520 780

Single Studio / Double Studio (with Kitchen)

B-2 5

B-1

One Bed Room (with Patio)

C-2 6-3

One Bed Room

One Bed Room Deluxe

2

Single Studio / Double Studio

Studio

2 00

A-1 A-2 A-3 A-4 (without Kitchen)

396.50

13.00

6

(differential per month)

Differential Per

Day

Premium -

Room

add as shown below

1								-	-
		Other Applicable fees	add Dementia fee as shown on next page	add Dementia fee as shown on next page	plus IL Occupancy Fee				
		HC Fee	\$ 645.00 per month	\$ 645.00 per month	plus HC Fee				
	ers)	HC Occupancy Fee	\$ 4,056.50	\$ 2,043.50 per month	\$ 747.25 per month				
Rates For	nio (Memb	HC Occu- pancy Fee Daily	00	\$ 67.00	\$ 24.50	Sq Ft	358	358	388
2016 Assisted Living Rates For	The Forum at Rancho San Antonio (Members)		AL Permanent 1st member standard fee's	AL Permanent 2nd member standard fee's*	Charge for Temporary Days, 2nd and 3rd Meal	Room Type	Studio	Studio (with Patio)	Studio
	e Fo						18	14	œ
	H						7	1-2	-3

AVG MONTHLY

RATE

Premium Differential Room

Premium Differential

Room

4,701.50

49

add as shown

below

2,688.50

6

add as shown

below

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*2nd Member Rate Not Applicable for Members who signed new Continuing Care Contract Part A-1 and B-1 starting in 2014
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s For embers) add to Room Charge	Per Day	\$ 51.00	\$ 68.00	\$ 55.00
2016 Assisted Living Rates For The Forum at Rancho San Antonio (Members) Additional Service Charges to add to Room Charge		Dementia Fee Level 1	Dementia Fee Level 2	Respite Davcare

Avg Monthly Rate

\$1,555.50

Other Clarifying charges	es					
		HC Occupancy Fee	HC Fee	Room Premium Differential	Room Premium Differential	AVG MONTHLY RATE
Posted Base Rate, for conditional member contract		\$ 266.00				\$8,113.00
Conditional Member I: 90% of Posted Base Rate rate plus room premium as applicable (90% scales down 5% for every year of membership starting in Year 2 of membership)		\$ 239.40		add as above		\$7,301.70
Conditional Member II: 90% of Posted Base Rate rate plus room premium as applicable (does not scale down	d Base Rate ra	te plus room premium	n as applicable (does no	ot scale down)		
		HC Occupancy Fee	HC Fee	Meal Credit		
Healthcare Occupancy Fee's for maintaining membership	1st member	\$133.00	\$ 21.15	\$ (30.75)		\$3,763.70
Healthcare Occupancy Fee's for maintaining membership	2nd member*	\$67.00	\$ 21.15	\$ (30.75)		\$1,750.70
(To maintain "Membership" at the Forum, either in Independent Living or the Health Care Center, one must pay an Occupancy Fee and a Health Care Fee. These fees entitle you to all Forum activities, services and other amenities. These fees must be paid, irrespective of payments from Medicare or other personal Insurance benefits. The minimum Health Center Occupancy Fee's for maintaining membership is the member rate for Model A1 AL Studio less applicable meal	rum, either in Ir ctivities, service alth Center Oo	ndependent Living or ss and other amenitie cupancy Fee's for ma	the Health Care Centers. These fees must be aintaining membership is	n Independent Living or the Health Care Center, one must pay an Occupancy Fee and a Health Care Fee. vices and other amenities. These fees must be paid, irrespective of payments from Medicare or other personal Occupancy Fee's for maintaining membership is the member rate for Model A1 AL Studio less applicable meal	Fee and a Healt from Medicare of AL Studio less	h Care Fee. or other perso applicable ma

*2nd Member Rate Not Applicable for Members who signed new Continuing Care Contract Part A-1 and B-1 starting in 2014

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2016 Assisted Living Rates For The Forum at Rancho San Antonio (Non-Members)

