

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12 / 31 / 16

RECEIVED MAY 02 2017

PROVIDER(S): American Baptist Homes of the West

CCRC(S): Terraces at Los Altos, Grand Lake Gardens, Piedmont Gardens, Plymouth Village, Valle Verde, Rosewood, Terraces of Los Gatos, Terraces at San Joaquin Gardens

CONTACT PERSON: Andrew McDonald

TELEPHONE NO.: (925) 924-7196 EMAIL: AMcDonald@abhow.com



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

- Annual Report Checklist.
Annual Provider Fee in the amount of: \$ 102,320
Certification by the provider's Chief Executive Officer that:
Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for each community.
Provider's Refund Reserve Calculation(s) - Form 9-1 and/or Form 9-2, if applicable.

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



AMERICAN BAPTIST HOMES OF THE WEST
6120 Stoneridge Mall Rd., 3rd Floor - Pleasanton, CA 94588-3296

RECEIVED
APR 02 2017
CONTINUING CARE
CONTRACTS BRANCH

April 28, 2017

Ref: Cover Letter to DSS.doc

Continuing Care Contracts Branch
Department of Social Services
744 P Street, MS 17 – 19
Sacramento, CA 95814

RE: Annual Report – December 31, 2016

Enclosed please find three copies of American Baptist Homes of the West's December 31, 2016 Annual Report and one additional unbound copy of Section 7. The report covers our communities including Terraces at Los Altos, Grand Lake Gardens, Piedmont Gardens, Plymouth Village, Valle Verde, Rosewood, and the Terraces of Los Gatos.

The Key Financial Indicators will be submitted under separate cover by the due date of May 31, 2017.

If you have any questions or need additional information, please contact Andrew McDonald at 925-924-7196.

Sincerely,

Pamela S. Claassen
CFO



AMERICAN BAPTIST HOMES OF THE WEST
6120 Stoneridge Mall Rd., 3rd Floor – Pleasanton, CA 94588-3296

RECEIVED
MAY 02 2017

CONTINUING CARE
CONTRACTS BRANCH

April 28, 2017

Ref: CEO Certification.doc

Continuing Care Contracts Branch
Department of Social Services
744 P Street, MS 17 – 19
Sacramento, CA 95814

RE: Annual Audit and Reports – December 31, 2016
Financial Statements – December 31, 2016

I, John Cochrane, President & CEO of American Baptist Homes of the West, hereby certify to the best of my knowledge and belief that:

1. The annual reserve reports and any amendments thereto are correct.
2. Each continuing care contract form in use for new residents has been approved by the Department of Social Services as required by Section 1787 of the State of California Health and Safety Code.
3. An approved refund reserve trust fund, as required under Health and Safety Code Section 1793, contains the amount of the refund reserve required as of the date of certification. Appropriate levels of statutory reserves, as required by the Department of Social Services, are maintained.

Sincerely,

John Cochrane
President and CEO

FORM 1-1

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	79
[2]	Number at end of fiscal year	72.55
[3]	Total Lines 1 and 2	151.55
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	75.775
All Residents		
[6]	Number at beginning of fiscal year	96
[7]	Number at end of fiscal year	83.55
[8]	Total Lines 6 and 7	179.55
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	89.775
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.84

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$4,590,000
[a]	Depreciation	\$609,000
[b]	Debt Service (Interest Only)	\$166,000
[2]	Subtotal (add Line 1a and 1b)	\$775,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$3,815,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	84%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$3,220,068
[6]	Total Amount Due (multiply Line 5 by .001)	\$3,220

PROVIDER: American Baptist Homes of West

COMMUNITY: Grand Lake Gardens

FORM 1-1

<u>Line</u>	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	252
[2]	Number at end of fiscal year	241.13
[3]	Total Lines 1 and 2	493.13
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	246.565
All Residents		
[6]	Number at beginning of fiscal year	347
[7]	Number at end of fiscal year	340.48
[8]	Total Lines 6 and 7	687.48
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	343.74
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.72

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only) \$26,830,000
[a]	Depreciation \$1,690,000
[b]	Debt Service (Interest Only) \$504,000
[2]	Subtotal (add Line 1a and 1b) \$2,194,000
[3]	Subtract Line 2 from Line 1 and enter result. \$24,636,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) 72%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) \$17,671,424
[6]	Total Amount Due (multiply Line 5 by .001) x .001 \$17,671

PROVIDER: American Baptist Homes of West
COMMUNITY: Piedmont Gardens

FORM 1-1

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	255
[2]	Number at end of fiscal year	236.42
[3]	Total Lines 1 and 2	491.42
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	245.71
All Residents		
[6]	Number at beginning of fiscal year	270
[7]	Number at end of fiscal year	270.97
[8]	Total Lines 6 and 7	540.97
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	270.485
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.91

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)
[a]	Depreciation
[b]	Debt Service (Interest Only)
[2]	Subtotal (add Line 1a and 1b)
[3]	Subtract Line 2 from Line 1 and enter result.
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)
[6]	Total Amount Due (multiply Line 5 by .001)

PROVIDER: American Baptist Homes of West

COMMUNITY: Plymouth Village

FORM 1-1

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	364
[2]	Number at end of fiscal year	487.35
[3]	Total Lines 1 and 2	851.35
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	425.675
All Residents		
[6]	Number at beginning of fiscal year	419
[7]	Number at end of fiscal year	539.68
[8]	Total Lines 6 and 7	958.68
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	479.34
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.89

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1]	\$28,236,000
[a]	\$4,155,790
[b]	\$1,207,000
[2]	\$5,362,790
[3]	\$22,873,210
[4]	89%
[5]	\$20,312,416
	x .001
[6]	\$20,312

PROVIDER: American Baptist Homes of West

COMMUNITY: Valle Verde

FORM 1-1

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	64
[2]	Number at end of fiscal year	57.81
[3]	Total Lines 1 and 2	121.81
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	60.905
All Residents		
[6]	Number at beginning of fiscal year	100
[7]	Number at end of fiscal year	94.65
[8]	Total Lines 6 and 7	194.65
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	97.325
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.63

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$14,396,000
[a]	Depreciation	\$1,412,000
[b]	Debt Service (Interest Only)	\$930,000
[2]	Subtotal (add Line 1a and 1b)	\$2,342,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$12,054,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	63%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$7,543,271
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$7,543

PROVIDER: American Baptist Homes of West
COMMUNITY: Terraces at Los Altos

FORM 1-1

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	101
[2]	Number at end of fiscal year	101.48
[3]	Total Lines 1 and 2	202.48
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	101.24
All Residents		
[6]	Number at beginning of fiscal year	243
[7]	Number at end of fiscal year	243.13
[8]	Total Lines 6 and 7	486.13
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	243.065
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.42

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$19,603,000
[a]	Depreciation	\$1,285,000
[b]	Debt Service (Interest Only)	\$505,000
[2]	Subtotal (add Line 1a and 1b)	\$1,790,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$17,813,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	42%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$7,419,366
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$7,419

PROVIDER: American Baptist Homes of West

COMMUNITY: Rosewood

FORM 1-1

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	294
[2]	Number at end of fiscal year	284.32
[3]	Total Lines 1 and 2	578.32
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	289.16
All Residents		
[6]	Number at beginning of fiscal year	335
[7]	Number at end of fiscal year	335.52
[8]	Total Lines 6 and 7	670.52
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	335.26
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.86

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$25,308,000
[a]	Depreciation	\$3,159,000
[b]	Debt Service (Interest Only)	\$2,168,000
[2]	Subtotal (add Line 1a and 1b)	\$5,327,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$19,981,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	86%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$17,233,508
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 \$17,234

PROVIDER: American Baptist Homes of West
COMMUNITY: Terraces of Los Gatos



PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100, Bala Cynwyd, Pennsylvania 19004
610.617.7900 • Fax 610.617.7940 • PHLY.com

01/18/2016

Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Re: PHSD1091324

Dear Valued Customer:

Thank you very much for choosing Philadelphia Indemnity Insurance Company for your insurance needs. Our first class customer service, national presence and A++ (Superior) A.M. Best financial strength rating have made us the selection by over 150,000 policyholders nationwide. I realize you have a choice in insurance companies and truly appreciate your business.

I wish you much success this year and look forward to building a mutually beneficial business partnership which will prosper for years to come. Welcome to PHLY and please visit PHLY.com to learn more about our Company!

Sincerely,

Robert D. O'Leary Jr.
President & CEO
Philadelphia Insurance Companies

RDO/sm

Enroll Today!

- Receive Invoices Electronically
- Pay Your Bills Online
- Set Up Recurring Payments
- Available 24/7
- Safe and Secure
- NO FEE!
- Environmentally Friendly

Pay Your Bill Online

To pay your bills online you will need a User ID and Password to access our website. If you don't have a User ID please create one by visiting <https://www.PHLY.com/myphly/newuser.aspx>.

If you have a User ID, please login and click on "Online Bill Pay" and enter the necessary information to pay your bills. Philadelphia Insurance Companies accepts electronic checks (a debit from your checking or savings account) as a method of payment. Please allow 2 to 3 business days for your payment to post to your account. This service is offered free of charge. Please note that credit card payments cannot be made online.

Recurring Payment

Customers that receive their bill directly (and not from their agent) can sign up for recurring payment via automatic withdrawals from a checking, savings, or money market account for direct bill policies.

If you do not already have an account on **PHLY.com** you will need to create one by visiting <https://www.PHLY.com/myphly/newuser.aspx>. Once logged in please refer to "Links for You" and click the "Recurring Payment Instructions" to learn how to enroll. You can also click the "Online Bill Pay" tab on the left hand side to enroll in Recurring Payment.

How to Create an Account on PHLY.com

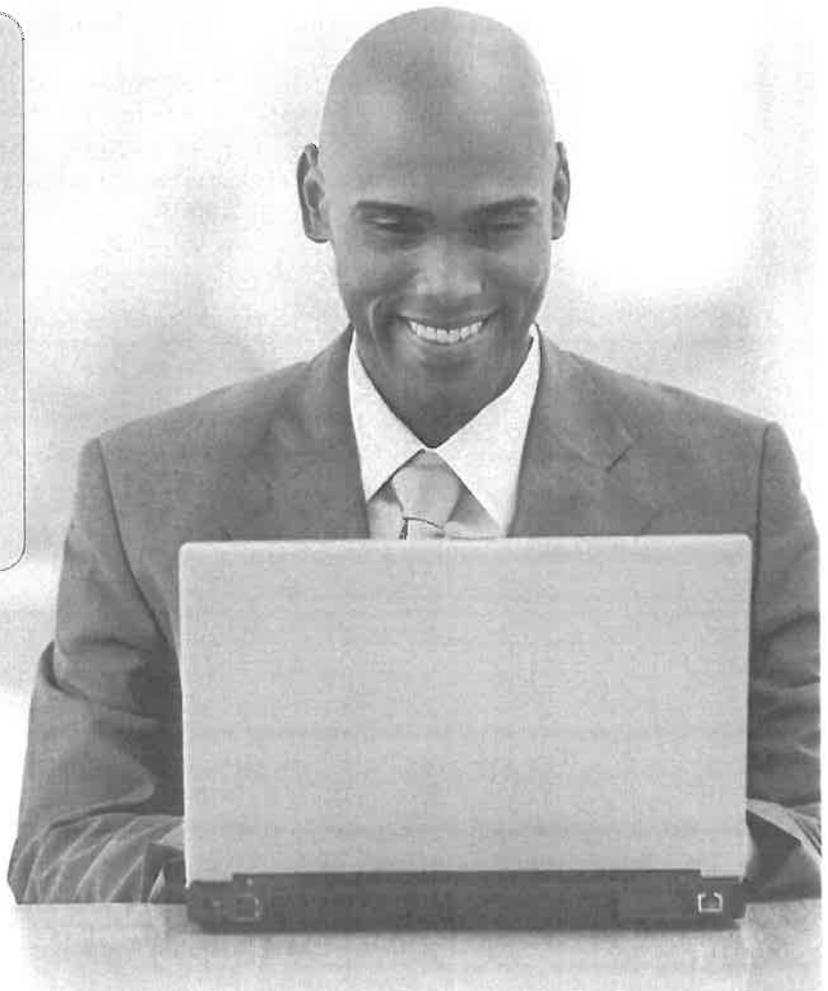
1. Go to <https://www.PHLY.com/myphly/newuser.aspx>
2. Select the applicable BUTTON (insured or producer)
3. Complete the information on the page:
 - You will CREATE your own USER NAME and PASSWORD.
 - The password must be at least 7 characters and contain one number, one lower case letter, and one capital letter.
4. Click CONTINUE when done.
5. On the next page, complete the PASSWORD RESET QUESTION. If you ever forget your password, we will ask you this security question and you will enter the answer you have selected.
6. Once you have received the page that states: "CONTINUE TO MY PHLY," then you have successfully created the account.



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

Focus on the Things that Matter. We'll Handle the Risk!®





Making Things Easier for You!

PHLY CUSTOMER SERVICE

Did you know...

- The Loss Assistance Hotline provides Management & Professional Liability policyholders with two FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy
- You can review billing and payment history online
For example: Payment verifications go to MyPHLY on PHLY.com
- You can pull up and print your invoices and policy documents online
- You can update your profile online
For example: Billing address or contact information changes
- We offer live help within seconds: No complicated phone systems
- 94.4% of our policyholders would refer us to prospective customers*
- We provide 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

Frequently Asked Questions

How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service E-mail: custserv@phly.com
- Customer Service online chat
- PHLY.com - "Contact Us"

When can I contact Customer Service?

Customer Service is available Monday - Friday from 8:30 a.m. - 8:00 p.m. EST

What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Check sent to the lock box
- Check by phone payments through our IVR (877.438.7459 - Option 1), website, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard, and American Express)

Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally with Commercial Liability Claims Examiner Niche expertise
- 24/7 claims service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

Risk Management Services

- National network of in-house risk management professionals providing direct support to policyholders
- Product specific web-based risk management solutions through PHLY.com
- Interactive Driver Training online courses and examination at no additional charge
- Regular e-flyer communications on relevant risk management issues
- Strategic partnerships with best-in-class vendors for discounted MVR checks, abuse training, GPS, and many more

Automatically included on most accounts

PHLY Bell Endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling, \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement, and \$1,500 Travel Delay Reimbursement.

Honors, Awards, and Ratings

- America's Top 150 Workplaces
- Best Places to Work in Insurance (4th consecutive year)
- Stevie Awards
- ACE Awards
- Top Workplaces in Philadelphia
- Ward's Top 50 (13th consecutive year)
- National Underwriter Top 100 Insurance Groups (Tokio Marine) #29
- National Underwriter Top 100 Insurance Companies #41

A Passion for Service!

Philadelphia Insurance Companies is the marketing name for the insurance companies, divisions of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Coverage described may not be available in all states and on a licensed Underwriting and writing jurisdiction only. Some coverages may be provided by a separate licensed insurance company. Financial strength ratings are not guaranteed. Funds and insureds are not provided by such fund. © 2014 Philadelphia Consolidated Holding Corp. All rights reserved.

* All results reported herein were generated via an analysis of company claims or denials by a third party.





PHILADELPHIA
INSURANCE COMPANIES

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Bell Endorsement & Crisis Management

PHLY HAS INCREASED LIMITS...

PHLY has increased limits on Bell Endorsement and created a Crisis Management Endorsement that will be attached to our policies.

Bell Endorsement

\$50,000 Identity Theft Expense – coverage which reimburses the expenses of any director or officer who becomes a victim of an incident of identity theft.

\$50,000 Terrorism Travel Reimbursement – which covers any director or officer for emergency travel expenses that he or she incurs in the event of a "certified act of terrorism".

\$50,000 Emergency Real Estate Consulting Fee – coverage for realtor's fee or real estate consultant's fee necessitated by the Insured's need to relocate due to the "Unforeseeable destruction" of the Insured's principal location.

\$25,000 Temporary Meeting Space Reimbursement – coverage for rental of meeting space which is necessitated by the temporary unavailability of the Insured's primary office space due to the failure of a climate control system, or leakage of a hot water heater.

\$50,000 Workplace Violence Counseling – in the event that a violent incident occurs at any of the Insured's premises.

\$50,000 Kidnap Expense – coverage for reasonable fees incurred as a result of the kidnapping of a Director or Officer or their spouse, "domestic partner," parent or child.

\$50,000 Key Individual Replacement Expenses – coverage for the Chief Executive Officer or Executive Director who suffers an "injury" which results in the loss of life. No deductible applies to this coverage.

\$50,000 Image Restoration and Counseling – coverage for image restoration and counseling arising out of "Improper Acts."

\$50,000 Donation Assurance – coverage for "Failed Donation Claim(s)."

\$50,000 Business Travel – coverage for Business Travel Accidental Death Benefit to the Named Insured if a Director or Officer suffers an "injury" while traveling on a common carrier for business.

\$25,000 Conference Cancellation – coverage for any business-related conference expenses, paid by the insured and not otherwise reimbursed, for a canceled conference that an employee was scheduled to attend. The cancellation must be due directly to a "natural catastrophe" or a "communicable disease" outbreak that forces the cancellation of the conference.

\$25,000 Fundraising Event Blackout – coverage for expenses that are incurred due to the cancellation of a fundraising event caused by the lack of electric supply resulting in a power outage, provided the fundraising event is not re-scheduled. The fundraising event must have been planned at least thirty (30) days prior to the power outage.

\$5,000 per employee: \$25,000 policy limit Political Unrest – coverage to reimburse any present director, officer, employee or volunteer of the named insured while traveling outside the United States of America for "emergency evacuation expenses" that are incurred as a result of an incident of "political unrest."

\$1,500 Travel Delay Reimbursement – coverage to reimburse any present director or officer of the named insured for any "non-reimbursable expenses" they incur as a result of the cancellation of any regularly scheduled business travel on a common carrier.

Crisis Management

\$25,000 Crisis Management – coverage for "crisis management emergency response expenses" incurred because of an "incident" giving rise to a "crisis."

Philadelphia Insurance Companies is a member company of the insurance company, a subsidiary of the Philadelphia Companies of Hartford, Conn., a Member of the Tokio Marine Group. Insurance coverage is provided subject to policy terms, conditions and exclusions. All coverages are subject to applicable state and federal insurance regulations. Certain coverages may be excluded in a particular state. Some coverages may be subject to a deductible, co-insurance, coinsurance and/or a maximum limit. ©2012 Philadelphia Insurance Companies. All Rights Reserved.





**PHILADELPHIA
INSURANCE COMPANIES**

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company

Commercial Lines Policy

THIS POLICY CONSISTS OF:

- DECLARATIONS
- COMMON POLICY CONDITIONS
- ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
 - ONE OR MORE COVERAGE FORMS
 - APPLICABLE FORMS AND ENDORSEMENTS

IN WITNESS WHEREOF, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless signed by our authorized representative.



President & CEO



Secretary

CALIFORNIA PREMIUM REFUND DISCLOSURE NOTICE

In accordance with CAL. INS. CODE § 481.(c), we are notifying you that in the event that the first Named Insured cancels the insurance policy, we shall retain 10% of the unearned premium. The premium refunded to you will therefore be calculated as 90% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 90% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

If you have an Equipment Breakdown policy or your policy contains an Equipment Breakdown Coverage Part, then the following premium refund calculation applies instead of that provided in the preceding paragraph. For the Equipment Breakdown policy premium or for the premium attributable to the Equipment Breakdown Coverage Part, we shall retain 25% of the unearned premium. The premium refunded to you will therefore be calculated as 75% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 75% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

However, the penalties set forth in the preceding paragraphs will not apply under the following circumstances, even if the first Named Insured cancels the policy:

1. The Insured(s) no longer has a financial or insurable interest in the property or business operation that is the subject of insurance;
2. Cancellation takes place after the first year for a prepaid policy written for a term of more than one year; or
3. The policy is rewritten in the same insuring company or company group.

PHILADELPHIA INSURANCE COMPANIES PRIVACY POLICY NOTICE

Philadelphia Indemnity Insurance Company

The Philadelphia Insurance Companies value your privacy and we are committed to protecting personal information that we collect during the course of our business relationship with you. The collection, use and disclosure of certain nonpublic personal information are regulated by law.

This notice is for your information only and requires no action on your part. It will inform you about the types of information that we collect and how it may be used or disclosed. This does not reflect a change in the way we do business or handle your information.

Information We Collect:

We collect personal information about you from the following sources:

- Applications or other forms such as claims forms or underwriting questionnaires completed by you;
- Information about your transactions with us, our affiliates or others; and
- Depending on the type of transaction you are conducting with us, information may be collected from consumer reporting agencies, health care providers, employers and other third parties.

Information We Disclose:

We will only disclose the information described above to our affiliates and non-affiliated third parties, as permitted by law, and when necessary to conduct our normal business activities.

For example, we may make disclosures to the following types of third parties:

- Your agent or broker (producer);
- Parties who perform a business, professional or insurance functions for our company, including our reinsurance companies;
- Independent claims adjusters, investigators, attorneys, other insurers or medical care providers who need information to investigate, defend or settle a claim involving you;
- Regulatory agencies in connection with the regulation of our business; and
- Lienholders, mortgagees, lessors or other persons shown on our records as having a legal or beneficial interest in your policy.

We do not sell your information to others for marketing purposes. We do not disclose the personal information of persons who have ceased to be our customers.

Protection of Information:

The Philadelphia Insurance Companies maintain physical, electronic and procedural safeguards that comply with state and federal regulations to protect the confidentiality of your personal information. We also limit employee access to personally identifiable information to those with a business reason for knowing such information.

Use of Cookies and Opt-Out:

We may place electronic "cookies" in the browser files of your computer when you access our website. Cookies are text files placed on your computer to enable our systems to recognize your browser and so that we may tailor information on our website to your interests. We or our third party service providers or business partners may place cookies on your computer's hard drive to enable us to match personal information that we maintain about you so that we are able to pre-populate on-line forms with your information. We also use cookies to help us analyze traffic on our website to better understand your interests. Although we do not use your non-public personal information for this purpose, you may opt-out of cookies and advertising features through one of the available options including but not limited to Ads Settings in Google.com or the Network Advertising Initiative (NAI) Consumer Opt-out. Opting out does not mean you will no longer receive online advertising. It does mean that companies from which you opted out will no longer customize ads based on your interests and web usage patterns using cookies.

How to Contact Us: Philadelphia Insurance Companies, One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004
Attention: Chief Privacy Officer



PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company COMMON POLICY DECLARATIONS

Policy Number: PHSD1091324

Named Insured and Mailing Address:

Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Producer: 4941

LOCKTON COMPANIES, LLC (SOUTHERN CAL
725 S. Figueroa
35th Floor
LOS ANGELES, CA 90017

Policy Period From: 11/01/2015 **To:** 11/01/2016

(213)689-0065

at 12:01 A.M. Standard Time at your mailing
address shown above.

Business Description: Non-Profit Organization

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS
POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	
Commercial General Liability Coverage Part	
Commercial Crime Coverage Part	
Commercial Inland Marine Coverage Part	
Commercial Auto Coverage Part	
Businessowners	
Workers Compensation	
Flexi Plus Five	133,688.00
Crime Protection Plus	6,228.00
Total	\$ 139,916.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE
Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (06/14)

Secretary

President and CEO

Philadelphia Indemnity Insurance Company

Form Schedule – Policy

Policy Number: PHSD1091324

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
Recurring Payment Flyer	1212	Recurring Payment Flyer
CSNotice-1	1014	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
IL N 177	0912	California Premium Refund Disclosure Notice
PP2015	0615	Privacy Policy Notice
CPD-PIIC	0614	Common Policy Declarations
IL0985	0108	Disclosure Pursuant To Terrorism Risk Insurance Act
PI-CANC-CA 1	1013	California Cancellation Amendment



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**FLEXIPLUS FIVE
NOT-FOR-PROFIT ORGANIZATION DIRECTORS & OFFICERS LIABILITY INSURANCE
EMPLOYMENT PRACTICES LIABILITY INSURANCE
FIDUCIARY LIABILITY INSURANCE
WORKPLACE VIOLENCE INSURANCE
INTERNET LIABILITY INSURANCE**

Philadelphia Indemnity Insurance Company

Policy Number: PHSD1091324

DECLARATIONS

NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY THOSE CLAIMS FIRST MADE DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. THE AMOUNTS INCURRED FOR DEFENSE COST SHALL BE APPLIED AGAINST THE RETENTION.

Item 1. Parent Organization and Address:
Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Internet Address: [www. cornerstoneaffiliates.com](http://www.cornerstoneaffiliates.com)

Item 2. Policy Period: From: 11/01/2015 To: 11/01/2016
(12:01 A.M. local time at the address shown in Item 1.)

Item 3. Limits of Liability:

(A)	Part 1, D&O Liability:	\$	10,000,000	each Policy Period.
(B)	Part 2, Employment Practices:	\$	10,000,000	each Policy Period.
(C)	Part 3, Fiduciary Liability:	\$		each Policy Period.
(D)	Part 4, Workplace Violence:	\$		each Policy Period.
(E)	Part 5, Internet Liability:	\$		each Policy Period.
(F)	Aggregate, All Parts:	\$	10,000,000	each Policy Period.

Item 4. Retention:

(A)	Part 1, D&O Liability:	\$	100,000	for each Claim under Insuring Agreement B & C.
(B)	Part 2, Employment Practices:	\$	100,000	for each Claim.
(C)	Part 3, Fiduciary Liability:	\$		for each Claim.
(D)	Part 4, Workplace Violence:	\$		for each Workplace Violence Act.
(E)	Part 5, Internet Liability:	\$		for each Claim.

Item 5. Prior and Pending Date: Part 1 12/18/1992 Part 2 12/18/1992 Part 3 No Date Applies
 Part 4 No Date Applies Part 5 No Date Applies

Item 6. Premium: Part 1 \$ 67,238.00 Part 2 \$ 66,450.00 Part 3
 Part 4 Part 5

State Surcharge/Tax: *Total Premium: \$133,688.00*

Item 7. Endorsements: PER SCHEDULE ATTACHED

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by the duly authorized representative of the Insurer.