MODEL		SQ FT	DAI	LY RATE		AVG MONTHLY RATE
A.1	Studio	358	\$	266.00	per day	\$8,113
A.2	Studio (with Patio)	358	\$	279.00	per day	\$8,510
A.3	Studio	388	\$	279.00	per day	\$8,510
A.4	Studio	391	\$	279.00	per day	\$8,510
B.1	Single Studio / Double Studio (without Kitchen)	435	\$	293.00	per day	\$8,937
B.2	Single Studio / Double Studio (with Kitchen)	435	\$	293.00	per day	\$8,937
C.1	One Bed Room	520	\$	393.00	per day	\$11,987
C.2	One Bed Room (with Patio)	520	\$	403.00	per day	\$12,292
C.3	One Bed Room Deluxe	780	\$	465.00	per day	\$14,183
	Additional Charg	es to a	dd to	Room Cl	narge	
	Dementia Fee Level 1		T	51.00	per day	\$1,555.50
	Dementia Fee Level 2			68.00	per day	\$2,074.00
1000	*Second Person Fee (Varies upon unit size)			93.00	per day	\$2,836.50
	Community Service Fee			Equal to	One Months	Rental Fee

^{*}Second Person Fee is shown above based on A.1 model unit. Other unit prices vary based on 35% of Daily Rate

Print Date: 10/12/2015

For
Rates
Nursing
Skilled
2016

The	The Forum at Rancho San Antonio (Members)	onio (Men	nbers)					
		HC Occu- pancy Fee Daily	HC Occupancy Fee		HC Fee per month		Room Premium Differential	Pre
	SNF Permanent 1st member standard fee's	\$191.00	\$5,825.50	per month	per month \$ 645.00		add as shown below	
	SNF Permanent 2nd member standard fee's*	\$96.00	\$2,928.00	per month	per month \$ 645.00		add as shown below	
	Charge for Temporary Days, 2nd and 3rd Meal	\$24.50	\$747.25	per month	plus HC Fee	plus IL Occupancy	add as shown below	12

AVG MONTHLY RATE

fferential

remium Room

6,470.50

69

3,573.00

6

(differential per month)

Differential Per

\$4,026.00

\$132.00 Day

*2nd Member Rate Not Applicable for Members who signed new Continuing Care Contract Part A-1 and B-1 starting in 2014

Member room premium

Private Room

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2016 Skilled Nursing Rates For

The Forum at Rancho San Antonio (Members)

"2nd Member Rate Not Applicable for Members who signed new Continuing Care Contract Part A-1 and B-1 starting in 2014

			HC Occupancy Fee		HC Fee	Room Premium Differential	Room Premium Differential	AVG MONTHLY RATE
Posted	Posted Base Rate, for conditional member contract		\$383.00					
Conditic Base Ri as appli for ever starting	Conditional Member I 90% of Posted Base Rate rate plus room premium as applicable (90% scales down 5% for every year of membership starting in Year 2 of membership)		\$344.70			add as above	Ø	\$10,513.35
Condition	Conditional Member II: 90% of Posted Base Rate		ate plus room pri	emium as app	rate plus room premium as applicable (does not scale down)	scale down)		
			HC Occupancy Fee	HC Occupancy Fee	HC Fee	Meal Credit		
Health for ma	Health Center Occupancy Fee's for maintaining membership	1st member AL Fee	1st member	\$ 133.00	\$ 21.15	\$ (30.75)	2)	\$3,763.70
Health for ma	Health Center Occupancy Fee's 2nd member for maintaining membership	and member AL Fee	2nd member*	\$ 67.00	\$ 21.15	\$ (30.75)	2)	\$1,750.70
(To ma fees en benefits	(To maintain "Membership" at the Forum, either in Independent Living or the Health Care Center, one must pay an Occupancy Fee and a Health Care Fee. These fees entitle you to all Forum activities, services and other amenities. These fees must be paid, irrespective of payments from Medicare or other personal Insurance benefits. The minimum Health Center Occupancy Fee's for maintaining membership is the member rate for Model A1 AL Studio less applicable meal credits)	n, either in ervices and	Independent Livi d other amenities Fee's for maintair	ing or the Heal	Ith Care Center, o nust be paid, irres hip is the member	Independent Living or the Health Care Center, one must pay an Occupancy Fee and a Health Care Fee. These dother amenities. These fees must be paid, irrespective of payments from Medicare or other personal Insurance Fee's for maintaining membership is the member rate for Model A1 AL Studio less applicable meal credits)	Fee and a Health ledicare or other p	Care Fee. The versonal Insura