	_____	_____
Authorized Representative	Countersignature	Countersignature Date

Philadelphia Indemnity Insurance Company

Form Schedule – Flexi Plus Five

Policy Number: PHSD1091324

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-NPD-1	0102	FlexiPlus Five Declarations Page
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-NPD-2	0102	Flexi Plus Five Coverage Form
PI-NPD-5B	0102	For Profit Subsidiary Endorsement (Entity)
PI-NPD-8	0102	Shared Limits Endorsement
PI-NPD-25	0102	Professional Services Exclusion(Supervision Carve-Out)
PI-NPD-27	1011	Sexual Abuse Exclusion
PI-NPD-52	1203	Amendment of Exclusions
PI-NPD-53	1203	Medical Malpractice Exclusion
PI-NPD-54	1203	Anti-Stacking
PI-NPD-82	1012	Pro-Pak Elite Enhancement
PI-NPD-86	1012	Additional Defense Cost Limit Endorsement
PI-MANU-1	0100	CLASS ACTION LIMIT AND RETENTION ENDORSEMENT
PI-MANU-1	0100	DEFINITION OF ORGANIZATION AMENDED
PI-MANU-1	0100	AMENDED NOTICE PROVISION - EQUIVALENT POSITION
PI-MANU-1	0100	DEFINITION OF INDIVIDUAL INSURED AMENDED
PI-MANU-2	0100	ABSOLUTE BI/PD EXCLUSION
PI-NPD-CA-1	0112	California Changes - Cancellation And Nonrenewal
PI-SLD-001	0108	Cap on Losses from Certified Acts of Terrorism



**PHILADELPHIA
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One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company

CRIME PROTECTION PLUS DECLARATIONS

Policy Number: PHSD1091324

In return for the payment of the premium, and subject to all the terms of this Policy, we agree with you to provide the insurance stated in this Policy.

DECLARATIONS

ITEM

1. Named Insured: Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
2. Mailing Address: C/O American Baptist Homes of
Pleasanton, CA 94588-3296
3. Policy Period: from 11/01/2015 to 11/01/2016
(12:01 A.M. Standard Time at Your Mailing Address)
4. Coverages, Limits of Insurance and Deductibles:
 - Loss Sustained Option Discovery Option
(If no box is checked, the Loss Sustained Option shall apply)

Insuring Agreements, Limit of Insurance and Deductible Amounts shown below are subject to all of the terms of this policy that apply.

Insuring Agreements Forming Part of This Policy	Limit of Insurance	Deductible Amount
A1. EMPLOYEE THEFT AND CLIENT COVERAGE	\$ 1,000,000	\$ 25,000
A2. ERISA FIDELITY	\$ 1,000,000	\$ NIL
B. FORGERY OR ALTERATION, including Credit, Debit, or Charge Card Extension (\$25,000 limit)	\$ 1,000,000	\$ 25,000
C. INSIDE THE PREMISES	\$ 1,000,000	\$ 25,000
D. OUTSIDE THE PREMISES	\$ 1,000,000	\$ 25,000
E. MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY	\$ 1,000,000	\$ 25,000
F. COMPUTER FRAUD AND FUNDS TRANSFER FRAUD	\$ 1,000,000	\$ 25,000

5. Form Numbers of Endorsements Forming Part of This Policy When Issued: SEE SCHEDULE
6. Cancellation of Prior Insurance: By acceptance of this Policy, you give us notice canceling prior policies or bonds numbered: PHSD992173
PHSD992173 the cancellations to be effective at the time this policy becomes effective.

This Policy has been signed by the Company's President and Secretary.

Philadelphia Indemnity Insurance Company

Form Schedule – Crime Protection Plus

Policy Number: PHSD1091324

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-CRP-01	0605	Crime Protection Plus Declarations
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-CRP-02	0605	Crime Protection Plus Policy
PI-CRP-13	0605	Policy Bridge - Discovery Replacing Loss Sustained
PI-CRP-14	0605	Loss of Clients Property - Blanket Form w/Conviction
PI-CRP-CA-1	0605	California Changes

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CANCELLATION AMENDMENT

The following provision is added to the Cancellation Policy Condition and supersedes any language to the contrary:

If this policy is cancelled, we will send the first Named Insured any premium refund due.

1. If we cancel, the refund will be pro rata.
2. If the first Named Insured cancels, the refund may be less than pro rata pursuant to a disclosure notice attached to this policy.

The cancellation will be effective even if we have not made or offered a refund.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**BELL ENDORSEMENT**

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610.617.7900 Fax 610.617.7940
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Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS

The following is a summary of Limits of Liability or Limits of Insurance and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

COVERAGE	LIMITS OF INSURANCE
Business Travel Accident Benefit	\$50,000
Conference Cancellation	\$25,000
Donation Assurance	\$50,000
Emergency Real Estate Consulting Fee	\$50,000
Fundraising Event Blackout	\$25,000
Identity Theft Expense	\$50,000
Image Restoration and Counseling	\$50,000
Key Individual Replacement Expenses	\$50,000
Kidnap Expense	\$50,000
Political Unrest	\$5,000 per employee: \$25,000 policy limit
Temporary Meeting Space Reimbursement	\$25,000
Terrorism Travel Reimbursement	\$50,000
Travel Delay Reimbursement	\$1,500
Workplace Violence Counseling	\$50,000



PHILADELPHIA INSURANCE COMPANIES

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610.617.7900 • Fax 610.617.7940 • PHL.Y.com

11/02/2015

Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Re: PHSD1091327

Dear Valued Customer:

Thank you very much for choosing Philadelphia Indemnity Insurance Company for your insurance needs. Our first class customer service, national presence and A++ (Superior) A.M. Best financial strength rating have made us the selection by over 150,000 policyholders nationwide. I realize you have a choice in insurance companies and truly appreciate your business.

I wish you much success this year and look forward to building a mutually beneficial business partnership which will prosper for years to come. Welcome to PHL.Y and please visit PHLY.com to learn more about our Company!

Sincerely,

Robert D. O'Leary Jr.
President & CEO
Philadelphia Insurance Companies

RDO/sm

Enroll Today!

- Receive Invoices Electronically
- Pay Your Bills Online
- Set Up Recurring Payments
- Available 24/7
- Safe and Secure
- NO FEE!
- Environmentally Friendly

Pay Your Bill Online

To pay your bills online you will need a User ID and Password to access our website. If you don't have a User ID please create one by visiting <https://www.PHLY.com/myphly/newuser.aspx>.

If you have a User ID, please login and click on "Online Bill Pay" and enter the necessary information to pay your bills. Philadelphia Insurance Companies accepts electronic checks (a debit from your checking or savings account) as a method of payment. Please allow 2 to 3 business days for your payment to post to your account. This service is offered free of charge. Please note that credit card payments cannot be made online.

Recurring Payment

Customers that receive their bill directly (and not from their agent) can sign up for recurring payment via automatic withdrawals from a checking, savings, or money market account for direct bill policies.

If you do not already have an account on **PHLY.com** you will need to create one by visiting <https://www.PHLY.com/myphly/newuser.aspx>. Once logged in please refer to "Links for You" and click the "Recurring Payment Instructions" to learn how to enroll. You can also click the "Online Bill Pay" tab on the left hand side to enroll in Recurring Payment.

How to Create an Account on PHLY.com

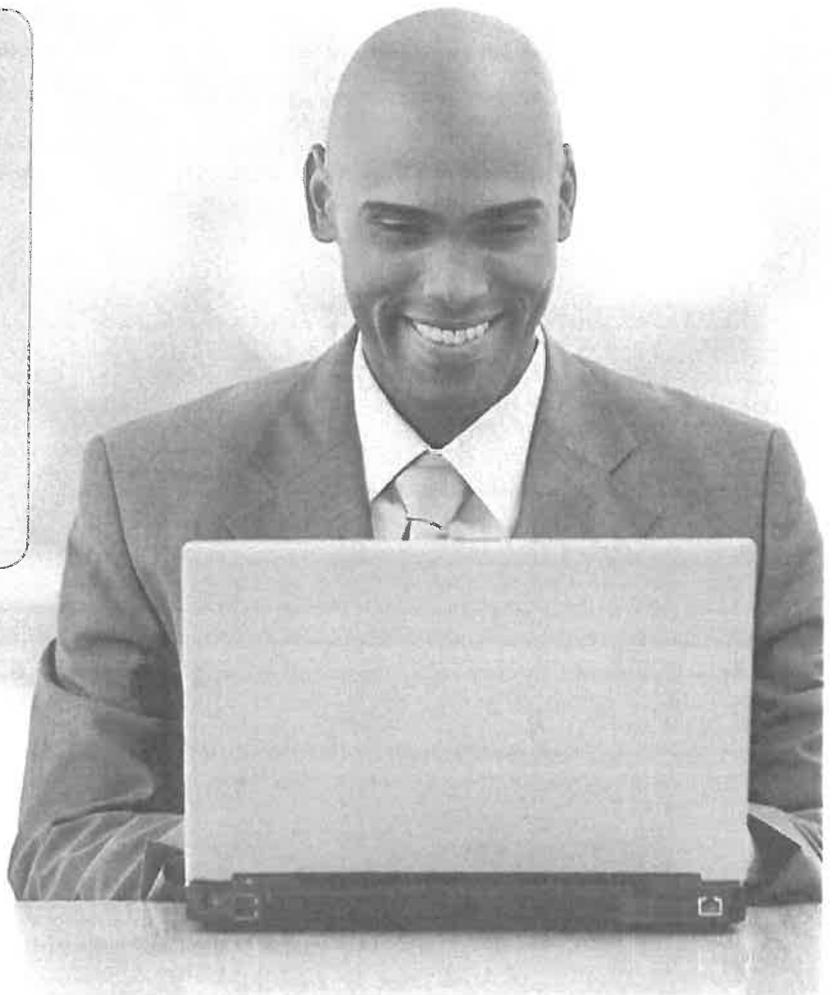
1. Go to <https://www.PHLY.com/myphly/newuser.aspx>
2. Select the applicable BUTTON (insured or producer).
3. Complete the information on the page:
 - You will CREATE your own USER NAME and PASSWORD.
 - The password must be at least 7 characters and contain one number, one lower case letter, and one capital letter.
4. Click CONTINUE when done.
5. On the next page, complete the PASSWORD RESET QUESTION. If you ever forget your password, we will ask you this security question and you will enter the answer you have selected.
6. Once you have received the page that states: "CONTINUE TO MY PHLY," then you have successfully created the account.



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

Focus on the Things that Matter. We'll Handle the Risk!





Making Things Easier for You!

PHLY CUSTOMER SERVICE

Did you know...

- The Loss Assistance Hotline provides Management & Professional Liability policyholders with two FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy
- You can review billing and payment history online
For example: Payment verifications go to MyPHLY on PHLY.com
- You can pull up and print your invoices and policy documents online
- You can update your profile online
For example: Billing address or contact information changes
- We offer live help within seconds: No complicated phone systems
- 94.4% of our policyholders would refer us to prospective customers*
- We provide 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

Frequently Asked Questions

How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service E-mail: custserv@phly.com
- Customer Service online chat
- PHLY.com - "Contact Us"

When can I contact Customer Service?

Customer Service is available Monday - Friday from 8:30 a.m. - 8:00 p.m. EST

What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Check sent to the lock box
- Check by phone payments through our IVR (877.438.7459 - Option 1), website, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard, and American Express)

Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally with Commercial Liability Claims Examiner Niche expertise
- 24/7 claims service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

Risk Management Services

- National network of in-house risk management professionals providing direct support to policyholders
- Product specific web-based risk management solutions through PHLY.com
- Interactive Driver Training online courses and examination at no additional charge
- Regular e-flyer communications on relevant risk management issues
- Strategic partnerships with best-in-class vendors for discounted MVR checks, abuse training, GPS, and many more

Automatically included on most accounts

PHLY Bell Endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling, \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement, and \$1,500 Travel Delay Reimbursement.

Honors, Awards, and Ratings

- America's Top 150 Workplaces
- Best Places to Work in insurance (4th consecutive year)
- Stevie Awards
- ACE Awards
- Top Workplaces in Philadelphia
- Ward's Top 50 (13th consecutive year)
- National Underwriter Top 100 Insurance Groups (Tokio Marine) #29
- National Underwriter Top 100 Insurance Companies #41

A Passion for Service!

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of The Bell and Howell Financial Holding Corp., a Member of the Tokio Marine Group. Coverage described may not be available in all states and may be subject to underwriting and other coverages may be provided by multiple insurance companies. Insurance coverage is not generally available in all states. For more information, please contact your agent. © 2014 Philadelphia Commercial Holding Corp. All Rights Reserved.

*All statistics current as of 12/31/2013. Source: National Business Group on Insurance Policyholder.





Bell Endorsement & Crisis Management

PHLY HAS INCREASED LIMITS...

PHLY has increased limits on Bell Endorsement and created a Crisis Management Endorsement that will be attached to our policies.

Bell Endorsement

\$50,000 Identity Theft Expense – coverage which reimburses the expenses of any director or officer who becomes a victim of an incident of identity theft.

\$50,000 Terrorism Travel Reimbursement – which covers any director or officer for emergency travel expenses that he or she incurs in the event of a "certified act of terrorism".

\$50,000 Emergency Real Estate Consulting Fee – coverage for realtor's fee or real estate consultant's fee necessitated by the Insured's need to relocate due to the "Unforeseeable destruction" of the Insured's principal location.

\$25,000 Temporary Meeting Space Reimbursement – coverage for rental of meeting space which is necessitated by the temporary unavailability of the Insured's primary office space due to the failure of a climate control system, or leakage of a hot water heater.

\$50,000 Workplace Violence Counseling – in the event that a violent incident occurs at any of the Insured's premises.

\$50,000 Kidnap Expense – coverage for reasonable fees incurred as a result of the kidnapping of a Director or Officer or their spouse, "domestic partner," parent or child.

\$50,000 Key Individual Replacement Expenses – coverage for the Chief Executive Officer or Executive Director who suffers an "injury" which results in the loss of life. No deductible applies to this coverage.

\$50,000 Image Restoration and Counseling – coverage for image restoration and counseling arising out of "Improper Acts."

\$50,000 Donation Assurance – coverage for "Failed Donation Claim(s)."

\$50,000 Business Travel – coverage for Business Travel Accidental Death Benefit to the Named Insured if a Director or Officer suffers an "injury" while traveling on a common carrier for business.

\$25,000 Conference Cancellation – coverage for any business-related conference expenses, paid by the insured and not otherwise reimbursed, for a canceled conference that an employee was scheduled to attend. The cancellation must be due directly to a "natural catastrophe" or a "communicable disease" outbreak that forces the cancellation of the conference.

\$25,000 Fundraising Event Blackout – coverage for expenses that are incurred due to the cancellation of a fundraising event caused by the lack of electric supply resulting in a power outage, provided the fundraising event is not re-scheduled. The fundraising event must have been planned at least thirty (30) days prior to the power outage.

\$5,000 per employee: \$25,000 policy limit Political Unrest – coverage to reimburse any present director, officer, employee or volunteer of the named insured while traveling outside the United States of America for "emergency evacuation expenses" that are incurred as a result of an incident of "political unrest."

\$1,500 Travel Delay Reimbursement – coverage to reimburse any present director or officer of the named insured for any "non-reimbursable expenses" they incur as a result of the cancellation of any regularly scheduled business travel on a common carrier.

Crisis Management

\$25,000 Crisis Management – coverage for "crisis management emergency response expenses" incurred because of an "incident" giving rise to a "crisis."

Philadelphia Insurance Companies is a member of the Tokio Marine Group. The information contained herein is for informational purposes only and does not constitute an offer of insurance. Insurance coverage is subject to the actual terms, coverages, conditions, exclusions, and limitations of the applicable policy. Coverage is not available in all states. For more information, contact your agent or the Philadelphia Insurance Companies. © 2011 Philadelphia Insurance Companies. All Rights Reserved.





Risk Management Services

PHLY RISK MANAGEMENT SERVICES

Welcome to PHLY Risk Management Services. PHLY is familiar with the unique Risk Management Services programming needs of your organization and has achieved superior results in this area. We are committed to delivering quality and timely loss prevention services and risk control products to your organization. Customer satisfaction through the delivery of these professional products to achieve measurable risk improvement results is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

OUR MISSION: We welcome the opportunity to demonstrate how we can tailor a risk management program suitable to our customer's needs. We are committed to providing our customers with improved communications, quicker implementation of loss control servicing initiatives, and specific benchmarking goals that help us quantify the true value of our services.

OUR MOTTO: "Innovative Services Producing Optimum Results." This mantra reflects our commitment to utilize innovative products and solutions to help our customers achieve measurable results. Customer satisfaction through the delivery of these quality professional products is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

In order to gain full access to these resources and others, please take a moment to [register](#) on our [website](#). If you already have an id to PHLY.com, please [login](#) to access Risk Management Services resources.

Risk Management Resources

- IntelliCorp Records, Inc.
- Accountants Resources
- WEMED Loss Assistance Hotline
- InZvate: Web-enabled EPLI (employment practices liability insurance) Risk Management Services

Proprietary Risk Management Services

- PHLY Risk Management Services E-flyers
- Responding to Risk Management Services Recommendations

Contact

- For more information please contact: [Customer Service](#)

800.873.4552

IMPORTANT NOTICE: The information and suggestions presented here are intended for informational purposes only. It is not intended to constitute an offer of insurance or any other financial product. Insurance coverage is provided by member companies of the Tokio Marine Group. Insurance coverage is provided by member companies of the Tokio Marine Group. Insurance coverage is provided by member companies of the Tokio Marine Group. Insurance coverage is provided by member companies of the Tokio Marine Group.

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**PHILADELPHIA
INSURANCE COMPANIES**

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PHLY.com

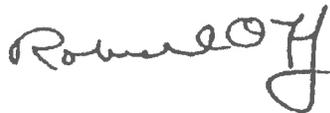
Philadelphia Indemnity Insurance Company

Commercial Lines Policy

THIS POLICY CONSISTS OF:

- DECLARATIONS
- COMMON POLICY CONDITIONS
- ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
 - ONE OR MORE COVERAGE FORMS
 - APPLICABLE FORMS AND ENDORSEMENTS

IN WITNESS WHEREOF, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless signed by our authorized representative.

A handwritten signature in black ink, appearing to read "Romer" followed by a stylized flourish.

President & CEO

A handwritten signature in black ink, appearing to read "Ed Sar" followed by a long horizontal flourish.

Secretary

CALIFORNIA PREMIUM REFUND DISCLOSURE NOTICE

In accordance with CAL. INS. CODE § 481.(c), we are notifying you that in the event that the first Named Insured cancels the insurance policy, we shall retain 10% of the unearned premium. The premium refunded to you will therefore be calculated as 90% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 90% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

If you have an Equipment Breakdown policy or your policy contains an Equipment Breakdown Coverage Part, then the following premium refund calculation applies instead of that provided in the preceding paragraph. For the Equipment Breakdown policy premium or for the premium attributable to the Equipment Breakdown Coverage Part, we shall retain 25% of the unearned premium. The premium refunded to you will therefore be calculated as 75% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 75% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

However, the penalties set forth in the preceding paragraphs will not apply under the following circumstances, even if the first Named Insured cancels the policy:

1. The Insured(s) no longer has a financial or insurable interest in the property or business operation that is the subject of insurance;
2. Cancellation takes place after the first year for a prepaid policy written for a term of more than one year; or
3. The policy is rewritten in the same insuring company or company group.

PHILADELPHIA INSURANCE COMPANIES PRIVACY POLICY NOTICE

Philadelphia Indemnity Insurance Company

The Philadelphia Insurance Companies value your privacy and we are committed to protecting personal information that we collect during the course of our business relationship with you. The collection, use and disclosure of certain nonpublic personal information are regulated by law.

This notice is for your information only and requires no action on your part. It will inform you about the types of information that we collect and how it may be used or disclosed. This does not reflect a change in the way we do business or handle your information.

Information We Collect:

We collect personal information about you from the following sources.

- Applications or other forms such as claims forms or underwriting questionnaires completed by you;
- Information about your transactions with us, our affiliates or others; and
- Depending on the type of transaction you are conducting with us, information may be collected from consumer reporting agencies, health care providers, employers and other third parties.

Information We Disclose:

We will only disclose the information described above to our affiliates and non-affiliated third parties, as permitted by law, and when necessary to conduct our normal business activities.

For example, we may make disclosures to the following types of third parties:

- Your agent or broker (producer);
- Parties who perform a business, professional or insurance functions for our company, including our reinsurance companies;
- Independent claims adjusters, investigators, attorneys, other insurers or medical care providers who need information to investigate, defend or settle a claim involving you;
- Regulatory agencies in connection with the regulation of our business; and
- Lienholders, mortgagees, lessors or other persons shown on our records as having a legal or beneficial interest in your policy.

We do not sell your information to others for marketing purposes. We do not disclose the personal information of persons who have ceased to be our customers.

Protection of Information:

The Philadelphia Insurance Companies maintain physical, electronic and procedural safeguards that comply with state and federal regulations to protect the confidentiality of your personal information. We also limit employee access to personally identifiable information to those with a business reason for knowing such information.

Use of Cookies and Opt-Out:

We may place electronic "cookies" in the browser files of your computer when you access our website. Cookies are text files placed on your computer to enable our systems to recognize your browser and so that we may tailor information on our website to your interests. We or our third party service providers or business partners may place cookies on your computer's hard drive to enable us to match personal information that we maintain about you so that we are able to pre-populate on-line forms with your information. We also use cookies to help us analyze traffic on our website to better understand your interests. Although we do not use your non-public personal information for this purpose, you may opt-out of cookies and advertising features through one of the available options including but not limited to Ads Settings in Google.com or the Network Advertising Initiative (NAI) Consumer Opt-out. Opting out does not mean you will no longer receive online advertising. It does mean that companies from which you opted out will no longer customize ads based on your interests and web usage patterns using cookies.

How to Contact Us: Philadelphia Insurance Companies, One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004
Attention: Chief Privacy Officer



PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company COMMON POLICY DECLARATIONS

Policy Number: PHSD1091327

Named Insured and Mailing Address:

Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Producer: 4941

LOCKTON COMPANIES, LLC (SOUTHERN CAL
725 S. Figueroa
35th Floor
LOS ANGELES, CA 90017

Policy Period From: 11/01/2015 **To:** 11/01/2016

(213)689-0065

at 12:01 A.M. Standard Time at your mailing
address shown above.

Business Description: Non Profit Organization

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS
POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	
Commercial General Liability Coverage Part	
Commercial Crime Coverage Part	
Commercial Inland Marine Coverage Part	
Commercial Auto Coverage Part	
Businessowners	
Workers Compensation	
Private Company Protection	11,012.00
Total	\$ 11,012.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE
Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (06/14)


Secretary


President and CEO

Philadelphia Indemnity Insurance Company

Form Schedule – Policy

Policy Number: PHSD1091327

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
Recurring Payment Flyer	1212	Recurring Payment Flyer
CSNotice-1	1014	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
IL N 177	0912	California Premium Refund Disclosure Notice
PP2015	0615	Privacy Policy Notice
CPD-PIIC	0614	Common Policy Declarations
IL0985	0108	Disclosure Pursuant To Terrorism Risk Insurance Act
PI-CANC-CA 1	1013	California Cancellation Amendment



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INSURANCE COMPANIES

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Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Private Company Protection Plus

DIRECTORS AND OFFICERS & PRIVATE COMPANY LIABILITY
EMPLOYMENT PRACTICES LIABILITY INSURANCE
FIDUCIARY LIABILITY INSURANCE

Philadelphia Indemnity Insurance Company

Policy Number: PHSD1091327

DECLARATIONS

NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY THOSE CLAIMS FIRST MADE DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. THE AMOUNTS INCURRED FOR DEFENSE COST SHALL BE APPLIED AGAINST THE RETENTION.

Item 1. Private Company Name and Address:
Cornerstone Affiliates
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Internet Address: www.cornerstoneaffiliates.com

Item 2. Policy Period: From: 11/01/2015 To: 11/01/2016
(12:01 A.M. local time at the address shown in Item 1.)

Item 3. Limits of Liability:

(A)	Part 1, D&O Liability:	\$	each Policy Period.
(B)	Part 2, Employment Practices:	\$	each Policy Period.
(C)	Part 3, Fiduciary Liability:	\$	3,000,000 each Policy Period.
(D)	Aggregate, All Parts:	\$	3,000,000 each Policy Period.

Item 4. Retention:

(A)	Part 1, D&O Liability:	\$	for each Claim under Insuring Agreement B & C.
	Private Offering:	\$	for each Claim under Insuring Agreement B & C.
(B)	Part 2, Employment Practices:	\$	for each Claim.
(C)	Part 3, Fiduciary Liability:	\$	0 for each Claim.

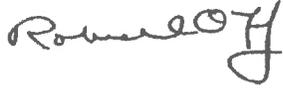
Item 5. Prior and Pending Date: Part 1 No Date Applies Part 2 No Date Applies Part 3 12/18/1992

Item 6. Premium: Part 1 Part 2 Part 3 \$ 11,012.00

Total Premium: \$ 11,012.00

Item 7. Endorsements: SEE SCHEDULE

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by the duly authorized representative of the Insurer.



Authorized Representative

Countersignature

Countersignature Date

Philadelphia Indemnity Insurance Company

Form Schedule – Private Company Protection Plan

Policy Number: PHSD1091327

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-PRD-New App	1002	Private Company Protection Plus (New Application)
PI-PRD-1	0902	Private Company Protection Plus Declarations
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-PRD-2	0902	Private Company Protection Plus Policy
PI-PRD-70	0803	Health Insurance Portability and Accountability Act
PI-PL-CA	0198	California Amendatory Endorsement

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CANCELLATION AMENDMENT

The following provision is added to the Cancellation Policy Condition and supersedes any language to the contrary:

If this policy is cancelled, we will send the first Named Insured any premium refund due.

1. If we cancel, the refund will be pro rata.
2. If the first Named Insured cancels, the refund may be less than pro rata pursuant to a disclosure notice attached to this policy.

The cancellation will be effective even if we have not made or offered a refund.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**BELL ENDORSEMENT**

**PHILADELPHIA
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610.617.7900 Fax 610.617.7940
PHLY.com

Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS

The following is a summary of Limits of Liability or Limits of Insurance and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

COVERAGE	LIMITS OF INSURANCE
Business Travel Accident Benefit	\$50,000
Conference Cancellation	\$25,000
Donation Assurance	\$50,000
Emergency Real Estate Consulting Fee	\$50,000
Fundraising Event Blackout	\$25,000
Identity Theft Expense	\$50,000
Image Restoration and Counseling	\$50,000
Key Individual Replacement Expenses	\$50,000
Kidnap Expense	\$50,000
Political Unrest	\$5,000 per employee: \$25,000 policy limit
Temporary Meeting Space Reimbursement	\$25,000
Terrorism Travel Reimbursement	\$50,000
Travel Delay Reimbursement	\$1,500
Workplace Violence Counseling	\$50,000



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10/31/2016

California Life Plan Communities
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Re: PHSD1192572

Dear Valued Customer:

Thank you very much for choosing Philadelphia Indemnity Insurance Company for your insurance needs. Our first class customer service, national presence and A++ (Superior) A. M. Best financial strength rating have made us the selection by over 550,000 policyholders nationwide. I realize you have a choice in insurance companies and truly appreciate your business.

I wish you much success this year and look forward to building a mutually beneficial business partnership which will prosper for years to come. Welcome to PHLY and please visit PHLY.com to learn more about our Company!

Sincerely,

Robert D. O'Leary Jr.
President & CEO
Philadelphia Insurance Companies

RDO/sm

Enroll Today!

- Receive Invoices Electronically
- Pay Your Bills Online
- Set Up Recurring Payments
- Available 24/7
- Safe and Secure
- NO FEE!
- Environmentally Friendly

Pay Your Bill Online

To pay your bills online you will need a User ID and Password to access our website. If you don't have a User ID please create one by visiting <https://www.PHLY.com/myphly/newuser.aspx>.

If you have a User ID, please login and click on "Online Bill Pay" and enter the necessary information to pay your bills. Philadelphia Insurance Companies accepts electronic checks (a debit from your checking or savings account) as a method of payment. Please allow 2 to 3 business days for your payment to post to your account. This service is offered free of charge. Please note that credit card payments cannot be made online.

Recurring Payment

Customers that receive their bill directly (and not from their agent) can sign up for recurring payment via automatic withdrawals from a checking, savings, or money market account for direct bill policies.

If you do not already have an account on **PHLY.com** you will need to create one by visiting <https://www.PHLY.com/myphly/newuser.aspx>. Once logged in please refer to "Links for You" and click the "Recurring Payment Instructions" to learn how to enroll. You can also click the "Online Bill Pay" tab on the left hand side to enroll in Recurring Payment.

How to Create an Account on PHLY.com

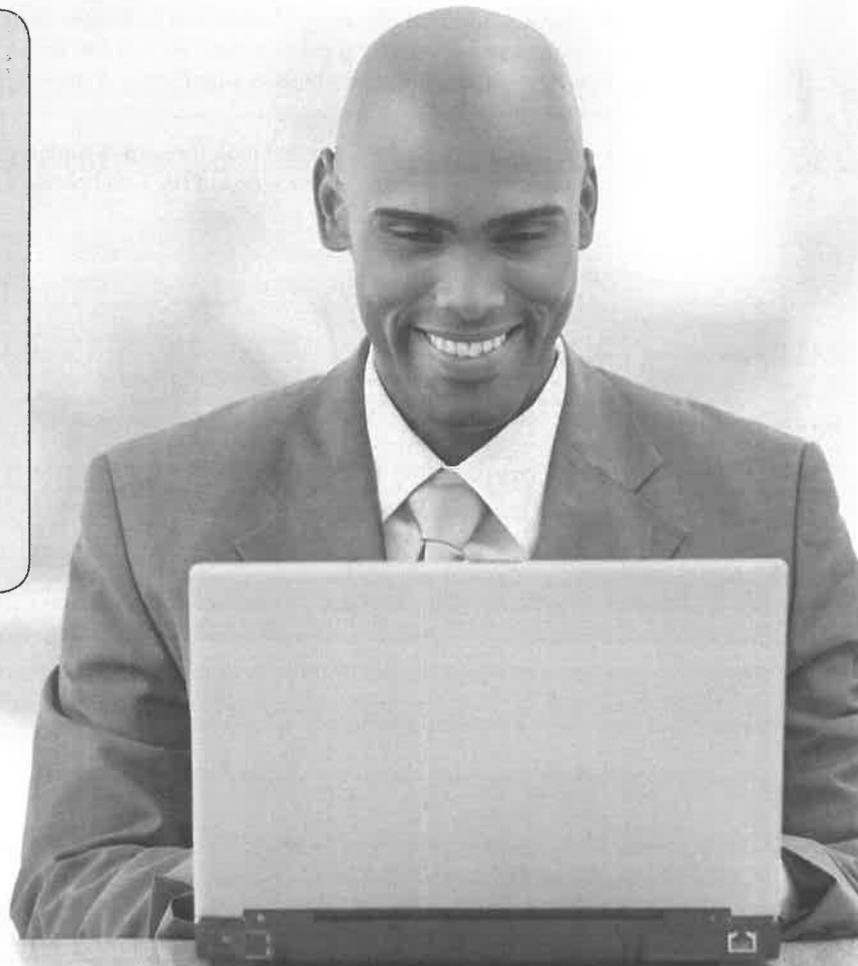
1. Go to <https://www.PHLY.com/myphly/newuser.aspx>
2. Select the applicable BUTTON (insured or producer).
3. Complete the information on the page:
 - You will CREATE your own USER NAME and PASSWORD.
 - The password must be at least 7 characters and contain one number, one lower case letter, and one capital letter.
4. Click CONTINUE when done.
5. On the next page, complete the PASSWORD RESET QUESTION. If you ever forget your password, we will ask you this security question and you will enter the answer you have selected.
6. Once you have received the page that states: "CONTINUE TO MY PHLY," then you have successfully created the account.



PHILADELPHIA
INSURANCE COMPANIES

A Member of the Tokio Marine Group

Focus on the Things that Matter, We'll Handle the Risk!®





Making Things Easier for You!

PHLY CUSTOMER SERVICE

Did you know...

- The Loss Assistance Hotline provides Management & Professional Liability policyholders with two FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy
- You can review billing and payment history online
For example: Payment verifications go to MyPHLY on PHLY.com
- You can pull up and print your invoices and policy documents online
- You can update your profile online
For example: Billing address or contact information changes
- We offer live help within seconds: No complicated phone systems
- 94.4% of our policyholders would refer us to prospective customers*
- We provide 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

Frequently Asked Questions

How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service E-mail: custserv@phly.com
- Customer Service online chat
- PHLY.com – "Contact Us"

When can I contact Customer Service?

Customer Service is available Monday - Friday from 8:30 a.m. - 8:00 p.m. EST

What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Check sent to the lock box
- Check by phone payments through our IVR (877.438.7459 – Option 1), website, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard, and American Express)

Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally with Commercial Liability Claims Examiner Niche expertise
- 24/7 claims service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

Risk Management Services

- National network of in-house risk management professionals providing direct support to policyholders
- Product specific web-based risk management solutions through PHLY.com
- Interactive Driver Training online courses and examination at no additional charge
- Regular e-flyer communications on relevant risk management issues
- Strategic partnerships with best-in-class vendors for discounted MVR checks, abuse training, GPS, and many more

Automatically included on most accounts

PHLY Bell Endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling. \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement, and \$1,500 Travel Delay Reimbursement.

Honors, Awards, and Ratings

- America's Top 150 Workplaces
- Best Places to Work in Insurance (4th consecutive year)
- Stevie Awards
- ACE Awards
- Top Workplaces in Philadelphia
- Ward's Top 50 (13th consecutive year)
- National Underwriter Top 100 Insurance Groups (Tokio Marine) #29
- National Underwriter Top 100 Insurance Companies #41

A Passion for Service!

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Coverage(s) described may not be available in all states and are subject to Underwriting and certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. © 2014 Philadelphia Consolidated Holding Corp., All Rights Reserved. *All statistics contained herein were generated via an internal company survey of active policy holders.





Risk Management Services

PHLY RISK MANAGEMENT SERVICES

Welcome to PHLY Risk Management Services. PHLY is familiar with the unique Risk Management Services programming needs of your organization and has achieved superior results in this area. We are committed to delivering quality and timely loss prevention services and risk control products to your organization. Customer satisfaction through the delivery of these professional products to achieve measurable risk improvement results is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

OUR MISSION: We welcome the opportunity to demonstrate how we can tailor a risk management program suitable to our customer's needs. We are committed to providing our customers with improved communications, quicker implementation of loss control servicing initiatives, and specific benchmarking goals that help us quantify the true value of our services.

OUR MOTTO: "Innovative Services Producing Optimum Results." This mantra reflects our commitment to utilize innovative products and solutions to help our customers achieve measurable results. Customer satisfaction through the delivery of these quality professional products is our goal. We know the fulfillment of our Risk Management Services commitment is not complete until we deliver upon our promises.

In order to gain full access to these resources and others, please take a moment to [register](#) on our [website](#). If you already have an id to PHLY.com, please [login](#) to access Risk Management Services resources.

Risk Management Resources

- IntelliCorp Records, Inc.
- Accountants Resources
- WEMED Loss Assistance Hotline
- in2vate: Web-enabled EPLI (employment practices liability insurance) Risk Management Services

Proprietary Risk Management Services

- PHLY Risk Management Services E-flyers
- Responding to Risk Management Services Recommendations

Contact

- For more information please contact: [Customer Service](#)

800.873.4552

IMPORTANT NOTICE The information and suggestions presented by Philadelphia Indemnity Insurance Company in this brochure is for your consideration in your loss prevention efforts. They are not intended to be complete or definitive in identifying all hazards associated with your business, preventing work place accidents, or complying with any safety related, or other, laws or regulations. You are encouraged to ask them to fit the specific hazards of your business and to have your legal counsel review all of your plans and company policies.

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Your insurance policy, and not the information contained in this document, forms the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. All coverages are not available in all states due to state insurance regulations. Certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. | © 2013 Philadelphia Consolidated Holding Corp. All Rights Reserved.





**PHILADELPHIA
INSURANCE COMPANIES**

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

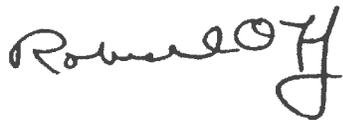
Philadelphia Indemnity Insurance Company

Commercial Lines Policy

THIS POLICY CONSISTS OF:

- DECLARATIONS
- COMMON POLICY CONDITIONS
- ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
 - ONE OR MORE COVERAGE FORMS
 - APPLICABLE FORMS AND ENDORSEMENTS

IN WITNESS WHEREOF, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless signed by our authorized representative.



President & CEO



Secretary



Risk Management Services

POLICYHOLDER NOTICE (LOSS ASSISTANCE HOTLINE)

As a free service benefit to its policyholders, PHLY has partnered with nationally recognized law firm Wilson, Elser, Moskowitz, Edelman & Dicker LLP (WEMED), to offer a toll-free Loss Assistance Hotline. The telephone number is 877.742.2201 or you can contact a WEMED attorney online at: apps.wilsonelser.com/pic/. This hotline provides you with 2 free hours of legal consultation with a knowledgeable attorney on any matter that you feel could result in a Claim under your professional or management liability policy. The Loss Assistance Hotline is NOT a Claim reporting service. To report a Claim, follow the Claim reporting instructions in your policy and also notify your insurance agent. If you have any questions concerning the Loss Assistance Hotline, please contact us at 800.759.4961 x2967.



800.873.4552

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Your insurance policy, and not the information contained in this document, forms the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. All coverages are not available in all states due to state insurance regulations. Certain coverage(s) may be provided by a single line insurer. Single line insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. | © 2012 Philadelphia Insurance Companies. All Rights Reserved.



CALIFORNIA PREMIUM REFUND DISCLOSURE NOTICE

In accordance with CAL. INS. CODE § 481.(c), we are notifying you that in the event that the first Named Insured cancels the insurance policy, we shall retain 10% of the unearned premium. The premium refunded to you will therefore be calculated as 90% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 90% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

If you have an Equipment Breakdown policy or your policy contains an Equipment Breakdown Coverage Part, then the following premium refund calculation applies instead of that provided in the preceding paragraph. For the Equipment Breakdown policy premium or for the premium attributable to the Equipment Breakdown Coverage Part, we shall retain 25% of the unearned premium. The premium refunded to you will therefore be calculated as 75% of the pro rata unearned premium. But if cancellation takes place during the first year of a multiyear prepaid policy, we will return 75% of the pro rata unearned premium for the first year and the full annual premium for the subsequent years.

However, the penalties set forth in the preceding paragraphs will not apply under the following circumstances, even if the first Named Insured cancels the policy:

1. The Insured(s) no longer has a financial or insurable interest in the property or business operation that is the subject of insurance;
2. Cancellation takes place after the first year for a prepaid policy written for a term of more than one year; or
3. The policy is rewritten in the same insuring company or company group.

PHILADELPHIA INSURANCE COMPANIES PRIVACY POLICY NOTICE

Philadelphia Indemnity Insurance Company

The Philadelphia Insurance Companies value your privacy and we are committed to protecting personal information that we collect during the course of our business relationship with you. The collection, use and disclosure of certain nonpublic personal information are regulated by law.

This notice is for your information only and requires no action on your part. It will inform you about the types of information that we collect and how it may be used or disclosed. This does not reflect a change in the way we do business or handle your information.

Information We Collect:

We collect personal information about you from the following sources:

- Applications or other forms such as claims forms or underwriting questionnaires completed by you;
- Information about your transactions with us, our affiliates or others; and
- Depending on the type of transaction you are conducting with us, information may be collected from consumer reporting agencies, health care providers, employers and other third parties.

Information We Disclose:

We will only disclose the information described above to our affiliates and non-affiliated third parties, as permitted by law, and when necessary to conduct our normal business activities.

For example, we may make disclosures to the following types of third parties:

- Your agent or broker (producer);
- Parties who perform a business, professional or insurance functions for our company, including our reinsurance companies;
- Independent claims adjusters, investigators, attorneys, other insurers or medical care providers who need information to investigate, defend or settle a claim involving you;
- Regulatory agencies in connection with the regulation of our business; and
- Lienholders, mortgagees, lessors or other persons shown on our records as having a legal or beneficial interest in your policy.

We do not sell your information to others for marketing purposes. We do not disclose the personal information of persons who have ceased to be our customers.

Protection of Information:

The Philadelphia Insurance Companies maintain physical, electronic and procedural safeguards that comply with state and federal regulations to protect the confidentiality of your personal information. We also limit employee access to personally identifiable information to those with a business reason for knowing such information.

Use of Cookies and Opt-Out:

We may place electronic "cookies" in the browser files of your computer when you access our website. Cookies are text files placed on your computer to enable our systems to recognize your browser and so that we may tailor information on our website to your interests. We or our third party service providers or business partners may place cookies on your computer's hard drive to enable us to match personal information that we maintain about you so that we are able to pre-populate on-line forms with your information. We also use cookies to help us analyze traffic on our website to better understand your interests. Although we do not use your non-public personal information for this purpose, you may opt-out of cookies and advertising features through one of the available options including but not limited to Ads Settings in Google.com or the Network Advertising Initiative (NAI) Consumer Opt-out. Opting out does not mean you will no longer receive online advertising. It does mean that companies from which you opted out will no longer customize ads based on your interests and web usage patterns using cookies.

How to Contact Us: Philadelphia Insurance Companies, One Bala Plaza, Suite 100, Bala Cynwyd, PA 19004
Attention: Chief Privacy Officer



PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company COMMON POLICY DECLARATIONS

Policy Number: PHSD1192572

Named Insured and Mailing Address:

California Life Plan Communities
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Producer: 4941

Lockton Companies, LLC - Pacific Series
725 S. Figueroa
35th Floor
LOS ANGELES, CA 90017

Policy Period From: 11/01/2016 **To:** 11/01/2017

(213)689-0065

at 12:01 A.M. Standard Time at your mailing
address shown above.

Business Description: Non-Profit Organization

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS
POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS
INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Commercial Property Coverage Part

PREMIUM

Commercial General Liability Coverage Part

Commercial Crime Coverage Part

Commercial Inland Marine Coverage Part

Commercial Auto Coverage Part

Businessowners

Workers Compensation

Flexi Plus Five

151,252.00

Crime Protection Plus

8,768.00

Total

\$ 160,020.00

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE
Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (06/14)

Secretary

President and CEO

Philadelphia Indemnity Insurance Company

Form Schedule – Policy

Policy Number: PHSD1192572

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
Recurring Payment Flyer	1212	Recurring Payment Flyer
CSNotice-1	1014	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0813	Policyholder Notice (Loss Assistance Hotline)
IL N 177	0912	California Premium Refund Disclosure Notice
PP2015	0615	Privacy Policy Notice
CPD-PIIC	0614	Common Policy Declarations
IL0985	0115	Disclosure Pursuant To Terrorism Risk Insurance Act
PI-CANC-CA 1	1013	California Cancellation Amendment



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FLEXIPLUS FIVE
NOT-FOR-PROFIT ORGANIZATION DIRECTORS & OFFICERS LIABILITY INSURANCE
EMPLOYMENT PRACTICES LIABILITY INSURANCE
FIDUCIARY LIABILITY INSURANCE
WORKPLACE VIOLENCE INSURANCE
INTERNET LIABILITY INSURANCE

Philadelphia Indemnity Insurance Company

Policy Number: PHSD1192572

DECLARATIONS

NOTICE: EXCEPT TO SUCH EXTENT AS MAY OTHERWISE BE PROVIDED HEREIN, THIS POLICY IS WRITTEN ON A CLAIMS MADE BASIS AND COVERS ONLY THOSE CLAIMS FIRST MADE DURING THE POLICY PERIOD AND REPORTED IN WRITING TO THE INSURER PURSUANT TO THE TERMS HEREIN. THE AMOUNTS INCURRED FOR DEFENSE COST SHALL BE APPLIED AGAINST THE RETENTION.

Item 1. Parent Organization and Address:
California Life Plan Communities
6120 Stoneridge Mall Rd Ste 30
C/O American Baptist Homes of
Pleasanton, CA 94588-3296

Internet Address: www.abhow.com

Item 2. Policy Period: From: 11/01/2016 To: 11/01/2017
(12:01 A.M. local time at the address shown in Item 1.)

Item 3. Limits of Liability:

(A)	Part 1, D&O Liability:	\$	10,000,000	each Policy Period.
(B)	Part 2, Employment Practices:	\$	10,000,000	each Policy Period.
(C)	Part 3, Fiduciary Liability:	\$		each Policy Period.
(D)	Part 4, Workplace Violence:	\$		each Policy Period.
(E)	Part 5, Internet Liability:	\$		each Policy Period.
(F)	Aggregate, All Parts:	\$	10,000,000	each Policy Period.

Item 4. Retention:
(A) Part 1, D&O Liability: \$ 100,000 for each Claim under Insuring Agreement B & C.
(B) Part 2, Employment Practices: \$ 100,000 for each Claim.
(C) Part 3, Fiduciary Liability: \$ for each Claim.
(D) Part 4, Workplace Violence: \$ for each Workplace Violence Act.
(E) Part 5, Internet Liability: \$ for each Claim.

Item 5. Prior and Pending Date: Part 1 12/18/1992 Part 2 12/18/1992 Part 3 No Date Applies
Part 4 No Date Applies Part 5 No Date Applies

Item 6. Premium: Part 1 \$ 82,301.00 Part 2 \$ 68,951.00 Part 3
Part 4 Part 5
State Surcharge/Tax: Total Premium: \$151,252.00

Item 7. Endorsements: PER SCHEDULE ATTACHED

In witness whereof, the Insurer issuing this Policy has caused this Policy to be signed by its authorized officers, but it shall not be valid unless also signed by the duly authorized representative of the Insurer.



Authorized Representative

Countersignature

Countersignature Date

Philadelphia Indemnity Insurance Company

Form Schedule – Flexi Plus Five

Policy Number: PHSD1192572

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-NPD-1	0102	FlexiPlus Five Declarations Page
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-NPD-2	0102	Flexi Plus Five Coverage Form
PI-NPD-5B	0102	For Profit Subsidiary Endorsement (Entity)
PI-NPD-8	0102	Shared Limits Endorsement
PI-NPD-25	0102	Professional Services Exclusion(Supervision Carve-Out)
PI-NPD-27	1011	Sexual Abuse Exclusion
PI-NPD-52	1203	Amendment of Exclusions
PI-NPD-53	1203	Medical Malpractice Exclusion
PI-NPD-54	1203	Anti-Stacking
PI-NPD-82	1012	Pro-Pak Elite Enhancement
PI-NPD-86	1012	Additional Defense Cost Limit Endorsement
PI-MANU-1	0100	Class Action Limit and Retention Endorsement
PI-MANU-1	0100	Definition of Organization Amended
PI-MANU-1	0100	Amended Notice Provision - Equivalent Position
PI-MANU-1	0100	Definition of Individual Insured Amended
PI-MANU-2	0100	Absolute Bodily Injury / Property Damage Exclusion
PI-NPD-CA-1	0112	California Changes - Cancellation And Nonrenewal
PI-SLD-001	0108	Cap On Losses From Certified Acts Of Terrorism



**PHILADELPHIA
INSURANCE COMPANIES**

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
PHLY.com

Philadelphia Indemnity Insurance Company

CRIME PROTECTION PLUS DECLARATIONS

Policy Number: PHSD1192572

In return for the payment of the premium, and subject to all the terms of this Policy, we agree with you to provide the insurance stated in this Policy.

DECLARATIONS

ITEM

1. Named Insured: California Life Plan Communities
6120 Stoneridge Mall Rd Ste 30
2. Mailing Address: C/O American Baptist Homes of
Pleasanton, CA 94588-3296
3. Policy Period: from 11/01/2016 to 11/01/2017
(12:01 A.M. Standard Time at Your Mailing Address)
4. Coverages, Limits of Insurance and Deductibles:
 - Loss Sustained Option Discovery Option
(If no box is checked, the Loss Sustained Option shall apply)

Insuring Agreements, Limit of Insurance and Deductible Amounts shown below are subject to all of the terms of this policy that apply.

Insuring Agreements Forming Part of This Policy	Limit of Insurance	Deductible Amount
A1. EMPLOYEE THEFT AND CLIENT COVERAGE	\$ 1,000,000	\$ 25,000
A2. ERISA FIDELITY	\$ 1,000,000	\$ NIL
B. FORGERY OR ALTERATION, including Credit, Debit, or Charge Card Extension (\$25,000 limit)	\$ 1,000,000	\$ 25,000
C. INSIDE THE PREMISES	\$ 1,000,000	\$ 25,000
D. OUTSIDE THE PREMISES	\$ 1,000,000	\$ 25,000
E. MONEY ORDERS AND COUNTERFEIT PAPER CURRENCY	\$ 1,000,000	\$ 25,000
F. COMPUTER FRAUD AND FUNDS TRANSFER FRAUD	\$ 1,000,000	\$ 25,000

5. Form Numbers of Endorsements Forming Part of This Policy When Issued: SEE SCHEDULE
6. Cancellation of Prior Insurance: By acceptance of this Policy, you give us notice canceling prior policies or bonds numbered: PHSD1091324
PHSD1091324 the cancellations to be effective at the time this policy becomes effective.

This Policy has been signed by the Company's President and Secretary.

Philadelphia Indemnity Insurance Company

Form Schedule – Crime Protection Plus

Policy Number: PHSD1192572

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
PI-CRP-01	0605	Crime Protection Plus Declarations
PI-BELL-1	1109	Bell Endorsement
PI-CME-1	1009	Crisis Management Enhancement Endorsement
PI-CRP-02	0605	Crime Protection Plus Policy
PI-CRP-12	0605	Joint Loss Payable
PI-CRP-13	0605	Policy Bridge - Discovery Replacing Loss Sustained
PI-CRP-14	0605	Loss of Clients Property - Blanket Form w/Conviction
PI-CRP-CA-1	0605	California Changes

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

SCHEDULE – PART I	
Terrorism Premium (Certified Acts)	\$ 0
This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies):	
Additional information, if any, concerning the terrorism premium:	
SCHEDULE – PART II	
Federal share of terrorism losses	<u>85</u> % Year: 2015
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses	<u>84</u> % Year: 2016
(Refer to Paragraph B. in this endorsement.)	
Federal share of terrorism losses	<u>83</u> % Year: 2017
(Refer to Paragraph B. in this endorsement)	
Federal share of terrorism losses	<u>82</u> % Year: 2018
(Refer to Paragraph B. in this endorsement)	
Federal share of terrorism losses	<u>81</u> % Year: 2019
(Refer to Paragraph B. in this endorsement)	
Federal share of terrorism losses	<u>80</u> % Year: 2020
(Refer to Paragraph B. in this endorsement)	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CANCELLATION AMENDMENT

The following provision is added to the Cancellation Policy Condition and supersedes any language to the contrary:

If this policy is cancelled, we will send the first Named Insured any premium refund due.

1. If we cancel, the refund will be pro rata.
2. If the first Named Insured cancels, the refund may be less than pro rata pursuant to a disclosure notice attached to this policy.

The cancellation will be effective even if we have not made or offered a refund.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**BELL ENDORSEMENT**

**PHILADELPHIA
INSURANCE COMPANIES**

A Member of the Tokio Marine Group

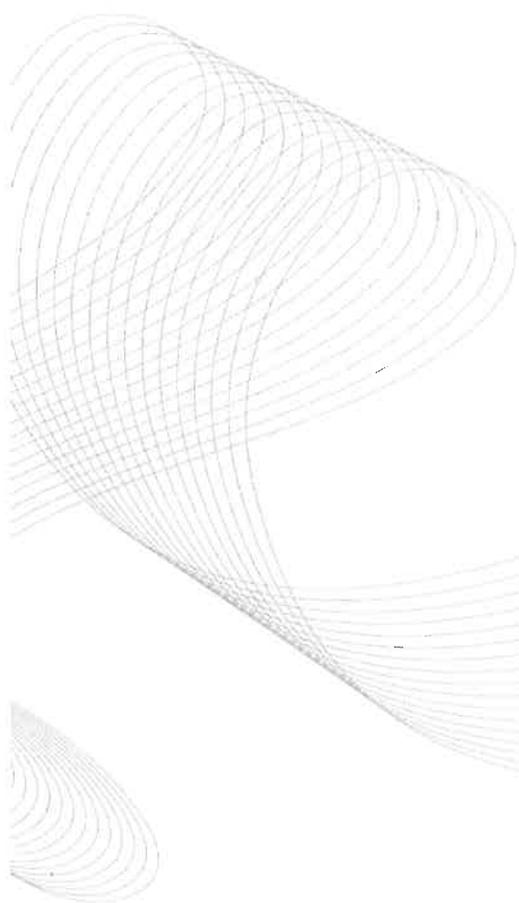
One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
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Unless otherwise stated herein, the terms, conditions, exclusions and other limitations set forth in this endorsement are solely applicable to coverage afforded by this endorsement, and the policy is amended as follows:

I. SCHEDULE OF ADDITIONAL COVERAGES AND LIMITS

The following is a summary of Limits of Liability or Limits of Insurance and/or additional coverages provided by this endorsement. This endorsement is subject to the provisions of the policy to which it is attached.