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2016 Skilled Nursing Rates For The Forum at Rancho San Antonio (Non-Members) DAILY RATE Semi private Room \$383.00 Private Room \$515.00

Print Date: 10/12/2015

RANC, J. SAN ANTONIO RETIREMENT HOUSING CORPO! TION Analysis Cash Requirement for RHC

Analysis Cash Requirement for RHC 2016 Budget - Final

Guided by Policy 31: Operating Cash Requirements

A. Budget – Short Term Threshold Test	Ä			
Total Expenses as budgeted for 2016	S	\$ 14,551,781		
2 75 days required reserve for DSS			₩	2,990,092
3 75 days operating expenses			()	2,990,092
4 1 years loan payments			€	1,085,608
Required cash reserve			₩	7,065,792
1 Estimated Cash				
2 EOY 2015 est. cash*			↔	11,696,436
Transfer to Fixed Asset Reserve			()	(1,000,000)
3 Liability for expenses			4	(920,000)
4 Est. increase/decrease of Cash for 2016 Budget			()	1,118,797
5 Estimated Cash			65	10,865,233
1 difference of cash to cash requirements			s	3,799,441

Comments:
(1) 5 Year Outlook assumes continued high level of appreciatio
in 2016B through 2021O with reduced resale in coming years.
(2) By the end of the 3-5 year outlook there is an assumption
that resale appreciation per unit average will start
diminishing as average length of stay decreases per unit.
(3) POA is currently approximately 12 and assuming
12 for 2016 including units potentially listed longer than 18
months (as per Sect 10 Res Doc Binder - Resale Information)
(4) A 4.5% IL Occupancy assumed in the 5 Yr Outlook in
order to keep up with cash outflow from Fixed Asset
requirements in the coming years as well as offsetting
budgeted deficits and cash on hand declining trend.

339	337	360	383	383	388	27 Days Cash on Hand Ratio: [A]/[B]/365
46,218	44,872	43,565	42,296	41,064	39,868	6 Operating Expenses Per Day [B]/365
16,869,503	16,378,158	15,901,124	15,437,985	14,988,335	14,551,781	5 Operating Expenses (excl depreciation) [B]
15,667,825	15,123,419	15,670,628	16,219,004	15,731,077	15,477,147	Total Unrestricted Cash (for Cash on Hand) [A]
1,496,697	1,467,350	1,438,579	1,410,371	1,382,717	1,355,605	3 Board Designated, Insurance Reserve Fund
(2,184,766)	(1,697,439)	(1,573,792)	(1,450,345)	(1,104,145)	(1,085,436)	1 Less 25% for HCC for Fixed Assets
8,739,063	6,789,755	6,295,167	5,801,381	4,416,581	4,341,744	Doard Designated, Component Reserve Fund
7,616,830	8,563,752	9,510,674	10,457,597	11,035,924	10,865,233	9 Cash
20210	20200	20190	20180	20170	2016B	8 Cash on Hand Calculation for RHC:
	The second		-			B. Five Year Outlook - Long Term Threshold Test
1,496,697	1,467,350 \$	1,382,717 \$ 1,410,371 \$ 1,438,579 \$ 1,467,350 \$ 1,496,697	1,410,371 \$	1,382,717 \$	1,355,605 \$	5 Insurance Reserve Requirement (Business Continuity) 6 Insurance Reserve Balance, end of year
8,739,063	6,789,755	6,295,167	5,801,381	4,416,581	4,341,744	
20210	20200	20190	20180	20170	2016B	2 Fixed Asset Reserve Requirement

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		years.
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Days Cash on Hand Ratio: [A]/[B]/365