COVERAGE	LIMITS OF INSURANCE
Business Travel Accident Benefit	\$50,000
Conference Cancellation	\$25,000
Donation Assurance	\$50,000
Emergency Real Estate Consulting Fee	\$50,000
Fundraising Event Blackout	\$25,000
Identity Theft Expense	\$50,000
Image Restoration and Counseling	\$50,000
Key Individual Replacement Expenses	\$50,000
Kidnap Expense	\$50,000
Political Unrest	\$5,000 per employee: \$25,000 policy limit
Temporary Meeting Space Reimbursement	\$25,000
Terrorism Travel Reimbursement	\$50,000
Travel Delay Reimbursement	\$1,500
Workplace Violence Counseling	\$50,000



R E C E I V E D
MAY 02 2017

CONTINUING CARE
CONTRACTS BRANCH

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

**American Baptist Homes of the West and
Affiliates (a Member of California Life Plan
Communities)**

As of December 31, 2016 and September 30, 2015, and for the 15-Months
Ended December 31, 2016 and the 12-months ended September 30, 2015

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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CONTINUING CARE
 CONTRACTS BRANCH

REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors
 American Baptist Homes of the West and Affiliates
 (a member of California Life Plan Communities)

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Baptist Homes of the West ("ABHOW") and Affiliates (a member of California Life Plan Communities) (collectively referred to as the "Corporation"), which comprise the consolidated balance sheets as of December 31, 2016 and September 30, 2015, and the related consolidated statements of operations and changes in net assets, and cash flows for the 15-month period ended December 31, 2016 and the 12-months ended September 30, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Beacon Communities and Affiliates ("Beacon"), which reflect total assets constituting approximately 34 percent and 29 percent, respectively, of consolidated total assets as of December 31, 2016 and September 30, 2015, and total revenues constituting approximately 12 percent and 9 percent, respectively, of consolidated total revenues for the 15-month period ended December 31, 2016 and the 12-months ended September 30, 2015. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Beacon, is based solely on the report of the other auditors. 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Baptist Homes of the West and Affiliates as of December 31, 2016 and September 30, 2015, and the results of their operations, change in net assets and cash flows for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information displayed on the face of the consolidated financial statements which includes the balance sheet as of September 30, 2016, statements of operations and changes in net asset (deficit) and of cash flows, each for the 3-months ended December 31, 2016 and 12-months ended September 30, 2016, is presented for the purpose of additional analysis and is 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. The information has been subjected to the auditing procedures applied in the audit 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 the 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 28, 2017

CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2016 and SEPTEMBER 30, 2015
(with comparative information as of September 30, 2016,
presented as supplementary information)
(in thousands)

	December 31, 2016	Supplementary Information September 30, 2016	September 30, 2015
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 26,218	\$ 28,695	\$ 28,407
RESTRICTED CASH	26,910	18,901	28,362
INVESTMENTS	97,577	97,768	95,243
INVESTMENTS IN LAS VENTANAS BONDS	5,442	5,588	4,689
RESTRICTED INVESTMENTS	48,560	60,178	92,513
RESIDENT ACCOUNTS RECEIVABLE LESS ALLOWANCES FOR DOUBTFUL ACCOUNTS OF \$1,659, \$1,668, AND \$1,553, RESPECTIVELY	9,195	7,457	6,575
SUBORDINATED NOTES RECEIVABLE, NET	48,089	48,089	37,089
OTHER RECEIVABLES	5,008	4,068	4,698
DUE FROM AFFILIATES	26,655	22,631	17,106
PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS	3,099	2,494	1,565
OTHER ASSETS	13,630	13,549	12,774
LAND, BUILDING, AND EQUIPMENT, NET	465,669	461,590	365,586
TOTAL	\$ 776,052	\$ 771,008	\$ 694,607
LIABILITIES AND NET ASSETS			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 30,621	\$ 31,673	\$ 28,257
DEPOSITS	9,300	9,908	8,988
ACCRUED INTEREST	11,303	13,736	11,913
REBATABLE ENTRANCE FEES DUE	29,208	22,106	19,753
ENTRANCE FEES SUBJECT TO REFUND	38,245	41,796	40,390
ENTRANCE FEES NON-REFUNDABLE	87,305	84,920	80,306
REVOCABLE TRUSTS	402	411	410
OBLIGATIONS UNDER ANNUITY AGREEMENTS	2,011	1,921	1,966
NOTES AND BONDS PAYABLE, NET	448,940	444,615	391,614
RETIREMENT LIABILITIES	5,342	4,303	6,846
WORKERS' COMPENSATION LIABILITY	6,134	6,191	6,414
OTHER LIABILITIES	9,650	9,717	8,264
Total liabilities	678,461	671,297	605,121
COMMITMENTS AND CONTINGENCIES (SEE NOTE 14)			
NET ASSETS			
Unrestricted - Controlling	59,460	61,322	48,872
Unrestricted - Non-controlling	28,352	29,578	31,912
Temporarily restricted	9,341	8,331	8,245
Permanently restricted	438	480	457
Total net assets	97,591	99,711	89,486
TOTAL	\$ 776,052	\$ 771,008	\$ 694,607

See accompanying notes.

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE 15-MONTHS ENDED DECEMBER 31, 2016 AND 12-MONTHS ENDED SEPTEMBER 30,
2015 (with comparative information for the 3-months ended December 31, 2016 and 12-months
ended September 30, 2016, presented as supplementary information)
(in thousands)

	15-Months Ended December 31, 2016	Supplementary information		12-Months Ended September 30, 2015
		3-Months Ended December 31, 2016	12-Months Ended September 30, 2016	
UNRESTRICTED NET ASSETS				
OPERATING REVENUES				
Residential living	\$ 53,408	\$ 10,748	\$ 42,660	\$ 41,262
Assisted living	17,431	3,418	14,013	12,317
Health center	62,949	13,092	49,857	47,867
Memory support	9,878	1,943	7,935	7,158
Other residential services	1,452	383	1,069	1,010
Amortization of entrance fees	22,725	5,589	17,136	17,192
Other operating revenue	8,353	1,654	6,699	6,360
Affordable housing fees and rents	22,969	5,524	17,445	13,491
Net assets released from restrictions	150	9	141	244
Bequests and charitable giving	2,542	249	2,293	1,323
Total operating revenues	201,857	42,609	159,248	148,224
OPERATING EXPENSES				
Salaries and wages	81,264	17,516	63,748	59,704
Employee benefits	21,196	4,557	16,639	17,381
Loss on pension plan terminations	7,325	7,325	-	-
Supplies	12,027	2,555	9,472	9,184
Chargeable ancillary services	9,888	2,074	7,814	6,988
Marketing and advertising	4,591	422	4,169	4,262
Repairs and maintenance	3,075	673	2,402	2,161
Purchased services	9,343	2,083	7,260	7,187
Leases and rents	2,021	383	1,638	1,598
Utilities	8,915	1,918	6,997	6,331
Travel and related	2,063	431	1,632	1,457
Other operating expenses	4,735	479	4,256	3,134
Insurance	2,573	566	2,007	1,643
Total operating expenses	169,016	40,982	128,034	121,030
INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	32,841	1,627	31,214	27,194
OTHER OPERATING INCOME (EXPENSE)				
Unrealized gains (losses) on interest rate swaps and caps	389	672	(283)	(386)
Realized gains (losses) on investments, net	115	(11)	126	5,441
Investment income, net	3,606	741	2,865	2,499
Mortgage interest	(13,120)	(3,581)	(9,539)	(8,743)
Depreciation and amortization	(29,000)	(6,254)	(22,746)	(21,597)
(LOSS) INCOME FROM OPERATIONS	\$ (5,169)	\$ (6,806)	\$ 1,637	\$ 4,408

See accompanying notes.

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE 15-MONTHS ENDED DECEMBER 31, 2016 AND 12-MONTHS ENDED SEPTEMBER 30,
2015 (CONTINUED) (with comparative information for the 3-months ended December 31, 2016
and 12-months ended September 30, 2016, presented as supplementary information)
(in thousands)

	15-Months Ended December 31, 2016	Supplementary information		12-Months Ended September 30, 2015
		3-Months Ended December 31, 2016	12-Months Ended September 30, 2016	
UNRESTRICTED NET ASSETS				
(Loss) income from operations	\$ (5,169)	\$ (6,806)	\$ 1,637	\$ 4,408
Unrealized gains (losses) on investments, net	14,715	6,828	7,887	(9,257)
Unrealized gains (losses) on investment in Las Ventanas bonds	1,280	(145)	1,425	(2,270)
Contribution of pension termination costs for affiliates	(3,325)	(3,325)	-	-
Contributions in aid of construction	710	507	203	9,090
Loss on extinguishment of debt	-	-	-	(1,052)
Loss on multi-employer pension plan withdrawal	-	-	-	(1,200)
Loss from change in unrecognized pension obligations	(1,183)	(147)	(1,036)	(3,045)
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	7,028	(3,088)	10,116	(3,326)
TEMPORARILY RESTRICTED NET ASSETS				
Dividend and interest income	228	56	172	248
Unrealized gains (losses) on restricted investments, net	329	(73)	402	(492)
Contributions	2,812	2,072	740	1,301
Net assets released from restrictions	(150)	(9)	(141)	(244)
Contractual payments to beneficiaries	(503)	(136)	(367)	(394)
Realized (losses) gains on investments, net	(5)	(5)	-	201
Contractual liability adjustments	243	12	231	398
Special project fund distribution	(1,858)	(907)	(951)	(1,831)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	1,096	1,010	86	(813)
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	(19)	(42)	23	15
CHANGE IN NET ASSETS	8,105	(2,120)	10,225	(4,124)
NET ASSETS - Beginning of year	89,486	99,711	89,486	93,610
NET ASSETS - End of year	\$ 97,591	\$ 97,591	\$ 99,711	\$ 89,486

See accompanying notes.

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 15-MONTHS ENDED DECEMBER 31, 2016 AND 12-MONTHS ENDED SEPTEMBER 30,
2015 (with comparative information for the 3-months ended December 31, 2016 and 12-months
ended September 30, 2016, presented as supplementary information)
(in thousands)

	Supplementary information			
	15-Months Ended December 31, 2016	3-Months Ended December 31, 2016	12-Months Ended September 30, 2016	12-Months Ended September 30, 2015
OPERATING ACTIVITIES				
Cash received for resident services	\$ 143,623	\$ 28,512	\$ 115,111	\$ 109,788
Cash received for entrance fees from reoccupancy	31,093	3,969	27,124	20,117
Cash received from other operating activities	38,947	7,175	31,772	18,124
Cash received from bequests and trust maturities	2,710	270	2,440	1,566
Cash earnings realized from investments	3,695	753	2,942	7,927
Cash paid for employee salaries	(73,507)	(14,506)	(59,001)	(55,190)
Cash paid for employee benefits	(20,564)	(3,284)	(17,280)	(15,887)
Cash paid for temporary labor	(5,512)	(1,302)	(4,210)	(3,623)
Cash paid to vendors	(72,213)	(16,276)	(55,937)	(45,890)
Cash paid for interest, net of amounts capitalized	(15,942)	(6,622)	(9,320)	(8,347)
Net cash provided by (used in) operating activities	<u>32,330</u>	<u>(1,311)</u>	<u>33,641</u>	<u>28,585</u>
INVESTING ACTIVITIES				
Acquisition of land, buildings, and equipment - Continuing Care Retirement Communities ("CCRCs")	(61,950)	(9,992)	(51,958)	(29,257)
Acquisition of land, buildings, and equipment - Affordable Housing	(66,983)	(4,725)	(62,258)	(42,525)
Change in restricted cash	1,452	(8,009)	9,461	(8,948)
Purchase of unrestricted investments	(35,433)	(13,415)	(22,018)	(51,524)
Proceeds from sale of unrestricted investments	37,308	12,615	24,693	47,151
Purchase of restricted investments	(111,699)	(3,532)	(108,167)	(156,664)
Proceeds from sale of restricted investments	156,665	15,770	140,895	165,658
Net cash used in investing activities	<u>(80,640)</u>	<u>(11,288)</u>	<u>(69,352)</u>	<u>(76,109)</u>
FINANCING ACTIVITIES				
Cash received from initial entrance fees and deposits	8,781	7,395	1,386	3,298
Refunds of deposits and refundable fees	(3,123)	(188)	(2,935)	(3,278)
Net proceeds from issuance of notes and bonds payable - CCRCs	3,500	3,500	-	55,846
Cash paid for deferred debt issuance costs - CCRCs	-	-	-	(1,068)
Principal payments on notes and bonds payable - CCRCs	(7,223)	(3,904)	(3,319)	(43,817)
Special advance to affiliates - CCRCs	(15,423)	(1,516)	(13,907)	(987)
Cash paid for intercompany and interaffiliate transactions	(276)	(276)	-	-
Proceeds from issuance of notes and bonds payable - Affordable Housing	60,014	4,483	55,531	40,478
Cash paid for deferred debt issuance costs - Affordable Housing	(221)	(173)	(48)	(346)
Principal payments on notes and bonds payable - Affordable Housing	(708)	(100)	(608)	(240)
Cash received from contributions in aid of construction	710	507	203	3,014
Cash received from restricted gifts and donations	2,094	1,372	722	1,329
Cash paid from other trust activity, net	(2,004)	(978)	(1,026)	(1,994)
Net cash provided by financing activities	<u>46,121</u>	<u>10,122</u>	<u>35,999</u>	<u>52,235</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,189)	(2,477)	288	4,711
CASH AND CASH EQUIVALENTS - Beginning of year	<u>28,407</u>	<u>28,695</u>	<u>28,407</u>	<u>23,696</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 26,218</u>	<u>\$ 26,218</u>	<u>\$ 28,695</u>	<u>\$ 28,407</u>

See accompanying notes.

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE 15-MONTHS ENDED DECEMBER 31, 2016 AND SEPTEMBER 30, 2015 (CONTINUED)
(with comparative information for the 3-months ended December 31, 2016 and 12-months ended
September 30, 2016, presented as supplementary information)
(in thousands)

	15-Months Ended December 31, 2016	Supplementary information		12-Months Ended September 30, 2015
		3-Months Ended December 31, 2016	12-Months Ended September 30, 2016	
OPERATING ACTIVITIES				
Change in net assets	\$ 8,105	\$ (2,120)	\$ 10,225	\$ (4,124)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Amortization of entrance fees	(22,725)	(5,589)	(17,136)	(17,192)
Entrance fees from reoccupancy	31,093	3,969	27,124	20,117
Depreciation and amortization	29,000	6,254	22,746	21,597
Unrealized (gains) losses on investments, net	(14,715)	(6,828)	(7,887)	9,257
Unrealized (gains) losses on restricted investments, net	(329)	73	(402)	492
Unrealized (gain) loss on investments in Las Ventanas bonds	(1,280)	145	(1,425)	2,270
Loss on extinguishment of debt	-	-	-	1,052
Loss on pension plan terminations	(7,325)	(7,325)	-	1,200
Loss from change in unrecognized pension obligations	1,183	147	1,036	3,045
Unrealized (gains) losses on interest rate swaps and caps	(389)	(672)	283	386
Contribution of pension termination costs for affiliates	3,325	3,325	-	-
Contributions in aid of construction	(710)	(507)	(203)	(9,090)
Change in accounts receivable from residents and others	5,802	4,920	882	571
Change in prepaid expenses, deposits, and other assets	1,534	605	929	616
Other changes in operating assets and liabilities, net	(239)	2,292	(2,531)	(1,612)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 32,330	\$ (1,311)	\$ 33,641	\$ 28,585
NONCASH DISCLOSURES				
Acquisition of buildings and equipment financed through accounts payable and accrued expenses	\$ 7,479	\$ 2,118	\$ 5,361	\$ 4,395
Purchase and sale of affordable housing fixed assets with debt	\$ 6,190	\$ 1,939	\$ 4,251	\$ 2,920

See accompanying notes.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization

Parent Organization – California Life Plan Communities (“Parent Organization” or “CLPC”), formerly American Baptist Properties, Inc., is a California nonprofit public benefit corporation. CLPC is the sole member of Terraces at San Joaquin Gardens (“TSJG”), Cornerstone Affiliates, Southern California Presbyterian Homes (“SCPH” or dba be.group), Redwood Senior Homes and Services (“RSHS”), Westminster Gardens, and American Baptist Homes of the West (“ABHOW”). ABHOW is the sole member of the American Baptist Homes Foundation of the West, Inc. and Beacon Communities, Inc. (collectively, “ABHOW and Affiliates” or the “Corporation”).

Cornerstone Affiliates (“Cornerstone”), a California nonprofit public benefit corporation, is the sole member of American Baptist Estates, Inc. (dba Terraces of Phoenix, “ABE”), Las Ventanas Retirement Community (“Las Ventanas”), Boise Retirement Community (dba the Terraces of Boise, “Boise”), American Baptist Homes of Washington (dba Judson Park), Cornerstone Affiliates International, Inc. (“CAI”), and Seniority, Inc. CLPC and Cornerstone’s Boards are composed of the same seven directors.

Cornerstone Related Enterprises

American Baptist Estates, Inc. – American Baptist Estates, Inc. (“ABE”) is a California nonprofit public benefit tax-exempt corporation providing housing, health care, and supportive services for the elderly in Phoenix, Arizona through its continuing care retirement community (“CCRC”), Terraces of Phoenix. Prior to September 29, 2003, ABE was a controlled affiliate of ABHOW. The funds previously advanced by ABHOW to support ABE’s operating and capital needs were retained in the form of a subordinated note receivable from ABE. Based on Terraces of Phoenix’s projected cash flows, payments on the note receivable are not anticipated by ABHOW until 2030. The note has been recorded as part of subordinated notes receivable in the accompanying consolidated balance sheets at the estimated net realizable value of \$4,315,000 as of December 31, 2016, and September 30, 2015.

ABHOW manages Terraces of Phoenix under a multiyear management agreement. In November 2013, Terraces of Phoenix refunded its Series 2003 and 2007 debt with the existing lender after ABHOW committed to a credit support package. Terraces of Phoenix and the holders of the Terraces of Phoenix’s debt had a maximum recourse of \$5.7 million to ABHOW in the event of default. This maximum recourse was lowered to \$3.5 million as part of the 2015 replacement financing (see Note 14). At September 30, 2015, ABHOW had self-restricted \$10,000,000 of cash to lend to Terraces of Phoenix in conjunction with Terraces of Phoenix’s fiscal year 2016 refinancing. On December 15, 2015, ABHOW lent the \$11 million to ABE on a subordinated basis at 4.0% fixed interest, with \$9 million used to fund a partial paydown of existing ABE primary debt, and the remainder used for liquidity and to fund debt issuance costs.

Las Ventanas Retirement Community – Las Ventanas Retirement Community (“Las Ventanas”) is a California nonprofit public benefit tax-exempt corporation providing housing, health care, and supportive services for the elderly in Las Vegas, Nevada, through its CCRC. On July 1, 2004, ABHOW began providing oversight management services to Las Ventanas. On January 1, 2010, ABHOW began providing full management services to Las Ventanas.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization (continued)

In June 2009, American Baptist Properties, Inc. (“ABP”), a wholly-owned subsidiary of ABHOW, completed the \$8,500,000 purchase of the land underlying Las Ventanas, the corresponding ground lease, and the rights to a \$5,000,000 contingent deferred payment. On December 16, 2011, ABP purchased the \$5,600,000 Las Ventanas remaining secured construction loan. On September 12, 2012, Las Ventanas, its bondholders, ABHOW, and ABP executed a restructuring agreement of Las Ventanas’ debt, lease, and other key obligations, which involved the exchanging of existing bonded indebtedness for three new series of tax-exempt bonds, as well as the forgiveness of all previously accrued management fees.

ABP contributed \$2,500,000 and released its interests in the ground lease and construction loan in exchange for interests in the newly issued Las Ventanas Series A-2, Series B-2, Series B-3, and Series C-2 bonds. Additionally, ABP, with liquidity support from ABHOW, provided an unfunded \$2,000,000 debt service support agreement for the Las Ventanas Series A-1 bonds, with any resulting funded amounts triggering the issuance to ABP of an equal amount of the Las Ventanas Series B-4 bonds, comparable in structure to the Las Ventanas Series B-3 bonds.

As a result of the aforementioned restructuring, ABP received \$16,414,000 (par value) of Las Ventanas bonds, which were revalued to \$8,250,000 in the year of receipt and classified as investments in Las Ventanas Bonds in the accompanying consolidated balance sheets. Subsequent annual revaluations of the investments have resulted in additional net increases in the unrealized mark-to-market loss on the bonds, for an aggregate unrealized loss on investments in Las Ventanas bonds of \$10,445,000 as of December 31, 2016 (see Note 3). On September 22, 2015, these investments, and the related unfunded debt service support agreement, were transferred from ABP to ABHOW (see American Baptist Properties section in Note 1).

Boise Retirement Community – Boise Retirement Community (“Boise”) is a California nonprofit public benefit tax-exempt corporation, which leased, and subsequently purchased from ABP, a site in Boise, Idaho, upon which the Terraces of Boise was constructed and began operations in July 2015, with the community fully operational in all levels of care on June 1, 2016. The obligations of Boise are non-recourse to ABHOW.

To support the Boise financing, in 2014 ABHOW and ABP provided \$3,000,000 in equity at financing along with \$1,000,000 of funded liquidity support and an additional \$1,250,000 of unfunded liquidity support. At the same time, Boise purchased the parcel of land upon which the Terraces of Boise is built from ABP for \$5,000,000. This purchase price consisted of \$3,000,000 in cash, which was used to retire ABP’s Boise land acquisition loan, and a \$2,000,000 interest-bearing subordinated note receivable. The subordinated note receivable was subsequently assigned to ABHOW (see ABP section of Note 1). The land sale resulted in a deferred gain on sale of \$533,000 as of December 31, 2016 and September 30, 2015, and is included in other liabilities in the accompanying consolidated balance sheets.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization (continued)

On October 24, 2013, Boise's Sales and Marketing Oversight Services Agreement with Seniority, Inc. ("Seniority"), a related entity, was amended and restated. Under the terms of the amendment, Seniority is entitled to a Marketing Administrative Fee equal to \$8,000 per month beginning in the month in which first occupancy of a residential living apartment occurs and continuing until achievement of 90% occupancy of the residential living apartments. In addition, Seniority is entitled to an Incentive Fee equal to \$80,000 as follows: (i) \$5,000 upon completion of the marketing collateral and first ad series, (ii) \$30,000 upon achievement of the priority member goal, (iii) \$35,000 upon achievement of the minimum number of reservation deposits necessary to secure financing, and (iv) \$10,000 upon obtaining an initial certificate of occupancy for resident occupancy. On October 1, 2016, this agreement was transferred from Seniority to ABHOW.

Additionally, under Boise's Development Administration Services Agreement, ABHOW is entitled to a Development Administrative Support Services Fee equal to \$17,000 per month for each month that Greystone Development Corporation ("GDC") is entitled to a management fee during the term.

These fees are subject to subordination under the Boise master indenture and as such ABHOW is fully reserving the accrual of this revenue.

Terraces at San Joaquin Gardens – Terraces at San Joaquin Gardens ("TSJG") is a California nonprofit public benefit tax-exempt corporation providing housing, healthcare, and supportive services for the elderly in Fresno, California, through its CCRC.

Prior to September 26, 2012, TSJG was one of eight CCRCs constituting ABHOW's California Obligated Group. Effective September 26, 2012, by vote of the ABHOW Board of Directors, and consistent with the rights and abilities granted in ABHOW's Master Trust Indenture, sole corporate membership and control of TSJG was transferred from ABHOW to Cornerstone. Additionally, at this time, ABHOW entered into a 10-year management agreement at a base fee of 8.5% of total budgeted cash revenues, with half of this fee subject to subordination. During the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, the recognition of \$1,140,000 and \$828,000, respectively, of TSJG management fee revenue was deferred by ABHOW, and an additional \$1,666,000 and \$1,333,000, respectively, of interest income related to the TSJG Subordinated Notes A and B, payable to ABHOW, was accrued, with collection pending achievement of certain TSJG operating performance criteria.

American Baptist Homes of Washington – American Baptist Homes of Washington ("Judson Park") is a Washington nonprofit tax-exempt corporation providing housing, health care, and supportive services for the elderly in Washington through its CCRC, Judson Park. On May 30, 2012, ABHOW entered into a 10-year management agreement at a base fee of 8.5% of total budgeted cash revenues, with the payment of such fees subject to subordination if Judson Park fails to achieve certain operating performance criteria.

Seniority, Inc. – Seniority, Inc. ("Seniority"), is a California for-profit corporation which was wholly owned by the Corporation from inception in October 1997 through September 2015. Seniority provides sales and operational management and consulting services to Cornerstone's CCRCs (excluding Las Ventanas) and unrelated third parties. Seniority has historically paid ABHOW a \$194,000 annual corporate cost allocation fee.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization (continued)

During fiscal year 2015, Cornerstone transferred to Seniority the voting stock of Seniority Properties (see below). On October 1, 2016, Seniority’s sales and operational management and consulting services agreements with Cornerstone’s CCRCs were terminated and these sales and marketing functions, along with the Seniority employees supporting them, were transferred to the individual CCRCs. On the same date, the Seniority annual corporate cost allocation fee was lowered to \$100,000.

On October 7, 2016, Cornerstone signed a letter of intent to sell all of its outstanding capital stock in Seniority to Senior Quality Lifestyles Corporation, Inc. (“SQLC”). Based upon the proposed terms of the sale, management determined that Seniority would not have sufficient funds to fully repay ABHOW for intercompany amounts owing, and as such a \$2 million impairment loss was recognized during the 15-months ended December 31, 2016.

Seniority Properties – Seniority Properties is a California for-profit corporation which was wholly owned by Cornerstone through September 22, 2015, at which time the Cornerstone Board of Directors voted to transfer its stock ownership of Seniority Properties to Seniority, Inc. Seniority Properties was formed in February 2014 for the purpose of holding equity interests in developed and acquired free-standing assisted living and memory support communities and other similar investments.

During the 12-months ended September 30, 2015, ABHOW contributed \$3,000,000 to Seniority Properties in support of its purpose of investing in senior housing communities, and to that end, Seniority Properties, through a subsidiary limited liability company (“LLC”), purchased a parcel of land for \$1,000,000 upon which a free-standing memory support and assisted living community will be constructed. Additionally, on September 1, 2015, Seniority Properties, through a subsidiary LLC, purchased a 49% equity interest (as well as an option to purchase an additional 1% interest) in the LLC, which owns an existing memory support senior housing community currently managed by Seniority, Inc. In May 2016, ABHOW contributed an additional \$1,000,000 in continued support of Seniority Properties’ purpose of investing in senior housing communities. On February 25, 2017, Seniority transferred its stock ownership of Seniority Properties back to Cornerstone.

Cornerstone Affiliates International, Inc. – Cornerstone Affiliates International, Inc. (“CAI”) is a California for-profit corporation wholly owned by Cornerstone. CAI is the holding company for the activities surrounding the development of international senior housing consulting and management business opportunities. During the 15-months ended December 31, 2016, management determined to cease pursuing the business endeavors previously undertaken by CAI, and the business activities of CAI were subsequently concluded, with all remaining working capital returned to ABHOW in exchange for the pay down of outstanding amounts due.