ANCHO SAM ANTONIO RETIREMENT SERVICES, INC. ISI CASH RESERVE REVIEW

2016 Budget - Final

uided by Policy 34: RSI Operating Cash Requirements

 Budget - Short Term Threshold Test 		
perations and reserved cash FBO RSI		
:xpenses as budgeted \$ 13,444,297	4,297	
5 days required reserve for DSS	₩	3 2,762,527
5 days operating reserve	()	3 2,762,527
Required cash reserve	ω	5,525,054
stimated Cash		
OY 2015 Est cash Balance	(/)	3 1,050,000
Accrued Liabilities (excluding intercompany)	₩	(900,000)
:OY 2015 estimated Entrance/Exit Fee cash fund	↔	5 7,544,443
2016 Entrance/Exit income (for RSI)	↔	3 1,214,640
2016 Entrance/Exit expense to RSI	€)	(575,000)
	ω,	8,334,083
Stimated	l e	
Shortfall)/ Excess of RSI requested cash reserves	φ)	\$ 2,809,029

3. Five Year Outlook - Long Term Threshold Test	est							
Sash on Hand Calculation for RSI		2016B		20170	20180	20190	20200	20210
Sash	()	953,898	€>	963,437 \$	\$ 973,072	\$ 982,802	S	992,630 \$ 1,002,557
3/E Fee Balances for the benefit of RSI		7,544,443		7,685,251	7,775,295	7,874,405	7,982,713	8,100,351
25% for HCC for Fixed Assets		1,085,436		1,104,145	1,450,345	1,573,792	1,697,439	2,184,766
Fotal Unrestricted Cash (for Cash on Hand) [A] \$ 9	↔		()	9,752,834	\$10,198,712	583,777 \$ 9,752,834 \$10,198,712 \$10,430,999 \$10,672,782 \$11,287,674	\$10,672,782	\$11,287,674
Operating Expenses [B]		13,444,297		13,847,626	14,263,055	14,690,947	15,131,675	15,585,625
Operating Expenses Per Day [B]/365		36,834		37,939	39,077	40,249	41,457	42,700

Vote: HC Loan not included in Cash on Hand Calculation. However, considered unrestricted in terms of financial benchmarks

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						Entity	2787	
2016 Budget	2013 Actual	2014 Actual	2015 Projected	2015 Budget	2016 Rudget	10 T 10	Yrovr Yr \$ 2016B vs	Yr ovr Yr % 2016B vs
				D	Dadgor	/0 TOTAL	2015P	2015P
Jecupancy Fees Jemberchie Boorle I.	10,031,435	10,569,191	11,113,587	11 011 974	11 640 402	200	6	
Talretie 6 6 1	3,538,500	3,551,800	3.929.764	3 970 764	2 562 000	0,000	535,896	4.8%
viarketing & Sales Commissions	985,365	1,235,100	1300.050	1040,000	086,200,0	71%	(366,778)	-9.3%
nterest & Dividends	178,668	203,588	276.280	112 761	1,285,145	%8	(14,905)	-1.1%
Uther Operating Revenue	212,271	339 967	305 306	102,731	285,000	2%	8,711	3.2%
lotal Operating Revenue	14,946,239	15,899,646	16.925.016	16 605 133	319,301	2%	13,975	4.6%
i				2000000	TIPATOTO TO	I	176,898	1.0%
Wages Problems Theorems Theorems	5,748,400	5,778,165	6,021,987	6,243,257	6.328.116	% Total	206 120	7 10/
Liphoyee 1 axes/Benefits/Empl Related Expenses	1,764,562	1,895,216	2,004,512	2,086,815	2,020,394	14%	15 882	0.1.70
Legal and Professional	429,750	457,524	462,072	469,768	463,358	3%	1 286	%2.0
Vanagement Fees	290,196	68,034	101,796	187,716	114,300	1%	12,504	10 3%
Varicetino	641,722	069'959	687,319	687,320	707,380	2%	20,061	2000
axes - Real Estate & Other	629,310	303,057	392,618	366,500	366,800	3%	(25.818)	29:9-
Telephone	480,187	442,465	553,076	540,670	566,800	4%	13.724	25%
upplies (Plant)	66,250	79,766	94,295	85,858	96,568	1%	2,273	2.4%
Jaintenance Contracts (Plant)	130,745	116,576	160,672	127,964	165,243	1%	4.571	2.8%
Table TV Costs	956,649	773,664	836,670	898,496	851,551	%9	14.881	78.7
Julities	252,730	259,223	268,463	267,341	279,201	2%	10,739	4.0%
lood & Food Sumplies	784,430	809,679	809,349	806,724	833,629	%9	24.280.	30%
Letol AER	1,520,758	1,478,235	1,582,691	1,534,170	1,665,105	11%	82,414	5.2%
DED TOTAL	13,695,691	13,118,293	13,975,519	14,302,598	14,458,445	%66	482,927	3.5%
Other Operating Expenses	(6,431)	(38,966)	27,867	(40,153)	93,336	1%	65,469	234.9%
otal Operating Expense	13,689,260	13,079,327	14,003,385	14,262,445	14,551,781	100%	548,396	3.9%
let Operating Income (NOI)	1,256,979	2,820,319	2,921,631	2,342,687	2,550,134		(371,497)	-12.7%

Budget Fiscal Year Ending:

Rancho San Antonio Retirement Housing Corporation

lear over Year Operating Statement

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Rental Income				Littley	1817	
1,242,872 1,510,125 1,495,174 1,296,377 2,738,046 2,806,502 4,082,573 4,155,407 643,468 903,181 5,626,041 6,291,088 2,451,557 3,491,140 (1,631,015) (664,267)	2015 Projected	2015 Budget	2016 Budget	% Total	Yrovr Yr \$ 2016B vs 2015P	Yrovr Yr % 2016B vs 2015P
4,082,573 4,155,407 e (Entrance/Exit Fees to RSI) 900,000 1,232,500 643,468 903,181 5,626,041 6,291,088 3xcluding Depreciation] 2,451,557 3,491,140 (1,631,015) (664,267)	25 1,525,231 77 1,365,000	1,525,231	1,540,483	·	15,252 (300,000)	1.0%
4,082,573 4,155,407 Se 643,468 903,181 5,626,041 6,291,088 xcluding Depreciation] 2,451,557 3,491,140 (1,631,015) (664,267)		2,890,231	2,605,483		(284,748)	%6.6-
5,626,041 6,291,088 2,451,557 3,491,140 (1,631,015) (664,267)	07 4,220,474 00 375,000 81 (647,929)	4,220,474 1,820,000 (351,323)	4,262,679 600,000		42,205	1.0%
2,451,557 3,491,140 (1,631,015) (664,267)		5,689,151	4,518,498	I	570,946	14.5%
(1,631,015) (664,267)	40 6,084,784	3,764,241	4,899,798		(1,184,986)	-19.5%
	67) 1,864,310	(456,233)	637,119		(1,227,191)	65.8%
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)16 Pag 2						10/12/2015

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tancho San Antonio Retirement Services, Inc. ear over Year Operating Statement