American Baptist Homes of the West – American Baptist Homes of the West (“ABHOW”) is a California nonprofit public benefit tax-exempt corporation which owns, operates, and manages both continuing care retirement communities and rental housing communities in which housing, health care, and supportive services are provided for the elderly. CLPC is the sole member of ABHOW and seven of ABHOW’s nine directors are CLPC’s directors. The executive officers of CLPC also serve as executive officers of ABHOW. As of December 31, 2016, the following CCRCs were owned and operated by ABHOW:

- Grand Lake Gardens
- Piedmont Gardens
- Terraces at Los Altos
- Plymouth Village
- Rosewood
- Valle Verde
- Terraces of Los Gatos

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization (continued)

American Baptist Homes Foundation of the West, Inc. – American Baptist Homes Foundation of the West, Inc. (the “Foundation”) is a California nonprofit public benefit tax-exempt corporation whose primary purpose is to develop, invest, and administer funds to provide residential and nursing home care on behalf of the residents of certain communities of the Corporation. The Foundation’s principal activity is to administer such funds under trust agreements. The Corporation is the sole member of the Foundation, and therefore, elects the directors of the Foundation. As a result, the Corporation has control over the Foundation, and therefore, the Foundation is included in the Corporation’s consolidated financial statements. The Foundation guarantees the bond obligations of the Corporation. The Foundation’s obligations under the guaranty agreement are limited to the Foundation’s income earned on its unrestricted net assets.

Southern California Presbyterian Homes and Affiliates – Southern California Presbyterian Homes and Affiliates (“SCPH” dba be.group) is a California nonprofit public benefit tax-exempt corporation which owns, operates and manages CCRCs, one freestanding assisted living community, and rental housing communities, primarily in Southern California, in which housing, health care, and supportive services are provided for the elderly. SCPH includes four CCRCs (Royal Oaks, White Sands, Windsor, and Regents Point) together with its controlled affiliates, Redwood Senior Homes and Services (“RSHS”), Kirkwood Assisted Living Residence (Orange) (“Kirkwood Orange”), Westminster Gardens, and Palmer House LP (“Palmer House”). Additionally, the operating results of be.group include the operating activities of six low-income housing tax credit communities. The be.group also provides management services to 20 affordable housing communities, whose operating results are not consolidated into the operating results of be.group.

Southern California Presbyterian Homes Foundation (“be.group Foundation”) is a California nonprofit public benefit tax-exempt corporation whose primary purpose is to develop, invest, and administer funds to provide residential and nursing home care on behalf of the be.group residents. The be.group Foundation’s principal activity is to administer such funds under trust agreements. The be.group is the sole member of the be.group Foundation, and therefore, elects the directors of the be.group Foundation. As a result, the be.group has control over the be.group Foundation, and therefore the be.group Foundation is included in the be.group’s consolidated financial statements.

On May 1, 2016, in conjunction with the approval by state regulators of the be.group and ABHOW affiliation, CLPC became the sole member of be.group, and the entire organization moved to a December 31 year end, consistent with the be.group.

American Baptist Properties, Inc. – American Baptist Properties, Inc. (formerly “ABP”, now “CLPC”) is a California nonprofit public benefit tax-exempt corporation originally established in 1997 to serve as a real property holding company for the Corporation.

On September 22, 2015, the ABHOW board of directors voted to accept receipt of the net assets of ABP in full satisfaction of intercompany liabilities from ABP to ABHOW. As such, assets, including ABP’s ownership of Las Ventanas Series A, B and C bonds, in the amount of \$7,041,000 (see Las Ventanas section of Note 1) and ABP’s \$533,000 deferred gain on the sale of the Boise land (see Boise Retirement Community section of Note 1) were transferred to ABHOW and \$17,115,000 in interaffiliate obligations were satisfied. As a result of this transaction, ABHOW recorded a reduction in net assets of \$7,574,000 and ABP recorded an equally offsetting increase in net assets.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization (continued)

On January 12, 2016, the ABP board of directors voted to amend and restate its by-laws and articles of incorporation, thus changing its name to California Life Plan Communities, as well as voting to accept membership of ABHOW, TSJG, SCPH, and Cornerstone Affiliates. Finally, the existing ABP board of directors elected the post-affiliation board of directors for CLPC as its new board and subsequently resigned. On February 27, 2017, CLPC changed its name as part of a broader corporate-wide rebranding initiative (see Note 16).

Beacon Communities – Beacon Communities, Inc. (“Beacon”, formerly Carmel Senior Housing, Inc., an affiliate of the Corporation, is a California nonprofit public benefit tax-exempt corporation.

Prior to January 1, 2015, Carmel Senior Housing served primarily as the legal entity holding ABHOW’s general partner interest in the following tax credit communities: Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge), Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows), Valley Vista Senior Housing (d.b.a. Valley Vista), Harborview Manor LLLP (d.b.a. Harbor View Manor), Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay), Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village), and Tower Park LP (d.b.a. Tower Park). On January 5, 2015, Beacon became the majority interest member of Sun Tower GP LLC, the general partner of Sun Tower Partners LLLP (d.b.a. Sun Tower), with Sun Tower Partners LLLP purchasing the business operations of Sun Tower on May 4, 2016. On January 21, 2015, Beacon became the general partner of Rotary Plaza LP (d.b.a. Rotary Plaza). On October 15, 2015, Beacon became the majority interest member of Sunnyvale Life LLC, the general partner of Sunnyvale Life, LP (dba Life’s Garden), with Sunnyvale Life LP purchasing the business operations of Sunnyvale Life, Inc. on August 30, 2016.

On January 1, 2015, ABHOW purchased for \$350,000 in cash and a \$2,000,000 note (see Note 6) all of the outstanding membership interests in the Beacon Development Group and assigned its rights to Beacon. ABHOW then entered into a \$2,350,000 interaffiliate note with Beacon Development Group to assign the cost of purchase to the acquired entity.

In conjunction with this January 1, 2015 purchase, Carmel Senior Housing, Inc. was renamed Beacon Communities, Inc., and ABHOW affordable housing employees became employees of Beacon. All operational activities, assets, and liabilities associated with ABHOW’s affordable housing line of business were also transferred to Beacon. In late fiscal year 2015, following United States Department of Housing and Urban Development approval, ABHOW transferred its sole memberships in all of ABHOW’s owned affordable housing communities as well as the management agreements for all of its owned and managed communities to Beacon.

In exchange for the transfer of affordable housing related assets and liabilities, Beacon entered into a non-interest bearing interaffiliate note with ABHOW for \$2,242,000 as well as a non-interest bearing contingent note with ABHOW for \$1,364,000, which is payable upon Beacon’s ability to achieve certain levels of cash flow and operating margin. These notes are included in notes and bonds payable and other receivables on the balance sheets of Beacon and ABHOW, and eliminate upon consolidation. The remaining \$1,542,000 of assets transferred was recorded as a capital contribution from ABHOW to Beacon. Additionally, as part of the transfer agreement, it was agreed that Beacon would reimburse ABHOW for its portion of corporate office rent and, on a contingent basis, would reimburse the corporate office for certain costs incurred in support of Beacon’s operations dependent upon Beacon’s ability to achieve certain levels of cash flow and operating margin.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 1 – Business and Organization (continued)

In June 2015, Beacon determined that there was economic value in certain of its intercompany assets with its tax credit affordable housing communities in excess of the carrying value of those assets. Given the strategic importance of those assets, upon expiration of the tax credits, a change in accounting estimate related to the net realizable value of the assets was made, which resulted in a reversal of reserves on intercompany notes receivable and associated interest income, general partner equity investments, and developer fees receivable. The net result of this change in estimate was an increase in Beacon net assets of \$5,700,000.

Beacon serves as the sole or majority member and controlling organization for the following separately incorporated affordable housing communities:

- Redlands Senior Housing, Inc. (d.b.a. Casa de la Vista)
- Redlands Senior Housing Two (d.b.a. Fern Lodge)
- Oak Knolls Haven, Inc. (d.b.a. Oak Knolls Haven)
- Tahoe Senior Plaza, Inc. (d.b.a. Tahoe Senior Plaza)
- Judson Terrace Lodge, Inc. (d.b.a. Judson Terrace Lodge)
- San Leandro Senior Housing, Inc. (d.b.a. Broadmoor Plaza)
- Hillcrest Senior Housing, Inc. (d.b.a. Hillcrest Gardens)
- Good Shepherd Senior Housing (d.b.a. Shepherd's Garden)
- Salishan Senior Housing, Inc. (d.b.a. Salishan Gardens)

Beacon serves as the majority General Partner and controlling organization for the following separately incorporated affordable housing entities:

- Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge)
- Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows)
- Valley Vista Senior Housing (d.b.a. Valley Vista)
- Harborview Manor LLLP (d.b.a. Harbor View Manor)
- Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay)
- Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village)
- Sun Tower Partners LLLP (d.b.a. Sun Tower)
- Rotary Plaza, L.P. (d.b.a. Rotary Plaza)
- Sunnyvale Life, LP (dba Life's Garden)

Beacon Communities also serves as the minority General Partner for Tower Park LP (d.b.a. Tower Park), an affordable housing community that is currently under construction.

Managed Rental Homes and CCRCs – As of December 31, 2016, Beacon managed sixteen affordable housing rental communities and the Corporation managed three CCRCs. At September 30, 2015, the Corporation managed sixteen affordable housing rental communities and three CCRCs (see Note 12).

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 2 – Accounting Policies

Basis of Consolidation – The accompanying financial statements consolidate the accounts of ABHOW, the Foundation, and Beacon and Affiliates. The financial statements of ABHOW and Affiliates are presented on a consolidated basis due to the sole corporate membership and controlling financial interests of these organizations. All significant intercompany balances and transactions have been eliminated.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. Significant items subject to such estimates and assumptions include the fair values of interest rate swap and cap assets and liabilities; allowances for contractual and uncollectible accounts receivable; fair values of notes receivable; fair values of investments; future service benefit obligations; rebatable entrance fees due; entrance fees subject to refund; entrance fees non-refundable; liabilities for self-insured workers' compensation; liabilities for pension and retirement plans; and valuation of split-interest agreements. Actual results could differ from those estimates.

New Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU No. 2014-09"), which provides that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services by identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract, and recognizing revenue when (or as) the entity satisfied a performance obligation. In August 2015, the FASB issued ASU No. 2015-14, *Deferral of the Effective Date* ("ASU No. 2015-14"), which deferred the effective date of ASU No. 2014-09 for all entities by one year. In March 2016, the FASB issued ASU No. 2016-08, *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* ("ASU No. 2016-08"), which clarifies the implementation guidance on principal versus agent considerations in ASU No. 2014-09. In April 2016, the FASB issued ASU No. 2016-10, *Identifying Performance Obligations and Licensing* ("ASU No. 2016-10"), which clarifies the implementation guidance on identifying performance obligations and the licensing implementation guidance in ASU No. 2014-09, while retaining the related principles for those areas. In May 2016, the FASB issued ASU No. 2016-12, *Narrow-Scope Improvements and Practical Expedients* ("ASU No. 2016-12"), which provides narrow-scope improvements and practical expedients to ASU No. 2014-09. ASU No. 2014-09, ASU No. 2015-14, ASU No. 2016-08, ASU No. 2016-10, and ASU No. 2016-12 applies to all entities and is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019, with early adoption permitted. The adoption of ASU No. 2014-09, ASU No. 2015-14, ASU No. 2016-08, ASU No. 2016-10, and ASU No. 2016-12 is effective for the Corporation beginning January 1, 2019. Management is currently evaluating the impact of adoption on the Corporation's consolidated financial statements.

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Note 2 – Accounting Policies (continued)

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern* ("ASU No. 2014-15"), which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the consolidated financial statements are issued. An entity must provide certain disclosures if "conditions or events raise substantial doubt about the entity's ability to continue as a going concern." The ASU applies to all entities and is effective for the annual period ending after December 15, 2016, and annual periods and interim periods thereafter, with early adoption permitted. The Corporation adopted the guidance in the current fiscal year. The adoption did not have a material impact on the Corporation's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* ("ASU No. 2015-03), which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The ASU applies to all entities and is effective for financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2016, with early adoption permitted. The Corporation adopted the guidance as of January 1, 2016, and applied its provisions retrospectively. As a result of the retrospective adoption, the Corporation reclassified unamortized debt issuance costs of \$1,583 as of September 30, 2015, from other assets to a direct reduction from the carrying amount of long-term debt on the balance sheet. The adoption did not have a material impact on the Corporation's consolidated financial statements.

In May 2015, the FASB issued ASU No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)* ("ASU No. 2015-07"), which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient and also removes the requirement that makes certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. The ASU applies to all entities and is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years, with early adoption permitted. The Corporation adopted the guidance in the current fiscal year. The adoption did not have a material impact on the Corporation's consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments* ("ASU No. 2016-01") which requires an entity to: (i) measure equity investments at fair value through net income, with certain exceptions; (ii) present in OCI the changes in instrument-specific credit risk for financial liabilities measured using the fair value option; (iii) present financial assets and financial liabilities by measurement category and form of financial asset; (iv) calculate the fair value of financial instruments for disclosure purposes based on an exit price; and (v) assess a valuation allowance on deferred tax assets related to unrealized losses of available for sale debt securities in combination with other deferred tax assets. The update provides an election to subsequently measure certain nonmarketable equity investments at cost, less any impairment and adjusted for certain observable price changes. The update also requires a qualitative impairment assessment of such equity investments and amends certain fair value disclosure requirements. The ASU applies to all entities and is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The adoption of ASU 2016-01 is effective for the Corporation beginning January 1, 2019. Management is currently evaluating the impact of adoption on the Corporation's consolidated financial statements.

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Note 2 – Accounting Policies (continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (“ASU No. 2016-02”), which will require an entity to report a right-of-use asset and a liability for the obligation to make payments for all leases, with the exception of those leases with a term of 12 months or less. The ASU applies to all entities and is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. The adoption of ASU No. 2016-02 is effective for the Corporation beginning January 1, 2019. Management is currently evaluating the impact of adoption on the Corporation’s consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash* (“ASU No. 2016-18”), which will require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU applies to all entities and is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of ASU No. 2016-18 is effective for the Corporation beginning January 1, 2019. The adoption is not expected to have a material impact on the Corporation’s consolidated financial statements.

Cash and Cash Equivalents – Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions, and overnight investments considered to be cash equivalents. Accounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation (“FDIC”) and Securities Investor Protection Corporation. The Corporation has cash balances in financial institutions that are in excess of FDIC limits. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Restricted Cash – Restricted cash is defined as cash that is restricted in its use by regulatory or other agreements. These accounts are primarily funds set aside for future strategic investments, escrowed first generation entry fee deposits, replacement reserves at the affordable housing communities and unexpended equity contributions for tax credit affordable housing communities.

Investments – Investments include certain cash equivalents held by investment managers, mutual funds, commodities and structure products, equity securities, corporate debt, U.S. government securities, alternative investments, and certain cash equivalents and securities held by trustees for capital project expenditures and debt service, and are stated at fair value.

Certain investments are restricted as assets held in trust. These include assets held by trustees in accordance with the indentures relating to debt agreements and assets set aside in accordance with various trust agreements with third parties, including donors. Assets held in trust as well as assets managed for certain ABHOW affiliates are classified as restricted investments. Also included in restricted investments is \$10,107,000 and \$10,455,000 as of December 31, 2016 and September 30, 2015, respectively, designated by the board for future capital projects at several communities.

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Note 2 – Accounting Policies (continued)

Investment income (including realized gains and losses on investments, interest, and dividends) is included in the consolidated statements of operations and changes in net assets according to donor restrictions. Realized gains and losses for mutual funds are computed using the average cost method. Historical cost, on the specific identification method, is utilized to compute the realized gains and losses for all other securities. Upon determination that the cost of securities is other-than-temporarily impaired, adjustments are made to revalue the securities to current value. Any adjustments required by this policy for unrestricted assets are charged to investment loss and restricted assets are charged to the appropriate net assets category. Unrealized gains and losses are recorded in other changes in net assets (see Note 4).

Investments in Las Ventanas Bonds – Investments include holdings in three tranches of the Las Ventanas Series 2012 bonds (see Note 1). These investments are recorded at fair market value as of December 31, 2016 and September 30, 2015, in the accompanying consolidated balance sheets. Changes in fair market value are included in unrealized gains (losses) on investments in Las Ventanas bonds in the consolidated statements of operations and changes in net assets. Investment income is included in the consolidated statements of operations and changes in net assets.

Resident Accounts Receivable – The Corporation provides services to residents even though they may lack adequate funds or may participate in programs that do not pay full charges. The Corporation receives payment for health services from residents, insurance companies, Medicare, Medi-Cal, Medicaid, HMOs, and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts, by providing appropriate allowances for uncollectible accounts, and by having secured the accounts through the Care and Residence Agreements with the residents of continuing care retirement communities.

Resident accounts receivable are stated at the amount management expects to collect. If necessary, management provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to resident accounts receivable.

Subordinated Notes Receivable – Includes both a fixed rate subordinated note and a variable rate subordinated note from TSJG in the amount of \$29,774,000 as of December 31, 2016 and September 30, 2015. Interest income is included as a reduction to interest expense in the consolidated statements of operations and changes in net assets, due to the notes being structured as a mechanism to reimburse ABHOW for prior borrowings that were partially utilized to specifically fund capital expenditures at TSJG. As of December 31, 2016 and September 30, 2015, \$1,666,000 and \$1,333,000, respectively, of interest income was accrued by ABHOW. In November 2015, ABHOW issued a \$10,000,000 subordinated note to ABE bearing interest at 4% in conjunction with ABE's replacement financing, and simultaneously replaced an existing \$1,000,000 non-interest bearing amount due from ABE with a \$1,000,000 subordinated note bearing interest at 4%. Subordinated notes receivable as of December 31, 2016 and September 30, 2015 also include an interest bearing subordinated note from Boise for \$2,000,000 and non-interest bearing amounts due under subordinated liquidity support agreement from Boise for \$1,000,000 (see Note 1), as well as a \$4,315,000 note receivable from Terraces of Phoenix.

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Note 2 – Accounting Policies (continued)

Land, Building, and Equipment – Land, building, and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, and other related costs capitalized during construction. Real estate predevelopment costs, such as architectural and entitlement costs, costs of model units, furnishings, etc., are capitalized as part of the building cost and depreciated over the useful life of the related building. Maintenance and repair costs are charged to operations when incurred.

Depreciation of buildings and equipment is computed on the straight-line method using estimated useful lives of 3 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

During the 15-months ended December 31, 2016, management conducted an analysis of fully depreciated assets within the accounting ledger and determined that \$107,360,000 of various ABHOW fixed assets were no longer in service and should be removed from the financial ledger. This adjustment had no impact on the consolidated statements of operations and changes in net assets and no impact on the land, building and equipment, net line item on the consolidated balance sheets (see Note 5).

Asset Impairment – The Corporation periodically evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment was recorded during the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015.

Fair Value of Financial Instruments – Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values. The Corporation's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period. Revocable trusts and obligations under annuity agreements are classified as Level 2 in the fair value hierarchy. Investments in Las Ventanas' bonds are classified as Level 3 in the fair value hierarchy. See Note 3 for fair value hierarchy disclosures.

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Note 2 – Accounting Policies (continued)

Deferred Debt Issuance Costs – Expenses incurred in connection with the issuance of debt are deferred and amortized over the term of the related financing agreements using the effective interest method. 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 balance sheets 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 update requires retrospective application and represents a change in accounting principle. The Corporation adopted the provisions of ASU No. 2015-03 as of October 1, 2015, and applied its provisions retrospectively. As a result of the retrospective adoption, the Corporation reclassified unamortized deferred debt issuance costs of \$5,251,000 and \$5,434,000 as of December 31, 2016 and September 30, 2015, respectively, from other assets to a direct deduction from the carrying amount of the notes and bonds payable in the accompanying consolidated balance sheets. Adoption of this standard did not impact results of operations, changes in net assets, or cash flows in the current or previous reporting periods. Accumulated amortization of deferred debt issuance costs was \$1,245,000 and \$1,066,000 as of December 31, 2016 and September 30, 2015, respectively.

Deferred Marketing Costs – Expenses incurred in connection with marketing of newly constructed apartments are deferred and amortized over the estimated average life of the first generation of residents. Unamortized deferred marketing costs amounted to \$5,424,000 and \$4,346,000 as of December 31, 2016 and September 30, 2015, respectively, and are included in other assets in the accompanying consolidated balance sheets. Accumulated amortization of deferred marketing costs was \$264,000 and \$75,000 as of December 31, 2016 and September 30, 2015, respectively.

Donor-Related Obligations – The Corporation has recorded certain obligations related to donations received as follows:

Revocable Trusts – Revocable trusts are trust agreements that are revocable by trustors at any time, with specific terms for each agreement. Consequently, a liability is reflected in other liabilities in the accompanying consolidated balance sheets equal to those related trust assets in restricted investments in the accompanying consolidated balance sheets.

Obligations Under Annuity Agreements – In conjunction with certain giving arrangements, the Foundation is required to pay a certain sum of money to the donor or a designated beneficiary, and, consequently, a liability is reflected in obligations under annuity agreements in the accompanying consolidated balance sheets. These types of arrangements are summarized as follows:

Gift Annuities Fund – As consideration for certain gifts made to the Foundation, the Foundation enters into agreements to pay fixed annual payments to the donors or their beneficiaries for life. In accordance with Section 11521 of the California Insurance Code, a liability has been established for the future payments under the outstanding annuity contracts. The annual computation of the temporarily restricted amount of the gift is based upon the 2000 Group Annuity Mortality Table, with an interest assumption at 5% per annum. Assets in excess of liabilities, if any, related to these annuities are available for the use of the Foundation with the approval of the California Department of Insurance.

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Note 2 – Accounting Policies (continued)

Annuity Trusts – Annuity trusts are trust agreements that provide for a fixed annual payment of not less than 6% of the initial value of trust assets to one or more income beneficiaries, with an irrevocable remainder interest contributed to charity. The annual payment never varies, regardless of trust income or the appreciation or depreciation in the value of trust assets.

Unitrusts – Unitrusts are trust agreements that are similar to annuity trusts, except that the annual payout generally is a fixed percentage, of not less than 6%, of the value of the trust assets valued annually. In general, the unitrust beneficiary payment amounts rise and fall in proportion to the value of trust assets. In certain cases, the payout from unitrusts may be tied to trust income.

Obligation to Provide Future Services – If the present value of future outflows to provide future services, adjusted for certain noncash items, exceeds the present value of future cash in-flows, a liability is recognized. An evaluation of the future service obligation for residents indicated a liability was not considered to be necessary as of December 31, 2016 and September 30, 2015. The discount rate used to calculate the obligation to provide future service is 5%.

Types of Entrance Fees – The Care and Residence Agreements between the Corporation and the residents provide for the payment of an entrance fee. Entrance fees received by the Corporation are categorized into two types: initial entrance fees and entrance fees from reoccupancy, and are recorded as either rebatable entrance fees, entrance fees subject to refund, or entrance fees non-refundable. Initial entrance fees, which are the initial fees on new or expanded facilities, are used to provide funds for acquisition and construction of physical facilities, debt retirement, and to defray anticipated deficits in the operations of new homes for a period of time. Entrance fees from reoccupancy in existing homes are used for general purposes, including capital expenditures, support of operations (including benevolence), new development, and funding of reserves.

Refund Policy on Entrance Fees – The Care and Residence Agreement provides the resident with the right to a refund of the entrance fee, less 2% for each month of residency for 44 months after an initial reduction of 12% of the original fee, under certain circumstances. For a majority of contracts, upon the move out of a resident, the unamortized balance of the entrance fee becomes the property of the Corporation and is included in income. For contracts established in fiscal year 2006 or later, the resident is entitled to a partial refund if move out occurs in the first 44 months of the contract. Amounts amortized to income relating to these types of contracts were \$22,725,000 and \$17,192,000 for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively.

As of December 31, 2016 and September 30, 2015, the Corporation had non-refundable entrance fees of \$87,305,000 and \$80,306,000, respectively, related to entrance fees received that will be recognized as revenue in future years. Additionally, as of December 31, 2016 and September 30, 2015, the Corporation had entrance fees subject to refund of \$38,245,000 and \$40,390,000, respectively, which will be recognized as revenue in future years unless refunded.

The Corporation offers contract options whereby 50% to 100% of the entrance fee is rebatable at death of or termination of the contract and subsequent reoccupancy of their apartment. As of December 31, 2016 and September 30, 2015, \$29,208,000 and \$19,753,000, respectively, of the entrance fees related to these types of contracts are contractually rebatable and are included in entrance fees subject to refund in the accompanying consolidated balance sheets.

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Note 2 – Accounting Policies (continued)

Actual refunds and rebates of entrance fees were \$3,123,000 and \$3,278,000 for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively. Based on historical experience, management expects to pay refunds in future years of approximately \$4,000,000 per year.

Interest Rate Swaps and Caps – ABHOW uses interest rate swaps and caps as part of its overall debt management policy. ABHOW accounts for interest rate swaps and caps in accordance with FASB ASC Topic 815, *Derivatives and Hedging*. The topic requires that all derivatives be carried at fair value on the consolidated balance sheets (see Note 8).

Net Assets – The Corporation reports three classifications of net assets. A description of each classification of net assets is as follows:

Unrestricted Net Assets – Unrestricted net assets include unrestricted contributions, income earned on unrestricted funds, and amounts for which restrictions have expired.

Temporarily Restricted Net Assets – Temporarily restricted net assets represent resources restricted by donors for specific expenditures and are comprised of trusts as well as donations for special projects. The related investment income on temporarily restricted net assets is transferred to unrestricted net assets except for investment income earned on temporarily restricted funds held in trust, which is restricted for payment of distributions to trust beneficiaries under the trust agreements. Investment income earned on restricted net assets is recorded in temporarily restricted or unrestricted net assets as designated by the donor.

Also included in temporarily restricted net assets are assets held in trust under life annuity gifts. The assets are valued at fair value in accordance with the requirements of the specific trust agreements. The Foundation is required to pay a certain portion of the annual income from these assets to the donor or a designated beneficiary for the life of the donor or the beneficiary. Such amounts have been estimated and are reflected as obligations under annuity agreements in the accompanying consolidated balance sheets. The remaining assets will revert to the Foundation at the donor's or beneficiary's death. The portion of assets received in excess of that required to meet the annuity's obligations has been recognized as a contribution at the time received.

Assets received from external trusts that are controlled by third-party trustees are recognized at the present value of the estimated future distributions to be received by the Corporation over the term of the agreement.

Permanently Restricted Net Assets – Permanently restricted net assets represent cash and investments that are subject to gift instrument restrictions that require the principal to be invested in perpetuity. The related investment income is transferred to unrestricted net assets or temporarily restricted net assets and primarily used to fund resident programs and activities and operating costs as designated by donors.