Budget Fiscal Year Ending: Entity

2016 Budget		2013 Actual	2014 Actual	2015 Projected	2015 Budget	2016 Bridget	Lator 70	Yr ovr Yr \$ 2015P vs	Yr ovr Yr % 2015P vs
Operating Revenues					200	100nnor	/O TOTAL	GOTAZ	701013
skilled Nursing Revenues (net of contractual)	[contractual]	-6,041,551	6,497,245	6.919.462	6 197 597	6 534 908	102 201	(281 551)	787
Assisted Living Revenues (net of contractual)	[contractual]	2,844,763	3,059,790	3,329,594	3 361 490	2 117 808	75.20	(204,204)	20.00
lealthcare Fees		3,367,958	2,901,680	3,410,677	3 474 436	3 427 252	75.20	16 675	2.0%
Other Ancillary Revenues		94,607	105,657	151,752	83,050	155,561	1.1%	3.809	0.5%
Total Operating Revenues	Revenues	12,348,880	12,564,373	13,811,485	13,116,573	13,535,629		(275,856)	-2.0%
Mr. comments		The Property of the Control					%Total		
Wages	ļ	5,695,917	5,779,253	6,140,929	6,306,691	6,450,591	48%	309,662	5.0%
amphoyee Laxes/Benefits & Related Expense	ited Expense	1,961,262	2,058,708	2,076,547	2,249,868	2,138,577	16%	62,029	3.0%
isurance - General		116,198	124,162	125,440	127,300	125,440	1%	0	%0.0
egal and Professional		17,579	45,996	46,859	45,650	46,859	%0	0	%0.0
Vlanagement Fees		575,351	567,384	649,765	609,921	624,571	5%	(25.194)	-3.9%
vlarketing F		5,258	16,671	48,932	50,000	49,752	%0	820	1.7%
axes		231	12,835	11,573	14,260	11,804	%0	231	2.0%
l elephone		51,253	76,385	85,933	81,120	87,652	1%	1.719	2.0%
Supplies (Plant)		74,084	78,070	96,149	91,378	99,033	1%	2,884	3.0%
Maintenance Contracts (Plant)		138,051	140,958	164,070	174,615	164,750	1%	680	0.4%
Jable IV Costs		79,820	87,174	91,656	86,632	91,656	1%	0	0.0%
Jillities		322,580	350,211	371,653	357,305	382,803	3%	11,150	3.0%
100d		609,373	620,550	649,480	649,457	668,964	2%	19,484	3.0%
Supplies (Food & Beverage)		706,967	117,772	171,517	126,000	176,663	1%	5,146	3.0%
dealthcenter Ancillaries		1,088,548	1,000,791	1,268,490	994,078	944,788	7%	(323,702)	-25.5%
	Sub Total	10,835,411	11,076,920	11,998,993	11,964,275	12,063,903	%06	64,910	0.5%

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Rancho San Antonio Retirement Services, Inc. Year over Year Operating Statement	es, Inc.			Budget Fiscal Year Ending: Entity	Year Ending: Entity	2016		
2016 Budget	2013 Actual	2014 Actual	2015 Projected	2015 Budget	2016 Budget	% Total	Yr ovr Yr \$ 2015P vs 2016B	Yr ow Yr % 2015P vs 2016B
Other G&A Other Operating Expenses	647,131 611,236	725,019 523,342	601,098	672,058	777,000	6%	175,902	29.3%
. Total Operating Expenses	12,093,777	12,325,281	13,190,959	13,318,652	13,376,044	1	185,085	1.4%
Net Operating Income	255,102	239,092	620,526	(202,079)	159,585		(460,941)	-74.3%
Other Revenues/Expenses Interest/Other Income	105,533	145,496	241,789	241,789	241,789		0	0.0%
Entrance EXIV Fees Rent Expense	1,039,998 (1,478,370)	1,232,500 (1,510,125)	575,000 (1,510,125)	1,500,000 (1,510,125)	1,200,000 (1.525,226)		625,000	108.7%
Net Income	(77,737)	106,963	(72,810)	29,585	76,147		148,957	204.6%

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Rancho San Antonio Retirement Housing Corporation Year over Year Operating Statement	tion			Ä	Budget Fiscal Year Ending: Entity	ear Ending: Entity	2016	
2016 Budget	2013 Actual	2014 Actual	2015 Projected	2015 Budget	2016 Budget	% Total	Yr ovr Yr S 2016B vs 2015P	Yr ovr Yr % 2016B vs 2015P
Rental Income Amortization Income (Entrance/Exit Fees)	1,242,872	1,510,125	1,525,231	1,525,231	1,540,483		15,252	1.0%
Total Other Income	2,738,046	2,806,502	2,890,231	2,890,231	2,605,483		(284,748)	%6.6-
Depreciation Expense (Entrance/Exit Fees to RSI)	4,082,573	4,155,407	4,220,474	4,220,474	4,262,679		42,205	1.0%
Other Revenue/Expense	643,468	903,181	(647,922)	(351,323)	(344,181)		303,741	-46.9%
Other Non Operating	5,626,041	6,291,088	3,947,552	5,689,151	4,518,498		570,946	14.5%
. Net Income/(Loss) [excluding Depreciation].	2,451,557	3,491,140	6,084,784	3,764,241	4,899,798		(1,184,986)	-19.5%
Net Income/(Loss)	(1,631,015)	(664,267)	1,864,310	(456,233)	637,119		(1,227,191)	%8.59