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Note 2 – Accounting Policies (continued)

FASB issued ASC Topic 958-810, *Consolidation of Not-for-Profit Entities*, which requires that a recognized non-controlling interest in another entity, whether a business or a not-for-profit entity, be measured at its fair value at the acquisition date. In addition, this statement also provides guidance on the presentation of non-controlling interest in a not-for-profit entity's financial statements. Non-controlling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the consolidated balance sheets. Included below is a table to reconcile the beginning and the end of period carrying amounts of the Corporation's interest and non-controlling interest for its unrestricted net assets (in thousands):

	Controlling interest	Non-controlling interest	Total
	<u> </u>	<u> </u>	<u> </u>
Balance, September 30, 2014	\$ 54,218	\$ 29,892	\$ 84,110
Income (loss) from operations	9,596	(5,188)	4,408
Other (decrease) increase in unrestricted net assets	<u>(14,942)</u>	<u>7,208</u>	<u>(7,734)</u>
Balance, September 30, 2015	48,872	31,912	80,784
Income (loss) from operations	3,282	(8,451)	(5,169)
Other increase in unrestricted net assets	<u>7,306</u>	<u>4,891</u>	<u>12,197</u>
Balance, December 31, 2016	<u>\$ 59,460</u>	<u>\$ 28,352</u>	<u>\$ 87,812</u>

Revenue Recognition – Non-refundable entrance fees are initially recorded as entrance fees non-refundable and are amortized to income using the straight-line method over the remaining life expectancy of the resident. The life expectancy of each resident is updated annually based upon the 2000 Group Annuity Mortality Table.

Monthly service fees, ancillary, and other service fees are reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Accounts receivable over 150 days past their contractual due date are fully reserved.

The Corporation provides health care services primarily to residents of its communities. Revenues from the Medicare, Medi-Cal, and Medicaid programs accounted for approximately 24% of the Corporation's total operating revenues, less amortization of entrance fees, for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015. Laws and regulations governing the Medicare, Medi-Cal, and Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare, Medi-Cal, and Medicaid programs.

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Note 2 – Accounting Policies (continued)

Benevolence – The Corporation provides services to residents who meet certain criteria under its benevolence policy without charge or at amounts less than its established rates. Partial payments to which the Corporation is entitled from public assistance programs on behalf of residents that meet the Corporation’s benevolence criteria are reported as health center revenues. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue. Benevolence provided during the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, is as follows (in thousands):

	15-months ended December 31, 2016	12-months ended September 30, 2015
Benevolence, at cost	<u>\$ 1,180</u>	<u>\$ 1,003</u>

Contractual Allowances – A portion of the Corporation’s revenue is subject to discounts under contracts with third-party payors. These discounts are reported as contractual allowances for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, is as follows (in thousands):

	15-months ended December 31, 2016	12-months ended September 30, 2015
Contractual allowances	<u>\$ 8,724</u>	<u>\$ 6,879</u>

Performance Indicator – “Income from operations” as reflected in the accompanying consolidated statements of operations and changes in net assets is the performance indicator. Income from operations includes all changes in unrestricted net assets other than primarily noncash changes in unrealized gains and losses on other than trading investments, certain pension provisions, loss on the extinguishment of debt, loss on multi-employer pension plan withdrawal, and contributions in aid of construction.

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Note 2 – Accounting Policies (continued)

Workers' Compensation Plan – The Corporation is partially self-insured for the first \$200,000 of each workers' compensation claim under an occurrence form insurance policy for the 12-months ended September 30, 2016 and the 12-months ended September 30, 2015. For claims over \$200,000 in the 2016 and 2015 policy years, there is an additional layer of partial self-insurance for a total of \$300,000. Beginning October 1, 2016, the policy was revised such that the first \$500,000 of each workers' compensation claim under an occurrence form insurance policy is self-insured, with no additional layer of partial self-insurance. Claims are accrued under the plan as the incidents that give rise to them occur. The estimate of incurred but not reported claims is based on actuarial projections of the ultimate cost of settlement, including claim settlement expenses, using the Corporation's historical claim payment experience. The estimated liability is continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the estimates. While the ultimate payments of self-insured workers' compensation claims are dependent upon future developments, management is of the opinion that the recorded reserve is adequate (see Note 10). Any related insurance recovery receivables are recorded in other receivables in the accompanying consolidated balance sheets.

Professional Liability Insurance – The Corporation has secured claims-made policies for malpractice and general liability insurance with self-insured retentions of \$150,000 for each claim as of December 31, 2016 and September 30, 2015. The Corporation has accrued a liability of \$60,000 and \$1,573,000 as its best estimate of the cost of known claims incurred prior to December 31, 2016 and September 30, 2015. In addition, the Corporation has accrued a liability of \$1,277,000 and \$1,067,000 as of December 31, 2016 and September 30, 2015, respectively, as its best estimate of the cost of claims incurred but not yet reported. These liabilities are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. Related insurance recovery receivables of \$95,000 and \$1,242,000 as of December 31, 2016 and September 30, 2015, respectively, are recorded under other receivables in the accompanying consolidated balance sheets.

Tax-Exempt Status – The Corporation is a California nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

The Corporation assesses uncertain tax positions in accordance with the provisions of the FASB ASC Topic 740-10, *Income Taxes*. The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. As of December 31, 2016 and September 30, 2015, and for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, there were no such uncertain tax positions.

Reclassifications – Certain reclassifications were made to the 2015 amounts to conform to the 2016 presentation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 3 – Fair Value

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 fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, commercial paper, mutual funds, equity securities, corporate debt securities, and U.S. government securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset value as described below. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Investments in Las Ventanas Bonds – The fair value is estimated by a third party using a small sample of sales comparables of other non-related CCRC fixed rate bonds. Due to a lack of available Level 1 and Level 2 inputs, the investments have been classified within Level 3 of the hierarchy.

Interest Rate Swap and Cap Agreements – The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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Note 3 – Fair Value (continued)

The following tables present the fair value measurements of financial instruments recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall as of December 31, 2016 and September 30, 2015 (in thousands):

	Level 1	Level 2	Level 3	Fair value as of December 31, 2016
Investments				
Cash and cash equivalents	\$ 16,762	\$ -	\$ -	\$ 16,762
Mutual funds	20,496	-	-	20,496
Commodities and structure products	-	1,145	-	1,145
Domestic equities	47,370	-	-	47,370
Foreign equities	2,711	-	-	2,711
Domestic corporate debt	19,324	-	-	19,324
Foreign corporate debt	-	-	-	-
U.S. government securities	29,363	-	-	29,363
Investments in Las Ventanas bonds	-	-	5,442	5,442
Interest rate swaps and caps	-	(1,541)	-	(1,541)
Total	\$ 136,026	\$ (396)	\$ 5,442	141,072
Investments measured at net asset value:				
Alternative investments				8,966
Total investments				\$ 150,038
	Level 1	Level 2	Level 3	Fair value as of September 30, 2015
Investments				
Cash and cash equivalents	\$ 38,431	\$ -	\$ -	\$ 38,431
Mutual funds	17,332	-	-	17,332
Commodities and structured products	-	2,754	-	2,754
Domestic equities	34,525	-	-	34,525
Foreign equities	15,275	-	-	15,275
Domestic corporate debt	42,381	-	-	42,381
Foreign corporate debt	7,317	-	-	7,317
U.S. government securities	28,440	-	-	28,440
Investments in Las Ventanas bonds	-	-	4,689	4,689
Interest rate swaps and caps	-	(1,837)	-	(1,837)
Total	\$ 183,701	\$ 917	\$ 4,689	189,307
Investments measured at net asset value:				
Alternative investments				1,301
Total investments				\$ 190,608

The fair value of alternative investments is recorded at the investment managers' Net Asset Value ("NAV"), as the managers have the greatest insight into the investments of their fund and the related industry and have the appropriate expertise to determine the NAV. The Corporation assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment managers audited financial statements, as are interim financial statements and fund manager communications, for purposes of assessing valuation.

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Note 3 – Fair Value (continued)

As required by FASB ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Corporation's investments have been classified, the Corporation has assessed factors including, but not limited to the ability to redeem at NAV at the measurement date and the existence or absence of certain restrictions at the measurement date. In accordance with the guidance, if the Corporation has the ability to redeem the investment at the measurement date or in the near-term at NAV, the investment would not be required to be classified in the fair value hierarchy. Alternatively, if the Corporation will never have the ability to redeem from the investment or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investment would be classified as a Level 3 fair value measurement.

There were no significant transfers between Levels 1, 2, and 3 in the current fiscal year.

The following table provides the fair value and redemption terms and restrictions for the alternative investments as of December 31, 2016 and September 30, 2015 (in thousands):

Major Category	December 31, 2016	September 30, 2015	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund of funds (a)	\$ 8,966	\$ 1,301	-	Quarterly, Semi-annually	75 - 95 days

(a) This category includes investments in hedge fund of funds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments, which is calculated monthly.

The following tables reconcile the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated financial statements using significant unobservable (Level 3) inputs (in thousands):

Balance, September 30, 2014	\$ 6,959
Purchases, issuances, and settlements	-
Increase in unrealized loss on investments in Las Ventanas bonds	-
	<u>(2,270)</u>
Balance, September 30, 2015	<u>\$ 4,689</u>
Balance, September 30, 2015	\$ 4,689
Purchases, issuances, and settlements	(527)
Decrease in unrealized loss on investments in Las Ventanas bonds	1,280
	<u>1,280</u>
Balance, December 31, 2016	<u>\$ 5,442</u>

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Note 4 – Investments

The following methods were used to estimate the fair value of all other financial instruments.

Cash and Cash Equivalents – The carrying amount approximates fair value.

Subordinated Notes Receivable – The fair value of subordinated notes receivable is estimated based on discounted cash flow analyses of the affiliates from which the Corporation is owed.

Notes and Bonds Payable – The fair value of notes and bonds payable is estimated based on discounted cash flow analyses, based on the Corporation’s current incremental borrowing rates for similar types of borrowing arrangements.

The following table presents estimated fair values of the Corporation’s financial instruments in accordance with FASB ASC Topic 825, *Financial Instruments*, as of December 31, 2016 and September 30, 2015 (in thousands):

	December 31, 2016		September 30, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents - unrestricted	\$ 26,218	\$ 26,218	\$ 28,407	\$ 28,407
Cash and cash equivalents - restricted	\$ 26,910	\$ 26,910	\$ 28,362	\$ 28,362
Subordinated notes receivable	\$ 48,089	\$ 48,089	\$ 37,089	\$ 37,089
Notes and bonds payable	\$ 452,142	\$ 467,856	\$ 394,644	\$ 412,371

Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts that the Corporation would realize in a current market exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair values. The estimates presented are based on pertinent information available to management as of December 31, 2016 and September 30, 2015. Current estimates of fair value may differ significantly from the amounts presented.

Investments were held as of December 31, 2016 and September 30, 2015, for the following purpose (at fair value) (in thousands):

	December 31, 2016	September 30, 2015
Investments		
Principal, interest, and other reserves held in trust under bond indenture or mortgage agreements	\$ 38,538	\$ 82,262
Investments held in trust under revocable trust, gift annuity, annuity trust, or unitrust agreements	10,022	10,251
Total restricted investments	48,560	92,513
Investments in Las Ventanas bonds	5,442	4,689
Investments - unrestricted	97,577	95,243
Total investments	\$ 151,579	\$ 192,445

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 4 – Investments (continued)

Investments as of December 31, 2016 and September 30, 2015, consisted of the following at fair value (in thousands):

	December 31, 2016	September 30, 2015
Cash and cash equivalents	\$ 16,762	\$ 38,431
Mutual funds	20,496	17,332
Commodities and structure products	1,145	2,754
Domestic equities	47,370	34,525
Foreign equities	2,711	15,275
Domestic corporate debt	19,324	42,381
Foreign corporate debt	-	7,317
U.S. government securities	29,363	28,440
Alternative investments	8,966	1,301
Investments in Las Ventanas bonds	5,442	4,689
Total	\$ 151,579	\$ 192,445

Alternative investments consist of two hedge fund of funds as of December 31, 2016 and September 30, 2015. Cash equivalents include \$13,721,000 and \$29,616,000 as of December 31, 2016 and September 30, 2015, respectively, invested in accordance with bond indentures and additional amounts to comply with bank collateral requirements. Of these amounts, \$8,375,000 as of December 31, 2016, and \$21,485,000 at September 30, 2015, are held for various CCRC construction projects.

The following table shows the gross unrealized losses and fair value of unrestricted investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2016 and September 31, 2015 (in thousands):

	Less than 15 Months		15 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2016						
Bonds	\$ 11,391	\$ 230	\$ 8,238	\$ 79	\$ 19,629	\$ 309
Equity	5,080	297	20,203	1,654	25,283	1,951
Total temporarily impaired investments	<u>\$ 16,471</u>	<u>\$ 527</u>	<u>\$ 28,441</u>	<u>\$ 1,733</u>	<u>\$ 44,912</u>	<u>\$ 2,260</u>
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2015						
Bonds	\$ 5,792	\$ 230	\$ 3,835	\$ 24	\$ 9,627	\$ 254
Equity	20,303	2,613	12,343	1,713	32,646	4,326
Total temporarily impaired investments	<u>\$ 26,095</u>	<u>\$ 2,843</u>	<u>\$ 16,178</u>	<u>\$ 1,737</u>	<u>\$ 42,273</u>	<u>\$ 4,580</u>

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Note 4 – Investments (continued)

The fair value of these investments has declined due to a number of reasons, including changes in interest rates, changes in economic conditions, and changes in market outlook for various industries, among others. The securities disclosed above have not met the criteria for recognition of an other-than-temporary impairment under management’s policy described below. The Corporation follows a policy of evaluating securities for impairment that considers available evidence in evaluating potential impairment of its investments. This review considers the severity and duration of the decline in market value, the volatility of the security’s market price, third-party analyst reports, credit rating changes, and regulatory or legal action changes, among other factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to investment income (loss) and a new cost basis in the investment is established.

The unrealized losses on these unrestricted investments represent approximately 1% and 2% of the Corporation’s portfolio as of December 31, 2016 and September 30, 2015, respectively. Gross unrealized gains on unrestricted investments as of December 31, 2016 and September 30, 2015, were approximately \$7,880,000 and \$6,153,000, respectively.

Investment income primarily on unrestricted net assets for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, is as follows (in thousands):

	December 31, 2016	September 30, 2015
Dividend, interest, and other investment income	\$ 3,834	\$ 2,747
Net realized gain on investments	110	5,642
Total investment income, net	<u>\$ 3,944</u>	<u>\$ 8,389</u>
Unrealized gains (losses) on investments - unrestricted	\$ 14,715	\$ (9,257)
Unrealized gains (losses) on Investments in Las Ventanas bonds	\$ 1,280	\$ (2,270)
Unrealized gains (losses) on investments - temporarily restricted	\$ 329	\$ (492)

Investment income is net of investment expenses of \$680,000 and \$568,000 for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively.

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Note 5 – Land, Buildings, and Equipment

Land, buildings, and equipment at cost as of December 31, 2016 and September 30, 2015, consisted of the following (in thousands):

	December 31, 2016	September 30, 2015
Land and improvements	\$ 54,563	\$ 48,590
Buildings and improvements	440,966	455,364
Furnishings and equipment	47,411	67,884
Automotive equipment	152	733
Total	543,092	572,571
Accumulated depreciation	(183,064)	(261,765)
Total	360,028	310,806
Construction in progress	105,641	54,780
Total	\$ 465,669	\$ 365,586

Construction contracts and commitments of approximately \$103,000,000 exist with various counterparties for the redevelopment of the Terraces of Los Altos, of which approximately \$2,118,000 remains unspent as of December 31, 2016. Construction contracts and commitments of approximately \$54,480,000 exist with various counterparties for the redevelopment of Sun Tower and Life's Garden, of which approximately \$39,765,000 remains unspent as of December 31, 2016. Depreciation expense for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, was \$28,811,000 and \$21,459,000, respectively.

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Note 6 – Notes and Bonds Payable

A summary of the Corporation's notes and bonds payable as of December 31, 2016 and September 30, 2015, is as follows (in thousands):

	December 31, 2016	September 30, 2015
Secured		
Bonds used to refinance existing debt and renovate existing retirement communities in California, all secured under a master trust indenture on ABHOW Obligated Group assets, gross revenue pledged, and Foundation guaranty:		
Series 2015 tax-exempt Revenue Bonds issued by the California Statewide Communities Development Authority (dated May 28, 2015). Serial certificates in the aggregate amount of \$30,550 maturing annually through 2028 with annual principal payable commencing on October 1, 2016, in varying amounts ranging from \$1,885 to \$3,080 through 2028; interest at fixed rates ranging from 2.0% to 5.0%, payable semiannually on April 1 and October 1. Term bond in the amount of \$21,530 with annual principal payments commencing on October 1, 2037, in varying amounts ranging from \$345 to \$4,780 through 2045; interest at the fixed rate of 5.0%, payable semiannually on April 1 and October 1.	\$ 50,195	\$ 52,080
Series 2010 tax-exempt Revenue Bonds issued by the California Statewide Communities Development Authority (dated February 16, 2010), Serial certificates, annual principal payable commencing on October 1, 2011, in varying amounts ranging from \$690 to \$1,045 through 2020, amounts ranging from \$1,100 to \$6,105 through 2030, and amounts ranging from \$6,490 to \$10,560 through 2039; interest at fixed rates ranging from 4.25% to 6.25%, payable semiannually on April 1 and October 1.	101,970	103,635
Series 2012 tax-exempt Revenue Bonds issued by the California Statewide Communities Development Authority and subsequently sold and delivered to PNC Bank. The loan matures on October 1, 2036; interest accrues at tax-exempt LIBOR plus 1.19%. PNC Bank has the option to tender the bonds to ABHOW for purchase upon the 5th, 10th, 15th, and 20th anniversary of issuance. Rates at December 31, 2016 and September 30, 2015, were 1.96% and 1.14%, respectively.	17,820	18,950
Series 2013 Revenue Bonds issued by the California Statewide Communities Development Authority (dated February 1, 2013) to finance or reimburse ABHOW for the costs of acquiring, constructing, expanding, remodeling, renovating, furnishing, and equipping Terraces at Los Altos. Annual principal payable in varying amounts ranging from \$0 to \$30,000 through 2018, and amounts ranging from \$420 to \$1,350 through 2043; interest at fixed rates ranging from 2.1% to 5.0%.	71,250	71,250
Terraces of Los Altos Equipment Loan issued in February 2013 and maturing in February 2020. Monthly principal and interest payments in the amount of \$38 began March 2013; interest at a fixed rate of 2.07%.	1,410	1,943
Piedmont Gardens Elevator Construction Loan issued in December 2016 and maturing in December 2023. Monthly principal and interest payments in the amount of \$46,079 will begin upon completion of construction; interest at a fixed rate of 0.24%.	3,500	-
Other secured obligations		
Capital advance payable to Department of Housing and Urban Development by Carmel Senior Housing Inc., secured by Valley Vista's real estate. The non-recourse capital advance bears no interest and matures on March 1, 2067.	12,282	12,282

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Note 6 – Notes and Bonds Payable (continued)

	December 31, 2016	September 30, 2015
Series 2016A Variable Rate Demand Multifamily Housing Revenue Bond in a maximum amount of \$39,000,000, secured by Life's Garden real estate. The loan bears interest at 1 month LIBOR plus 1.50% prior to the conversion date and an interest rate of 3.65% per annum after the conversion date. The loan requires interest only payments until permanent conversion which is estimated to occur in 2019. Monthly principal and interest payments are required after permanent conversion.	10,741	-
4.75% mortgage note to the Department of Housing and Urban Development. Payable in monthly installments (including interest) of \$19 until April 1, 2045. The loan is secured by a deed of trust on Casa de la Vista's property and security interest in all rents, profits and income from the property.	3,558	3,631
Series A promissory note payable to US Bank, secured by Harbor View Manor real estate and due on January 1, 2029. The loan bore interest at one-month LIBOR plus 3.0% until June 1, 2013, when the rate converted to 6.85%. Rates at September 30, 2015 and 2014, were 6.85%.	1,912	1,983
5.70% first mortgage payable to Evanston Financial in monthly installments (including interest) of \$10 until December 1, 2042. The loan is secured by a deed of trust on Oak Knoll real estate and a security interest in all rents, profits and income from Oak Knoll.	1,666	1,700
Capital advances payable to the Department of Housing and Urban Development, secured by Fern Lodge real estate, 5.75% interest payable monthly if not maintained as affordable housing, principal due 2039, unless forgiven.	4,889	4,889
Capital advances payable to the Department of Housing and Urban Development, secured by Tahoe Senior Plaza real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing, principal due 2039, unless forgiven.	4,603	4,603
Capital advances payable to Department of Housing and Urban Development, secured by Broadmoor Plaza real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, various principal due dates from 2044 to 2064, unless forgiven.	5,648	5,648
Promissory notes payable to the City of San Leandro and County of Alameda, secured by Broadmoor Plaza real estate. The notes bear 3.0% simple interest and have due dates of 2061, 2062, and 2064.	2,429	2,429
Capital advance payable to Department of Housing and Urban Development, secured by Judson Terrace Lodge real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years. The HUD capital advance agreement was entered into on January 1, 2003.	2,593	2,593
Promissory notes payable to the City and County of San Luis Obispo, secured by Judson Terrace Lodge real estate. The notes bear interest at a variable rate and 3.0% simple interest, respectively, with principal and interest due in 2033 and 2034, respectively. All principal and interest will be forgiven at maturity if certain provisions are met.	1,318	1,318

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Note 6 – Notes and Bonds Payable (continued)

	December 31, 2016	September 30, 2015
Capital advances payable to Department of Housing and Urban Development, secured by Hillcrest real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years. The HUD capital advance agreement was entered into on April 1, 2007.	5,620	5,620
Promissory notes payable to the City of Daly City and County of San Mateo, secured by Hillcrest real estate. The notes bear interest at rates ranging from 0% to 3.0% simple interest, with 55 year terms. Commencement dates of payables range from June 14, 2006 to May 20, 2009. All but one note requires payments from residual receipts and two notes will be forgiven at maturity if certain provisions are met.	4,112	4,112
Promissory notes payable to the seller, Sunnyvale Life, Inc., the minority general partner in Sunnyvale Life, LP, secured by Life's Garden real estate. One promissory note bears interest at 5.65% per annum and one promissory note bears no interest. The notes require payments from surplus cash as defined in the agreement with principal and interest due at maturity in 2073.	23,790	-
Construction loan payable to KeyBank National Association in a maximum amount of \$7,400,000, secured by Sun Tower real estate. The loan bears interest at 1 month LIBOR plus 1.95% and requires interest only payments until maturity in May 2018 unless extended as permitted.	100	-
Promissory note payable to the seller, Sun Tower, Inc., the minority general partner in Sun Tower Partners, LLLP, secured by Sun Tower real estate. The promissory note bears interest at 7% per annum and requires payments from surplus cash as defined in the agreement with principal and interest due at maturity in 2056.	5,764	-
Flexibly subsidy note payable to HUD assumed with the purchase of and secured by Sun Tower real estate. The flexible subsidy note bears interest at 1% per annum and requires monthly principal and interest payments from cash flow and additional payments from surplus cash as defined in the agreement with principal and interest due at maturity in 2056.	1,150	-
Promissory note payable to the Washington State Department of Commerce assumed with the purchase of and secured by Sun Tower real estate. The promissory note bears interest at 1% per annum and requires monthly principal and interest due at maturity in 2056.	887	-
Loan payable to Bank of the West, secured by a subordinated interest in Hillcrest real estate. The loan is non-interest bearing, non-amortizing and will be forgiven at the end of the fifteen year term, after the May 20, 2009, commencement date of the loan, if the owner has not defaulted under the terms of the note.	271	271
Land acquisition loans payable to the San Ramon Redevelopment Agency Contra Costa, secured by Valley Vista real estate. The land acquisition advances bear interest at 3.0% for the first 30 years from the dates of disbursement and no interest thereafter and are due 55 years after project completion. Loans payable commenced on December 1, 2009.	8,000	8,000
Promissory note payable to Bank of the West, secured by Valley Vista real estate and due in 2065. The loan bears no interest and is non-amortizing.	945	945
Promissory note payable to the California Tax Credit Allocation Committee, secured by Valley Vista real estate and due in 2065. The loan bears no interest and is non-amortizing.	725	725

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 6 – Notes and Bonds Payable (continued)

	December 31, 2016	September 30, 2015
Construction loans payable to the City of South Lake Tahoe, secured by Kelly Ridge real estate and due in 2064. The loans bear interest at a fixed rate of 3.0%, with principal and accrued interest only payable to the extent that certain operating cash flow targets are achieved by the community.	4,307	4,307
Loan payable to Bank of the West, as the party advancing funds received from the Federal Home Loan Bank of San Francisco's Affordable Housing Program, secured by a subordinated interest in Kelly Ridge real estate. The loan is non-interest bearing, non-amortizing, and is not repayable unless certain conditions are met over the 15-year retention period. The loan payable commenced on August 1, 2009.	172	172
Mortgage note payable to the Washington Community Reinvestment Association in monthly installments of \$6, including interest of 6.25%, until July 1, 2018. In September 2013, Three Rivers Senior Housing LLLP assumed the loan from Richland Senior Housing LLC and immediately paid the balance down to \$300. The mortgage note is secured by the Three Rivers Village real estate.	107	184
Housing Trust Fund loan from the Washington Department of Commerce, secured by Three Rivers Village real estate, maturing on February 28, 2054. Interest began to accrue on March 1, 2014, at 1.0%, compounding quarterly. Quarterly principal and interest payments in the amount of \$11 begin May 31, 2021.	1,100	1,100
Housing Trust Fund loans from the Washington Department of Commerce, secured by Three Rivers Village real estate, maturing on February 28, 2054. Interest began to accrue on March 1, 2014, at 1.0%, compounding annually. A payment of \$1,191 is due at maturity to pay both principal and accrued interest.	800	800
Capital advances payable to Snohomish County in the state of Washington, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.	462	462
Promissory note payable to the State of Washington, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.	2,000	2,000
Capital advances payable to the Department of Housing and Urban Development, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.	5,078	5,078
Capital advances payable to Pierce County in the State of Washington, secured by Salishan real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2040, unless forgiven.	200	200
Promissory note payable to the State of Washington, secured by Salishan real estate. The capital advance bears no interest and principal is required to be repaid annually in the amount of 50% of residual cash flow, with the remaining principal due in 2051, upon maturity.	2,250	2,250
Capital advances payable to Tacoma Community Redevelopment Authority, secured by Salishan real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due between 2049 - 2051, unless forgiven.	1,200	1,200

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Note 6 – Notes and Bonds Payable (continued)

	December 31, 2016	September 30, 2015
Capital advances payable to the Department of Housing and Urban Development, secured by Salishan real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2051, unless forgiven.	7,647	7,647
Series 2010A Variable Rate Demand Multifamily Housing Revenue Bond secured by Pacific Meadows real estate and backed by a letter of credit through Chase which expired in December 2012. The loan bears interest at a variable rate, payable monthly, and matures in 2047. Bonds partially repaid in October 2012 using tax credit equity and the letter of credit with Chase was replaced with a credit enhancement agreement with Freddie Mac.	6,442	6,509
Promissory note payable to the California Housing and Community Development Department, secured by Pacific Meadows real estate and due in 2047. The loan bears interest at 3.0%. Once operational, interest is payable annually from residual cash flows and both principal and all unpaid interest are due in full upon loan maturity.	3,100	3,100
Promissory note payable to the County of Monterey in the state of California, secured by Pacific Meadows real estate. The loan bears interest at 3%. Once operational, interest is payable annually from residual cash flows and both principal and all unpaid interest are due in full upon loan maturity in 2065.	625	625
Series 2015A Variable Rate Demand Multifamily Housing Revenue bond in a maximum amount of \$32,000,000, secured by Rotary Plaza real estate. The loan bears interest at 4.36% per annum and required interest only payments until permanent conversion which is estimated to occur in 2017. Monthly principal and interest payments are required after permanent conversion.	32,000	14,662
Promissory note payable to the seller, Rotary Plaza, Inc., the minority general partner in Rotary Plaza, LP, secured by Rotary Plaza real estate. The promissory note bears interest at 2.67% per annum and requires payments from surplus cash as defined in the agreement with principal and interest due at maturity in 2072.	23,466	23,466
Capital advance payable to Department of Housing and Urban Development by Bay Vista GP LLC, secured by Bay Vista Senior Housing real estate. The non-recourse capital advance has a total capacity of \$9,769, bears no interest and matures on October 1, 2069. Loan funding was conditional on Bay Vista GP LLC loaning the proceeds of the advance to Bay Vista Partners LLLP.	9,769	9,709
Promissory note payable to the County of Monterey in the state of California, secured by Pacific Meadows real estate. The loan bears interest at 3%. Once operational, interest is payable annually from residual cash flows, and both principal and all unpaid interest are due in full upon loan maturity in 2065.	469	522
Total secured notes and bonds payable	<u>450,342</u>	<u>392,600</u>
Unsecured		
Note to individual bearing interest at 4.5%	1,800	2,000
Note to individual bearing interest at 10.0%	-	44
Total unsecured notes payable	<u>1,800</u>	<u>2,044</u>
Total notes and bonds payable	452,142	394,644
Add: Unamortized bond premium, net	2,049	2,404
Less: Unamortized bond issuance cost	<u>(5,251)</u>	<u>(5,434)</u>
Total notes and bonds payable	<u>\$ 448,940</u>	<u>\$ 391,614</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 6 – Notes and Bonds Payable (continued)

During 2006, the Corporation issued \$50,000,000 of tax-exempt bonds. The 2006 bonds were backed by irrevocable letters of credit issued by a bank for \$42,455,000. The original letters of credit expired on September 26, 2011, and were subsequently replaced by letters of credit expiring on September 26, 2016, which were subject to certain administrative and financial covenants. In May 2015, these bonds were replaced with fixed-rate tax-exempt bonds issued at a premium. The net impact of this financing allowed ABHOW to replace the Series 2006 bonds and secure an additional \$20,000,000 in proceeds. Of these proceeds, \$9,000,000 was placed in a project fund with the trustee and is being utilized on various capital projects of the obligated group with the remaining \$10,000,000 reimbursing prior capital expenditures. The Corporation and the Foundation are required to maintain compliance with certain financial reporting, administrative, and financial covenants on a consolidated reporting basis (see Note 7).