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lancho San Antonio Retirement Services, Inc. lear over Year Operating Statement

Budget Fiscal Year Ending: Entity

2016 Budget	2013 Actual	2014 Actual	2015 Projected	2015	2016	I	Yr ove Yr \$ 2015P vs	Yr ovr Yr % 2015F vs
perating Revenues		Č	nanofor t	138nmm	nagana	% Total	2016B	Z016B
killed Nursing Revenues (net of contractual)	actual, '6,041,551	6 497 245	6010 163	200 201 2				
ssisted Living Revenues (net of contraction)			704,616,0	1,40,141,0	6,534,908	48.3%	(384,554)	-5.6%
Tealthcare Heer		3,059,790	3,329,594	3,361,490	3,417,808	25 3%	88 214	709 0
TITLE TO TO CO	3,367,958	2,901,680	3,410,677	3,474,436	3 427 352	700.20	147.00	2.070
Juier Ancillary Revenues	Ì	105,657	151,752	83,050	155 561	1 1%	2,0,01	0.5%
10tal Operating Revenues	ues 12,348,880	12,564,373	13,811,485	13,116,573	13,535,629	0/1:1	(275,856)	-2.0%
Vapes	1					%Total		
Smulovee Taves/Benefits 8-10-1-1-17		5,779,253	6,140,929	6,306,691	6,450,591	48%	309.662	5.0%
name - General	Τ,	2,058,708	2,076,547	2,249,868	2,138,577	16%	62,029	3.0%
Post and Dropoution	116,198	124,162	125,440	127,300	125,440	1%	0	%00
Ashagement Ress	17,579		46,859	45,650	46,859	%0	0	0.0%
Antering A	5/5,351	S	649,765	609,921	624,571	5%	(25,194)	-3.9%
STATES	5,258		48,932	20,000	49,752	%0	820	1.7%
around a second and a second a second and a second a second and a second a second and a second a second a second a second and a second a second a second a second a second a second a secon	231		11,573	14,260	11,804	%0	231	2.0%
unnijes (Plant)	51,253		85,933	81,120	87,652	1%	1,719	2.0%
Agintenance Contracts (Black)	74,084	78,070	96,149	91,378	99,033	1%	2,884	3.0%
Table TV Costs	138,051		164,070	174,615	164,750	1%	680	0.4%
Willias	79,820		91,656	86,632	91,656	1%	0	%0.0
100d	322,580	350,211	371,653	357,305	382,803	3%	11,150	3.0%
Supplies (Rood & Description)	609,373		649,480	649,457	668,964	5%	19,484	3.0%
Jes Phies (1.004 & DOVE age)	99,907		171,517	126,000	176,663	1%	5,146	3.0%
	1		1,268,490	994,078	944,788	2%	(323,702)	-25.5%
Sub Lotal	otal 10,835,411	11,076,920	11,998,993	11,964,275	12,063,903	%06	64,910	0.5%

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, mar. c.	2013	Actual
Year over Year Operating Statement	2016 Budget	

Budget Fiscal Year Ending: Entity

Yr ovr Yr % 2015P vs 2016B	29.3%	1.4%	-74.3%		0.0%	108.7%	1.0%	204.6%
Yr ovr Yr \$ 2015P vs 2016B	175,902	185,085	(460,941)		0	625,000	(15,101)	148,957
% Total	6%	1						
2016 Budget	777,000	13,376,044	159,585		241,789	1,200,000	(1,525,226)	76,147
2015 Budget	672,058	13,318,652	(202,079)		241,789	1,500,000	(1,510,125)	29,585
2015 Projected	601,098	13,190,959	620,526		241,789	575,000	(1,510,125)	(72,810)
2014 Actual	725,019 523,342	12,325,281	239,092		145,496	1,232,500	(1,510,125)	106,963
2013 Actual	647,131 611,236	12,093,777	255,102		105,533	1,039,998	(1,478,370)	(77,737)
2016 Budget	Other G&A Other Operating Expenses	rotar Operating Expenses	Net Operating Income	Other Revenues/Expenses	Interest/Other Income Entrance Evit/Reer	Rent Francisco	Not Insome	

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