Capitalized interest expense for the 15-months ended December 31, 2016, was \$2,232,000, comprised of \$2,649,000 of interest expense, net of \$417,000 of interest income. Capitalized interest expense for the 12-months ended September 30, 2015, was \$1,869,000, comprised of \$2,558,000 of interest expense, net of \$689,000 of interest income.

Scheduled maturities of notes and bonds payable are as follows (in thousands):

<u>Year Ending December 31,</u>	
2017	\$ 36,796
2018	5,047
2019	45,830
2020	17,182
2021	14,771
Thereafter	<u>332,516</u>
	<u>\$ 452,142</u>

The Corporation maintains a standby letter of credit with a bank for workers' compensation as discussed in Note 10.

Note 7 – Compliance with Financial Covenants

ABHOW Debt – ABHOW is subject to financial covenants on its obligated group debt, which include a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes that ABHOW was in compliance with both of these debt covenants as of and for the 15-months ended December 31, 2016.

Note 8 – Interest Rate Swaps and Caps

On April 12, 2010, as part of the resyndication of Pacific Meadows (see Note 1), Pacific Meadows entered into a forward starting interest rate swap agreement converting variable interest expense to a fixed rate of 4.36% beginning in April 2012 and maturing in April 2030. The start date was subsequently amended to October 1, 2012.

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Note 8 – Interest Rate Swaps and Caps (continued)

The net effect of the interest rate swap was an increase in interest expense of approximately \$327,000 and \$299,000 for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively.

Effective December 1, 2010, ABHOW entered into an interest rate cap agreement with a counterparty to manage interest rate risk on \$23,650,000 of its Series 2006 tax-exempt variable rate demand revenue bonds. The agreement establishes that when the SIFMA Municipal Swap Index rate exceeds 2.88%, ABHOW is reimbursed for the excess by the counterparty to the transaction. The agreement expired on December 1, 2015.

Effective March 3, 2011, ABHOW entered into an interest rate cap agreement with a counterparty to manage interest rate risk on the remaining \$23,650,000 of its Series 2006 tax-exempt variable rate demand revenue bonds. The agreement establishes that when 70% of the one month LIBOR rate exceeds 2.62%, ABHOW is reimbursed for the excess by the counterparty to the transaction. The agreement expired on December 1, 2015.

On June 20, 2012, ABHOW entered into a forward starting interest rate cap agreement with a counterparty to extend the management of interest rate risk on \$19,000,000 of its Series 2006 tax-exempt variable rate demand revenue bonds from December 1, 2015 to December 1, 2018. The agreement establishes that when 70% of the one-month LIBOR rate exceeds 2.50%, ABHOW is reimbursed for the excess by the counterparty to the transaction. With the refunding of the Series 2006 bonds with fixed rate obligations, the interest rate cap agreement is now being utilized to manage interest rate risk on the Series 2012 Revenue Bonds with PNC Bank.

For the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, the aforementioned floating interest rates for the cap agreements failed to exceed the respective cap strike rates, and thus none of the cap agreements had an impact on interest expense.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 8 – Interest Rate Swaps and Caps (continued)

A summary of the components of the various interest rate swaps and caps as of and for the 15-months ended December 31, 2016 and as of and for the 12-months ended September 30, 2015, is as follows (in thousands):

	<u>December 31, 2016</u>	<u>September 30, 2015</u>
Swaps and caps not qualifying for hedge accounting included in other liabilities		
Fair value of swap and caps - beginning of year	\$ (1,837)	\$ (1,293)
Decrease (increase) in unrealized loss from fair value adjustment	<u>296</u>	<u>(544)</u>
Fair value of swaps and caps - end of year	<u>\$ (1,541)</u>	<u>\$ (1,837)</u>
Impact on consolidated statements of operations and changes in net assets -		
Net decrease (increase) in unrealized loss from mark-to-market of floating to fixed rate swaps and interest rate caps	<u>\$ 389</u>	<u>\$ (386)</u>

Note 9 – Employee Benefit Plans

Defined Benefit Pension Plan – The Corporation’s employees with service prior to December 31, 2002, for nonunion, and up to September 30, 2003, for union, were eligible to participate in a defined benefit retirement plan that covers certain employees who are at least 21 years of age and have completed one year of service. Benefits are based on years of service and a percentage of the employee’s compensation. Employees vest after completion of five years of service. The Corporation’s funding policy is to contribute annually the amount required under the minimum funding standards of the Employee Retirement Income Security Act (“ERISA”). The Board of Directors approved the freezing of the plan for all nonunion employees effective December 31, 2002, and for union employees effective September 30, 2003. Contributions are intended to provide for benefits attributed to service to the date of freezing. In March 2015, ABHOW provided terminated vested plan participants with a time limited option to terminate their participation in the plan in exchange for a lump sum payout. This resulted in a pay out to vested terminated employees of over 5% of the plan liability and as such constituted a partial pension settlement under IRS Revenue Ruling 2007-43. This partial plan settlement resulted in the recognition of a portion of previously unrecognized net actuarial losses and increased pension expense of \$831,000 in fiscal year 2015. This additional non-cash expense is included as part of employee benefits in the Corporation’s accompanying consolidated statement of operations and changes in net assets.

In late calendar year 2016, the majority of the scheduled plan termination was consummated, with an estimated outstanding pension termination liability of \$2,350,000 remaining as of December 31, 2016. Remaining plan assets of \$926,000 as of December 31, 2016, plus a final cash contribution from the Corporation will be used to satisfy this liability. Included in retirement liabilities in the accompanying consolidated balance sheets is \$1,750,000 of anticipated final termination obligations.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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Note 9 – Employee Benefit Plans (continued)

As a result of the aforementioned actions taken as part of the plan termination, \$10,584,000 of previously unrecognized net actuarial losses was recognized as part of employee benefits. A summary of how these non-cash losses were allocated by community for the 15-months ended December 31, 2016, is as follows (in thousands):

	<u>2016</u>
Corporate office	\$ 1,064,000
Grand Lake Gardens	177,000
Piedmont Gardens	1,382,000
Terraces at Los Altos	756,000
Plymouth Village	700,000
Rosewood	906,000
Valle Verde	1,214,000
Terraces of Los Gatos	1,074,000
Foundation	52,000
Terraces of Phoenix	989,000
Judson Park	1,083,000
Terraces at San Joaquin Gardens	1,010,000
Seniority, Inc.	177,000
	<u>\$ 10,584,000</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 9 – Employee Benefit Plans (continued)

A recognition of the Plan's benefit obligations, fair value of assets, funded status, and amounts recognized in the Corporation's accompanying consolidated balance sheets is as follows as of December 31, 2016 and September 30, 2015 (in thousands):

	December 31, 2016	September 30, 2015
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 35,654	\$ 34,561
Interest cost	1,598	1,344
Actuarial gain	(611)	3,921
Benefits paid	(2,778)	(1,712)
Settlement payments and related gains	(31,513)	(2,460)
Benefit obligation at measurement date	\$ 2,350	\$ 35,654
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 32,721	\$ 35,299
Actual return on plan assets (net of plan expense)	1,460	435
Employer contribution	1,000	1,000
Employer receivable	1,424	-
Benefits paid	(2,778)	(1,712)
Settlement payment	(31,477)	(2,301)
Fair value of plan assets at measurement date	\$ 2,350	\$ 32,721
Funded status at measurement date	\$ -	\$ (2,933)
Unrecognized net actuarial loss	-	12,882
Unrecognized prior service cost	-	4
Prepaid benefit	-	9,953
Accumulated other comprehensive income for unrecognized net actuarial losses	-	(12,886)
Net liability recognized	\$ -	\$ (2,933)

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 9 – Employee Benefit Plans (continued)

The components of net periodic benefit cost included as part of employee costs in the Corporation's accompanying consolidated statement of operations and changes in net assets is as follows for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015 (in thousands):

	December 31, 2016	September 30, 2015
Interest cost	\$ 1,598	\$ 1,344
Expected return on plan assets	(1,046)	(1,568)
Amortization of prior service cost	4	13
Recognized net actuarial loss	2,298	1,005
Settlement loss	10,584	831
Net periodic benefit cost	<u>\$ 13,438</u>	<u>\$ 1,625</u>

The following assumptions were used for the December 31, 2016 and September 30, 2015 measurement dates:

	December 31, 2016	September 30, 2015
Actuarial present value of the benefit obligation		
Weighted-average discount rate	n/a	4.00%
Rate of increase in future compensation levels*	n/a	n/a
Long-term rate of return on plan assets	3.25%	4.50%
Net periodic benefit cost		
Weighted-average discount rate	4.00%	4.00%
Rate of increase in future compensation levels*	n/a	n/a
Long-term rate of return on plan assets	3.25%	4.50%

*As the Plan was frozen for all employees as of September 30, 2003, the rate of increase in future compensation levels are not considered to be applicable.

Pension plan assets are as follows:

	December 31, 2016	September 30, 2015
Equity securities	0%	7%
Debt securities	0%	89%
Guaranteed insurance contract	0%	4%
Total	<u>0%</u>	<u>100%</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 9 – Employee Benefit Plans (continued)

The expected rate of return on plan assets for computing pension expense was 0% and 4.5% for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively. This rate was based primarily on investment portfolios of 0% and 7% equities and 0% and 93% fixed income in the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively. Real rates of return (before inflation) for these categories are assumed to be 0% and 7.25%, respectively, with a long-term inflation rate of 3%. On October 7, 2015, all equity securities within the investment portfolio were liquidated.

FASB ASC Topic 820 defines fair value and expands disclosures about fair value measurements. See Note 3 for a detailed discussion of the FASB ASC Topic 820 valuation hierarchy.

Plan assets and liabilities are summarized according to the FASB ASC Topic 820 Valuation hierarchy as follows (in thousands):

	Level 1	Level 2	Level 3	Fair value at September 30, 2015
Investments				
Mutual funds	\$ 80	\$ -	\$ -	\$ 80
Equity securities - Domestic	3,948	-	-	3,948
Equity securities - Foreign	-	-	-	-
U.S. government securities	-	11,512	-	11,512
Corporate debt securities - Domestic	-	14,368	-	14,368
Corporate debt securities - Foreign	-	422	-	422
Asset-backed securities	-	4,253	-	4,253
Investment contract with insurance company	-	-	1,384	1,384
Other liabilities	-	(3,246)	-	(3,246)
Total	<u>\$ 4,028</u>	<u>\$ 27,309</u>	<u>\$ 1,384</u>	<u>\$ 32,721</u>

Plan assets at December 31, 2016 consist of level 1 cash and cash equivalents.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 9 – Employee Benefit Plans (continued)

The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the pension plan assets using significant unobservable inputs (in thousands):

	<u>2016</u>
Balance, October 1	\$ 1,384
Actual return on plan assets:	
Relating to assets still held at the reporting date	55
Sales	<u>(1,439)</u>
Balance, December 31	<u>\$ -</u>
	<u>2015</u>
Balance, October 1	\$ 1,448
Actual return on plan assets:	
Relating to assets still held at the reporting date	79
Sales	<u>(143)</u>
Balance, September 30	<u>\$ 1,384</u>

Investment contract with insurance company: The unallocated Immediate Participation Guarantee (“IPG”) insurance contract is valued at fair value as estimated by the trustees.

There were no significant transfers between Levels 1, 2, and 3 during the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015. ABHOW is not aware of any unfunded commitments related to plan assets or of any restrictions upon the redemption of plan assets.

Please see Note 3 for information about the valuation techniques and inputs used to measure the fair value of plan assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 9 – Employee Benefit Plans (continued)

Supplemental Retirement Income Plan Agreements – Certain management employees or retirees of the Corporation participate in supplemental retirement income plans, and have individually entered into agreements with the Corporation whereby the employees will be provided specific amounts of annual retirement income for the balance of their lifetime following retirement. During the 12-months ended September 30, 2015, accrued benefits for active participants in the supplemental retirement income plan were transferred into a new non-qualified plan under IRC 457(f) that distributes a lump-sum payment at retirement. The Corporation is accruing the present value of such retirement benefits, assuming a discount rate of 6.0% as of December 31, 2016 and September 30, 2015, from the date of eligibility to the normal retirement date of age 65 for active participants and for the present value of future benefit payments for retirees. Benefits under the IRC 457(f) plan are discretionary and do not vest until the participant reaches age 65, dies, becomes disabled, or is involuntarily terminated without cause. No benefits are due to participants who terminate employment prior to age 65. The present value of the future lump sum payments to active participants was \$4,332,000 and \$4,400,000 as of December 31, 2016 and September 30, 2015, respectively. On October 2, 2015, the plan was frozen to new entrants.

Assets available for benefits to the pool of participants in the IRC 457(f) plan are subject to the claims of the Corporation's creditors. The assets are included in unrestricted investments and amounted to \$5,880,000 and \$5,622,000 as of December 31, 2016 and September 30, 2015, respectively. Normal funding for the pool of active participants has historically averaged approximately \$240,000 per year, but is anticipated to be approximately \$50,000 per year going forward.

The Corporation annually assesses the estimated liability related to the supplemental retirement income plan agreements. As of December 31, 2016 and September 30, 2015, ABHOW recognized a liability of \$3,154,000 and \$3,563,000, respectively, which is included in retirement liabilities in the accompanying consolidated balance sheets. Actual payments made to retirees under the plan agreements were \$261,000 and \$487,000 for the years ended December 31, 2016 and September 30, 2015, respectively.

Defined Contribution Plan – Effective January 1, 1999, the Corporation also participates in a defined contribution retirement plan covering all eligible employees. The Corporation's contribution was a match of employee contributions up to 4% of eligible earnings in calendar years 2016 and 2015. Annual expenses incurred under the plan for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, were \$2,034,000 and \$1,407,000, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 9 – Employee Benefit Plans (continued)

Multiemployer Pension Plan – Two of ABHOW's CCRC communities have employees under collective bargaining agreements that participate in a multiemployer pension plan managed by Service Employees International Union ("SEIU"). On September 1, 2015, the ABHOW employees who are SEIU members ratified a new union contract which, among other negotiated terms, included an agreement to freeze participation in the SEIU multiemployer pension plan effective December 31, 2015, and beginning January 1, 2016, begin participation in the ABHOW defined contribution retirement plan. Additionally, it was determined by ABHOW management in the 12-months ended September 30, 2015, that ABHOW would terminate its participation in the plan through a one-time lump sum payment which is anticipated to be made in the 12-months ended December 31, 2017, in the amount of \$1,200,000. Accordingly, ABHOW recorded a \$1,200,000 liability, which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet as of December 31, 2016 and September 30, 2015, and a corresponding expense below the performance indicator in the accompanying consolidated statement of operations and changes in net assets for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015.

As of December 31, 2016 and September 30, 2015, there were 154 and 163 employees, respectively, for which ABHOW made contributions to the plan. Plan provisions include pension but exclude post-retirement benefits. All contributions made to the plan were made in cash and amounted to \$50,000 and \$228,000 for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively. During the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, ABHOW was notified that the SEIU plan was significantly underfunded and \$18,000 and \$80,000 of the total contribution made during the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively, were related to additional assessments required to partially offset poor plan performance.

Note 10 – Self-Insured Workers' Compensation Plan

The Corporation was partially self-insured for the first \$200,000 of each workers' compensation claim under an occurrence form insurance policy for 2016 and 2015. For claims over \$200,000 in the 2016 and 2015 policy years, there was an additional layer of partial self-insurance for a total of \$300,000. Beginning October 1, 2016, the policy was revised such that the first \$500,000 of each workers' compensation claim under an occurrence form insurance policy is self-insured, with no additional layer of partial self-insurance. The Corporation has recorded a total liability for claims payable of \$6,134,000 and \$6,414,000, respectively, including an estimate of incurred but not reported claims as of December 31, 2016 and September 30, 2015. The estimated insurance recovery receivable of \$2,036,000 and \$2,288,000 are recorded under other receivables in the accompanying consolidated balance sheets as of December 31, 2016 and September 30, 2015, respectively. As required by the insurer, the Corporation has obtained letters of credit for \$3,821,000 in connection with this program, subject to annual renewal, with the next scheduled renewal date on September 30, 2017.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Note 11 – Functional Expenses

Management of the Corporation presents operating expenses in its accompanying consolidated statements of operations and changes in net assets by natural class categories. Operating expenses classified by functional categories for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, were as follows (in thousands):

	December 31, 2016	September 30, 2015
Direct resident care	\$ 54,644	\$ 40,817
Dietary services	22,857	17,406
Housekeeping and laundry services	6,266	4,750
Property	29,891	21,327
Resident services and activities	6,436	4,936
Marketing and advertising	5,060	4,193
Loss on pension termination	7,325	-
Administrative and general	36,537	27,601
Total operating expenses	<u>\$ 169,016</u>	<u>\$ 121,030</u>

Note 12 – Relationship and Transactions with Managed Rental Homes and CCRCs

The Corporation and its affiliates manage rental housing communities, CCRCs and assisted living communities (see Note 1) under management agreements whereby the Corporation or its affiliates provide administrative and management services to all communities and sales management services to the CCRCs.

Management fees for providing these services for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, are included in other operating revenue earned by ABHOW, and for affordable housing are included in affordable housing fees and rents in the accompanying consolidated statements of operations and changes in net assets and are as follows (in thousands):

	December 31, 2016	September 30, 2015
ABHOW - CCRCs		
Terraces of Phoenix	\$ 1,280	\$ 1,526
Terraces at San Joaquin Gardens [1]	1,140	829
Judson Park	2,110	1,524
Total	<u>\$ 4,530</u>	<u>\$ 3,879</u>

[1] Excludes \$1,140,000 and \$829,000 of deferred management fees during the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively.

Management fees provided by affordable housing communities to Beacon for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015 were \$1,340,000 and \$805,000, respectively.

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Note 12 – Relationship and Transactions with Managed Rental Homes and CCRCs (continued)

Amounts receivable from these managed rental homes and CCRC's for management fees and cost recoveries for other services such as dining, purchase cards, payroll, and insurance as of December 31, 2016 and September 30, 2015, are included in due from affiliates in the accompanying consolidated balance sheets, and are as follows (in thousands):

	December 31, 2016	September 30, 2015
	<u> </u>	<u> </u>
ABHOW - CCRCs		
Las Ventanas	\$ 2,306	\$ 1,552
Terraces of Phoenix	-	(49)
Judson Park	10,859	6,434
Terraces of San Joaquin Gardens	3,599	2,385
	<u> </u>	<u> </u>
Total receivable	<u>\$ 16,764</u>	<u>\$ 10,322</u>

Amounts receivable due to Beacon from managed communities for services provided for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, were \$583,000 and \$637,000, respectively.

Note 13 – Leases

ABHOW has entered into operating leases for premises and equipment. Rent expense was approximately \$2,021,000 and \$1,598,000 for the 15-months ended December 31, 2016 and the 12-months ended September 30, 2015, respectively.

Future minimum annual lease payments under noncancellable operating leases are as follows (in thousands):

<u>Year Ending December 31,</u>	
2017	\$ 1,446
2018	1,210
2019	905
2020	39
2021	9
Thereafter	-
Total	<u>\$ 3,609</u>

Note 14 – Commitments and Contingencies

The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, based upon current facts and circumstances the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

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Note 14 – Commitments and Contingencies (continued)

ABHOW is aware of the existence of asbestos in certain of its buildings. ABHOW has not recorded a liability for any asbestos abatement costs because the cost cannot be reasonably estimated at this time. At such time in the future that plans are made to make changes to structures with asbestos and the related asbestos removal cost estimates are completed, ABHOW will record an estimate of the costs of the required asbestos abatement.

On May 31, 2012, Judson Park entered into a seven-year direct placement financing with Washington Federal for \$21,500,000. In connection with this financing, ABHOW provided a liquidity support agreement in the form of a \$2,100,000 unfunded debt service reserve fund that would only be drawn upon in the event Judson Park fails its liquidity covenant.

On September 12, 2012, Las Ventanas closed on the restructuring of its indebtedness. As discussed in Note 1, ABP, with liquidity support from ABHOW, provided an unfunded \$2,000,000 debt service support agreement for the Las Ventanas Series A-1 bonds, with any resulting funded amounts triggering the issuance to ABP of an equal amount of Las Ventanas Series B-4 bonds. In 2015, this contingent liability, along with all of ABP's net assets, was transferred to ABHOW.

For all the tax-credit financed affordable housing communities in which Beacon serves as a General Partner (see Note 1), ABHOW and Beacon, as co-guarantors, have issued on-going guarantees to cover operating deficits and guarantees to ensure compliance with certain on-going aspects of the Limited Partnership Agreement ("LPA"). ABHOW periodically evaluates the potential exposure from these on-going guarantees. ABHOW has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for the Corporation.

In addition to operating deficit and LPA guarantees, ABHOW and Beacon, as co-guarantors, also issue unconditional project completion guarantees for tax-credit financed affordable housing communities in which Beacon serves as a General Partner (see Note 1). ABHOW has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for the Corporation.

On December 15, 2015, Terraces of Phoenix entered into a direct placement financing with Washington Federal for \$37,435,000, maturing in 2040. In connection with this financing, ABHOW provided a debt service guaranty of \$3,500,000, which reduces down to \$2,000,000 upon the achievement of a 50% cash to senior debt ratio.

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Note 15 – Health and Safety Code Section 1790(a)(3) Disclosure

The following disclosure is made pursuant to section 1790(a)(3) of the California Health and Safety Code. The Corporation has identified certain corporate initiatives and contingencies listed below to which unrestricted assets may be exposed; and, therefore, have designated reserves as a safeguard against such contingencies. Although not restricted in accordance with FASB ASC Topic 958, *Not-for-Profit Entities*, the designations are as follows (in thousands):

	December 31, 2016	September 30, 2015
Designated for Endowment	\$ 40,418	\$ 36,659
Designated for 457(f) Plan	5,880	5,622
Designated for Claims	1,342	1,330
Designated for Corporate Reserves	14,937	14,284
Designated for Affordable Housing Guarantees	2,000	2,000
Designated for Commitments and Contingencies	5,500	7,000
Designated for Campus Redevelopment	5,000	5,000
Designated for Innovation	5,000	5,000
Total designations	<u>\$ 80,077</u>	<u>\$ 76,895</u>

Note 16 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before the consolidated financial statements are issued. ABHOW 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. ABHOW'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 the consolidated financial statements are issued.

On February 24, 2017, at its annual meeting, CLPC revealed its new brand identity, HumanGood. As part of this rebranding initiative, on February 27, 2017, CLPC amended and restated its articles of incorporation to change the name of the corporation to HumanGood. This new brand identity becomes effective on June 1, 2017.

The Terraces of Los Altos opened 81 new apartment homes to residents on December 26, 2016. Through April 2017, 63 of the apartments have been occupied generating initial entrance fees used by the bond trustee to retire \$42,000,000 of Series 2013 B2 and B3 bonds as well as send sufficient funds to the bond trustee to fully pay the \$9,250,000 Series 2013 B1 bonds.

ABHOW has evaluated subsequent events through April 28, 2017, which is the date the financial statements were issued.

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**REPORT OF INDEPENDENT AUDITORS ON
 SUPPLEMENTARY INFORMATION**

To the Members of the Board of Directors
 American Baptist Homes of the West and Affiliates

We have audited the consolidated financial statements of American Baptist Homes of the West, ("ABHOW") and Affiliates (a member of California Life Plan Communities) (collectively referred to as the "Corporation"), as of December 31, 2016, and for the 15-months ended December 31, 2016, and have issued our report thereon dated April 28, 2017, which contained an unmodified opinion on those consolidated financial statements.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements.

The Balance Sheet information as of December 31, 2016, Statement of Operations and Changes in Net Assets (Deficit) information for the 3-months ended December 31, 2016, Statement of Operations and Changes in Net Assets (Deficit) information for the 12-months ended September 30, 2016, Statement of Operations and Changes in Net Assets (Deficit) information (ABHOW Obligated Group) for the 3-months ended December 31, 2016, Statement of Operations and Changes in Net Assets (Deficit) information (ABHOW Obligated Group) for the 12-months ended September 30, 2016, and Statement of Cash Flows information for the 15-months ended December 31, 2016, 3-months ended December 31, 2016, 12-months ended September 30, 2016, and 12-months ended September 30, 2015 (ABHOW Obligated Group) are the responsibility of management and were derived from and relate 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 audit 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. We did not audit the financial statements of Beacon Communities and Affiliates ("Beacon"), which were audited by other auditors, whose report has been furnished to us. In our opinion, which insofar as it relates to Beacon, is based on the reports of other auditors, such information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

The Statement of Operations and Changes in Net Assets (Deficit) information for the 12-months ended December 31, 2016, Statement of Operations and Changes in Net Assets (Deficit) information (ABHOW Obligated Group) for the 12-months ended December 31, 2016, and Statement of Cash Flows information for the 12-months ended December 31, 2016, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California
April 28, 2017

SUPPLEMENTARY INFORMATION

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2016
(in thousands)

	ABHOW Obligated Group		Foundation	Beacon	Subtotal	Eliminations	Total
ASSETS							
CASH AND CASH EQUIVALENTS	\$ 22,265	\$ 648	\$ 3,305	\$ 26,218	\$ -	\$ 26,218	
RESTRICTED CASH	17,985	-	8,925	26,910	-	26,910	
INVESTMENTS	54,944	41,029	1,604	97,577	-	97,577	
INVESTMENTS IN LAS VENTANAS BONDS	5,442	-	-	5,442	-	5,442	
RESTRICTED INVESTMENTS	38,538	10,022	-	48,560	-	48,560	
RESIDENT ACCOUNTS RECEIVABLE, NET	7,668	659	868	9,195	-	9,195	
SUBORDINATED NOTES RECEIVABLE, NET	48,089	-	-	48,089	-	48,089	
OTHER RECEIVABLES	2,349	-	2,659	5,008	-	5,008	
DUE FROM AFFILIATES	32,656	-	-	32,656	(6,001)	26,655	
PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS	2,998	1	100	3,099	-	3,099	
OTHER ASSETS	6,754	-	6,876	13,630	-	13,630	
LAND, BUILDING, AND EQUIPMENT, NET	223,844	-	241,825	465,669	-	465,669	
INTERCOMPANY	4,429	(706)	(3,723)	-	-	-	
TOTAL	\$ 467,961	\$ 51,653	\$ 262,439	\$ 782,053	\$ (6,001)	\$ 776,052	
LIABILITIES AND NET ASSETS							
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 22,880	\$ 44	\$ 7,697	\$ 30,621	\$ -	\$ 30,621	
DEPOSITS	8,691	-	609	9,300	-	9,300	
ACCRUED INTEREST	2,273	-	9,225	11,498	(195)	11,303	
REBATABLE ENTRANCE FEES DUE	29,208	-	-	29,208	-	29,208	
ENTRANCE FEES SUBJECT TO REFUND	38,245	-	-	38,245	-	38,245	
ENTRANCE FEES NON-REFUNDABLE	87,305	-	-	87,305	-	87,305	
REVOCABLE TRUSTS	-	402	-	402	-	402	
OBLIGATIONS UNDER ANNUITY AGREEMENTS	-	2,011	-	2,011	-	2,011	
NOTES AND BONDS PAYABLE	246,231	-	208,515	454,746	(5,806)	448,940	
RETIREMENT LIABILITIES	5,342	-	-	5,342	-	5,342	
WORKERS' COMPENSATION LIABILITY	6,134	-	-	6,134	-	6,134	
OTHER LIABILITIES	7,855	58	1,737	9,650	-	9,650	
Total liabilities	454,164	2,515	227,783	684,462	(6,001)	678,461	
COMMITMENTS AND CONTINGENCIES							
NET ASSETS							
Unrestricted - Controlling	13,797	40,418	6,304	60,519	(1,059)	59,460	
Unrestricted - Non-controlling	-	-	28,352	28,352	-	28,352	
Temporarily restricted	-	8,282	-	8,282	1,059	9,341	
Permanently restricted	-	438	-	438	-	438	
Total net assets	13,797	49,138	34,656	97,591	-	97,591	
TOTAL	\$ 467,961	\$ 51,653	\$ 262,439	\$ 782,053	\$ (6,001)	\$ 776,052	

AMERICAN BAPTIST HOMES OF THE WEST AND CONSOLIDATED AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS INFORMATION FOR THE 3-MONTHS ENDED DECEMBER 31, 2016
(in thousands)

	ABHOW Obligated Group	Foundation	Beacon	Subtotal	Eliminations	Total
OPERATING REVENUES						
Residential living	\$ 10,748	\$ -	\$ -	\$ 10,748	\$ -	\$ 10,748
Assisted living	3,418	-	-	3,418	-	3,418
Health center	13,092	-	-	13,092	-	13,092
Memory support	1,943	-	-	1,943	-	1,943
Other residential services	383	-	-	383	-	383
Amortization of entrance fees	5,589	-	-	5,589	-	5,589
Other operating revenue	1,494	-	160	1,654	-	1,654
Affordable housing fees and rents	-	-	5,524	5,524	-	5,524
Net assets released from restrictions	-	9	-	9	-	9
Bequests and charitable giving	-	249	-	249	-	249
Foundation community benefit	246	-	-	246	(246)	-
Total operating revenues	<u>36,913</u>	<u>258</u>	<u>5,684</u>	<u>42,855</u>	<u>(246)</u>	<u>42,609</u>
OPERATING EXPENSES						
Salaries and wages	15,557	130	1,829	17,516	-	17,516
Employee benefits	4,095	30	432	4,557	-	4,557
Loss on pension plan terminations	7,273	52	-	7,325	-	7,325
Supplies	2,425	-	130	2,555	-	2,555
Chargeable ancillary services	2,074	-	-	2,074	-	2,074
Marketing and advertising	388	-	34	422	-	422
Repairs and maintenance	359	-	314	673	-	673
Purchased services	1,543	28	512	2,083	-	2,083
Leases and rents	308	(23)	98	383	-	383
Utilities	1,465	1	452	1,918	-	1,918
Travel and related	278	10	143	431	-	431
Other operating expenses	109	(12)	382	479	-	479
Foundation community distribution	-	246	-	246	(246)	-
Insurance	420	8	138	566	-	566
Total operating expenses	<u>36,294</u>	<u>470</u>	<u>4,464</u>	<u>41,228</u>	<u>(246)</u>	<u>40,982</u>
INCOME (LOSS) BEFORE OTHER OPERATING INCOME (EXPENSE)	619	(212)	1,220	1,627	-	1,627
OTHER OPERATING INCOME (EXPENSE)						
Unrealized gains on interest rate swaps and caps	16	-	656	672	-	672
Realized (losses) gains on investments, net	(44)	33	-	(11)	-	(11)
Investment income, net	515	249	(23)	741	-	741
Mortgage interest	(2,105)	-	(1,476)	(3,581)	-	(3,581)
Depreciation and amortization	(3,721)	-	(2,533)	(6,254)	-	(6,254)
(LOSS) INCOME FROM OPERATIONS	(4,720)	70	(2,156)	(6,806)	-	(6,806)
Change in unrealized gains and losses on investments	7,088	(260)	-	6,828	-	6,828
Unrealized loss on Investments in Las Ventanas bonds	(145)	-	-	(145)	-	(145)
Contribution of pension termination costs for affiliates	(3,378)	53	-	(3,325)	-	(3,325)
Contribution in aid of construction	-	-	507	507	-	507
Loss from change in unrecognized pension obligation	(146)	(1)	-	(147)	-	(147)
CHANGE IN UNRESTRICTED NET ASSETS	(1,301)	(138)	(1,649)	(3,088)	-	(3,088)
TEMPORARILY RESTRICTED NET ASSETS						
Dividend and interest income	-	56	-	56	-	56
Unrealized losses on restricted investments, net	-	(73)	-	(73)	-	(73)
Contributions	-	2,072	-	2,072	-	2,072
Net assets released from restrictions	-	(9)	-	(9)	-	(9)
Contractual payments to beneficiaries	-	(136)	-	(136)	-	(136)
Realized losses on investments, net	-	(5)	-	(5)	-	(5)
Contractual liability adjustments	-	12	-	12	-	12
Special project fund distribution	-	(907)	-	(907)	-	(907)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	1,010	-	1,010	-	1,010
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS						
(DECREASE) INCREASE IN NET ASSETS	(1,301)	830	(1,649)	(2,120)	-	(2,120)
NET ASSETS - Beginning of year	15,098	48,308	36,305	99,711	-	99,711
NET ASSETS - End of year	\$ 13,797	\$ 49,138	\$ 34,656	\$ 97,591	\$ -	\$ 97,591

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS INFORMATION FOR THE 12-MONTHS ENDED SEPTEMBER 30, 2016
(in thousands)**

	ABHOW Obligated Group	Foundation	Beacon	Subtotal	Eliminations	Total
OPERATING REVENUES						
Residential living	\$ 42,660	\$ -	\$ -	\$ 42,660	\$ -	\$ 42,660
Assisted living	14,013	-	-	14,013	-	14,013
Health center	49,857	-	-	49,857	-	49,857
Memory support	7,935	-	-	7,935	-	7,935
Other residential services	1,069	-	-	1,069	-	1,069
Amortization of entrance fees	17,136	-	-	17,136	-	17,136
Other operating revenue	6,056	-	643	6,699	-	6,699
Affordable housing fees and rents	-	-	17,445	17,445	-	17,445
Net assets released from restrictions	-	141	-	141	-	141
Bequests and charitable giving	-	2,240	53	2,293	-	2,293
Foundation community benefit	946	-	-	946	(946)	-
Total operating revenues	139,672	2,381	18,141	160,194	(946)	159,248
OPERATING EXPENSES						
Salaries and wages	57,186	540	6,022	63,748	-	63,748
Employee benefits	14,989	96	1,554	16,639	-	16,639
Supplies	9,036	4	432	9,472	-	9,472
Chargeable ancillary services	7,814	-	-	7,814	-	7,814
Marketing and advertising	4,079	-	90	4,169	-	4,169
Repairs and maintenance	1,558	-	844	2,402	-	2,402
Purchased services	5,609	115	1,536	7,260	-	7,260
Leases and rents	1,251	13	374	1,638	-	1,638
Utilities	5,633	4	1,360	6,997	-	6,997
Travel and related	1,078	46	508	1,632	-	1,632
Other operating expenses	3,109	(95)	1,242	4,256	-	4,256
Foundation community distribution	-	946	-	946	(946)	-
Insurance	1,545	33	429	2,007	-	2,007
Total operating expenses	112,887	1,702	14,391	128,980	(946)	128,034
INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	26,785	679	3,750	31,214	-	31,214
OTHER OPERATING INCOME (EXPENSE)						
Unrealized gains (losses) on interest rate swaps and caps	65	-	(348)	(283)	-	(283)
Realized gains on investments, net	73	53	-	126	-	126
Investment income, net	1,931	885	49	2,865	-	2,865
Mortgage interest	(7,252)	-	(2,287)	(9,539)	-	(9,539)
Depreciation and amortization	(15,085)	-	(7,661)	(22,746)	-	(22,746)
INCOME (LOSS) FROM OPERATIONS	6,517	1,617	(6,497)	1,637	-	1,637
Change in unrealized gains and losses on investments	5,551	2,336	-	7,887	-	7,887
Unrealized gains on Investments in Las Ventanas bonds	1,425	-	-	1,425	-	1,425
Contribution in aid of construction	(4,189)	8	4,384	203	-	203
Loss from change in unrecognized pension obligation	(1,028)	(8)	-	(1,036)	-	(1,036)
CHANGE IN UNRESTRICTED NET ASSETS	8,276	3,953	(2,113)	10,116	-	10,116
TEMPORARILY RESTRICTED NET ASSETS						
Dividend and interest income	-	172	-	172	-	172
Unrealized gains on restricted investments, net	-	402	-	402	-	402
Contributions	-	740	-	740	-	740
Net assets released from restrictions	-	(141)	-	(141)	-	(141)
Contractual payments to beneficiaries	-	(367)	-	(367)	-	(367)
Realized gains on investments, net	-	-	-	-	-	-
Contractual liability adjustments	-	231	-	231	-	231
Special project fund distribution	-	(951)	-	(951)	-	(951)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	86	-	86	-	86
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS						
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	-	23	-	23	-	23
INCREASE (DECREASE) IN NET ASSETS	8,276	4,062	(2,113)	10,225	-	10,225
NET ASSETS - Beginning of year	6,822	44,246	38,418	89,486	-	89,486
NET ASSETS - End of year	\$ 15,098	\$ 48,308	\$ 36,305	\$ 99,711	\$ -	\$ 99,711

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION (ABHOW OBLIGATED GROUP)
FOR THE 3-MONTHS ENDED DECEMBER 31, 2016
(in thousands)

	Corporate Office	Grand Lake Gardens	Piedmont Gardens	Terraces at Los Altos	Plymouth Village
OPERATING REVENUES					
Residential living	\$ -	\$ 767	\$ 1,841	\$ 299	\$ 1,523
Assisted living	-	-	847	466	490
Health center	-	-	3,333	1,556	1,125
Memory support	-	-	257	422	130
Other residential services	-	37	146	12	18
Amortization of entrance fees	-	159	1,341	362	646
Other operating revenue	952	21	68	43	64
Foundation community benefit	-	7	52	17	44
Total operating revenues	<u>952</u>	<u>991</u>	<u>7,885</u>	<u>3,177</u>	<u>4,040</u>
OPERATING EXPENSES					
Salaries and wages	2,576	360	2,876	1,613	1,432
Employee benefits	622	99	804	373	386
Loss on pension plan terminations	1,064	177	1,382	756	700
Supplies	38	78	466	224	312
Chargeable ancillary services	-	-	505	173	197
Marketing and advertising	2	38	57	-	98
Repairs and maintenance	3	3	69	5	84
Purchased services	410	41	221	174	123
Leases and rents	124	4	58	5	26
Utilities	29	92	267	185	178
Travel and related	135	11	10	21	19
Corporate allocations	(2,540)	79	545	278	304
Other operating expenses	(319)	36	134	52	39
Insurance	70	13	72	30	52
Total operating expenses	<u>2,214</u>	<u>1,031</u>	<u>7,466</u>	<u>3,889</u>	<u>3,950</u>
(LOSS) INCOME BEFORE					
OTHER OPERATING INCOME (EXPENSE)	(1,262)	(40)	419	(712)	90
OTHER OPERATING INCOME (EXPENSE)					
Unrealized gains on interest rate swaps and caps	16	-	-	-	-
Realized losses on investments, net	(44)	-	-	-	-
Investment income, net	515	-	-	-	-
Mortgage interest	(627)	(46)	(131)	(232)	(96)
Depreciation and amortization	(55)	(170)	(374)	(344)	(565)
(LOSS) INCOME FROM OPERATIONS	<u>(1,457)</u>	<u>(256)</u>	<u>(86)</u>	<u>(1,288)</u>	<u>(571)</u>
Change in unrealized gains and losses on investments	6,970	-	-	118	-
Unrealized loss on investments in Las Ventanas bonds	(145)	-	-	-	-
Contribution of pension termination costs for affiliates	(9,712)	181	1,410	771	714
Loss from change in unrecognized pension obligation	(21)	(4)	(28)	(15)	(14)
CHANGE IN UNRESTRICTED NET ASSETS	<u>(4,365)</u>	<u>(79)</u>	<u>1,296</u>	<u>(414)</u>	<u>129</u>
NET (DEFICIT) ASSET - Beginning of year	<u>(79,714)</u>	<u>(7,842)</u>	<u>31,925</u>	<u>10,854</u>	<u>5,891</u>
NET (DEFICIT) ASSET - End of year	<u>\$ (84,079)</u>	<u>\$ (7,921)</u>	<u>\$ 33,221</u>	<u>\$ 10,440</u>	<u>\$ 6,020</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION (ABHOW OBLIGATED GROUP)
FOR THE 3-MONTHS ENDED DECEMBER 31, 2016 (CONTINUED)
(in thousands)**

	Rosewood	Valle Verde	Terraces of Los Gatos	Total
OPERATING REVENUES				
Residential living	\$ 935	\$ 2,959	\$ 2,424	\$ 10,748
Assisted living	434	444	737	3,418
Health center	2,556	2,249	2,273	13,092
Memory support	312	412	410	1,943
Other residential services	55	93	22	383
Amortization of entrance fees	137	1,683	1,261	5,589
Other operating revenue	70	197	79	1,494
Foundation community benefit	20	89	17	246
Total operating revenues	<u>4,519</u>	<u>8,126</u>	<u>7,223</u>	<u>36,913</u>
OPERATING EXPENSES				
Salaries and wages	1,760	2,620	2,320	15,557
Employee benefits	504	700	607	4,095
Loss on pension plan terminations	906	1,215	1,073	7,273
Supplies	350	555	402	2,425
Chargeable ancillary services	642	271	286	2,074
Marketing and advertising	84	65	44	388
Repairs and maintenance	45	51	99	359
Purchased services	168	193	213	1,543
Leases and rents	32	38	21	308
Utilities	163	264	287	1,465
Travel and related	13	53	16	278
Corporate allocations	352	519	463	-
Other operating expenses	78	76	13	109
Insurance	56	69	58	420
Total operating expenses	<u>5,153</u>	<u>6,689</u>	<u>5,902</u>	<u>36,294</u>
(LOSS) INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	(634)	1,437	1,321	619
OTHER OPERATING INCOME (EXPENSE)				
Unrealized gains on interest rate swaps and caps	-	-	-	16
Realized losses on investments, net	-	-	-	(44)
Investment income, net	-	-	-	515
Mortgage interest	(133)	(303)	(537)	(2,105)
Depreciation and amortization	(335)	(1,078)	(800)	(3,721)
(LOSS) INCOME FROM OPERATIONS	(1,102)	56	(16)	(4,720)
Change in unrealized gains and losses on investments	-	-	-	7,088
Unrealized loss on investments in Las Ventanas bonds	-	-	-	(145)
Contribution of pension termination costs for affiliates	924	1,239	1,095	(3,378)
Loss from change in unrecognized pension obligation	(18)	(24)	(22)	(146)
CHANGE IN UNRESTRICTED NET ASSETS	(196)	1,271	1,057	(1,301)
NET (DEFICIT) ASSET - Beginning of year	<u>(17,462)</u>	<u>42,786</u>	<u>28,660</u>	<u>15,098</u>
NET (DEFICIT) ASSET - End of year	<u>\$ (17,658)</u>	<u>\$ 44,057</u>	<u>\$ 29,717</u>	<u>\$ 13,797</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION (ABHOW OBLIGATED GROUP)
FOR THE 12-MONTHS ENDED SEPTEMBER 30, 2016
(in thousands)

	Corporate Office	Grand Lake Gardens	Piedmont Gardens	Terraces at Los Altos	Plymouth Village
OPERATING REVENUES					
Residential living	\$ -	\$ 3,187	\$ 7,371	\$ 1,222	\$ 6,046
Assisted living	-	-	3,648	1,918	1,876
Health center	-	-	12,049	5,891	4,534
Memory support	-	-	1,311	1,628	555
Other residential services	-	154	337	52	58
Amortization of entrance fees	-	491	2,433	768	2,129
Other operating revenue	3,811	62	295	136	247
Foundation community benefit	-	26	203	66	173
Total operating revenues	<u>3,811</u>	<u>3,920</u>	<u>27,647</u>	<u>11,681</u>	<u>15,618</u>
OPERATING EXPENSES					
Salaries and wages	8,773	1,281	10,815	5,744	5,510
Employee benefits	2,265	352	2,937	1,406	1,447
Supplies	121	323	1,754	768	1,158
Chargeable ancillary services	-	-	1,678	790	606
Marketing and advertising	4	622	744	1	737
Repairs and maintenance	9	33	341	60	102
Purchased services	1,738	199	544	491	562
Leases and rents	522	5	202	70	76
Utilities	159	362	1,147	427	678
Travel and related	552	36	46	51	90
Corporate allocations	(9,616)	284	2,067	855	1,189
Other operating expenses	930	154	406	157	431
Insurance	256	47	268	98	191
Total operating expenses	<u>5,713</u>	<u>3,698</u>	<u>22,949</u>	<u>10,918</u>	<u>12,777</u>
(LOSS) INCOME BEFORE					
OTHER OPERATING INCOME (EXPENSE)	(1,902)	222	4,698	763	2,841
OTHER OPERATING INCOME (EXPENSE)					
Unrealized gains on interest rate swaps and caps	65	-	-	-	-
Realized gains on investments, net	73	-	-	-	-
Investment income, net	1,931	-	-	-	-
Mortgage interest	(1,423)	(157)	(489)	(941)	(382)
Depreciation and amortization	(243)	(594)	(1,791)	(1,436)	(2,365)
(LOSS) INCOME FROM OPERATIONS					
	(1,499)	(529)	2,418	(1,614)	94
Change in unrealized gains and losses on investments	5,586	-	-	(35)	-
Unrealized gain on investments in Las Ventanas bonds	1,425	-	-	-	-
Contribution in aid of construction	(5,061)	23	204	96	99
Loss from change in unrecognized pension obligation	(156)	(23)	(204)	(96)	(99)
CHANGE IN UNRESTRICTED NET ASSETS					
	295	(529)	2,418	(1,649)	94
NET (DEFICIT) ASSET - Beginning of year					
	(80,009)	(7,313)	29,507	12,503	5,797
NET (DEFICIT) ASSET - End of year					
	<u>\$ (79,714)</u>	<u>\$ (7,842)</u>	<u>\$ 31,925</u>	<u>\$ 10,854</u>	<u>\$ 5,891</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION (ABHOW OBLIGATED GROUP)
FOR THE 12-MONTHS ENDED SEPTEMBER 30, 2016 (CONTINUED)
(in thousands)**

	Rosewood	Valle Verde	Terraces of Los Gatos	Total
OPERATING REVENUES				
Residential living	\$ 3,629	\$ 11,647	\$ 9,558	\$ 42,660
Assisted living	1,706	1,906	2,959	14,013
Health center	9,878	8,530	8,975	49,857
Memory support	1,204	1,582	1,655	7,935
Other residential services	201	181	86	1,069
Amortization of entrance fees	631	5,205	5,479	17,136
Other operating revenue	275	915	315	6,056
Foundation community benefit	78	338	62	946
Total operating revenues	<u>17,602</u>	<u>30,304</u>	<u>29,089</u>	<u>139,672</u>
OPERATING EXPENSES				
Salaries and wages	7,011	9,718	8,334	57,186
Employee benefits	1,896	2,546	2,140	14,989
Supplies	1,256	2,102	1,554	9,036
Chargeable ancillary services	2,514	1,013	1,213	7,814
Marketing and advertising	655	711	605	4,079
Repairs and maintenance	203	390	420	1,558
Purchased services	603	828	644	5,609
Leases and rents	109	164	103	1,251
Utilities	684	1,101	1,075	5,633
Travel and related	60	176	67	1,078
Corporate allocations	1,348	2,085	1,788	-
Other operating expenses	370	328	333	3,109
Insurance	212	257	216	1,545
Total operating expenses	<u>16,921</u>	<u>21,419</u>	<u>18,492</u>	<u>112,887</u>
(LOSS) INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	681	8,885	10,597	26,785
OTHER OPERATING INCOME (EXPENSE)				
Unrealized gains on interest rate swaps and caps	-	-	-	65
Realized gains on investments, net	-	-	-	73
Investment income, net	-	-	-	1,931
Mortgage interest	(489)	(1,205)	(2,166)	(7,252)
Depreciation and amortization	<u>(1,271)</u>	<u>(4,326)</u>	<u>(3,059)</u>	<u>(15,085)</u>
(LOSS) INCOME FROM OPERATIONS	(1,079)	3,354	5,372	6,517
Change in unrealized gains and losses on investments	-	-	-	5,551
Unrealized gain on investments in Las Ventanas bonds	-	-	-	1,425
Contribution in aid of construction	127	171	152	(4,189)
Loss from change in unrecognized pension obligation	<u>(127)</u>	<u>(171)</u>	<u>(152)</u>	<u>(1,028)</u>
CHANGE IN UNRESTRICTED NET ASSETS	(1,079)	3,354	5,372	8,276
NET (DEFICIT) ASSET - Beginning of year	<u>(16,383)</u>	<u>39,432</u>	<u>23,288</u>	<u>6,822</u>
NET (DEFICIT) ASSET - End of year	<u>\$ (17,462)</u>	<u>\$ 42,786</u>	<u>\$ 28,660</u>	<u>\$ 15,098</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF CASH FLOWS INFORMATION
(ABHOW OBLIGATED GROUP)
FOR THE 15-MONTHS ENDED DECEMBER 31, 2016, 3-MONTHS ENDED DECEMBER 31, 2016,
12-MONTHS ENDED SEPTEMBER 30, 2016, AND 12-MONTHS ENDED SEPTEMBER 30, 2015
(in thousands)**

	15-Months Ended December 31, 2016	3-Months Ended December 31, 2016	12-Months Ended September 30, 2016	12-Months Ended September 30, 2015
OPERATING ACTIVITIES				
Cash received for resident services	\$ 143,623	\$ 28,512	\$ 115,111	\$ 109,788
Cash received for entrance fees from reoccupancy	31,093	3,969	27,124	20,117
Cash received from other operating activities	17,323	2,816	14,507	12,664
Cash earnings realized from investments	2,476	471	2,005	3,895
Cash paid for employee salaries	(65,355)	(12,568)	(52,787)	(50,641)
Cash paid for employee benefits	(18,452)	(2,822)	(15,630)	(14,492)
Cash paid for temporary labor	(5,492)	(1,302)	(4,190)	(3,595)
Cash paid to vendors	(63,931)	(13,772)	(50,159)	(46,452)
Cash paid for interest, net of amounts capitalized	(14,537)	(6,017)	(8,520)	(7,189)
Net cash provided by (used in) operating activities	<u>26,748</u>	<u>(713)</u>	<u>27,461</u>	<u>24,095</u>
INVESTING ACTIVITIES				
Acquisition of land, buildings, and equipment - Continuing Care Retirement Communities ("CCRCs")	(61,949)	(9,991)	(51,958)	(29,358)
Increase in restricted cash	2,421	(7,894)	10,315	(4,465)
Purchase of unrestricted investments	(21,371)	(8,087)	(13,284)	(25,441)
Proceeds from sale of unrestricted investments	25,409	7,483	17,926	24,121
Purchase of restricted investments	(105,051)	1,703	(106,754)	(154,581)
Proceeds from sale of restricted investments	149,402	10,716	138,686	163,090
Net cash used in investing activities	<u>(11,139)</u>	<u>(6,070)</u>	<u>(5,069)</u>	<u>(26,634)</u>
FINANCING ACTIVITIES				
Cash received from initial entrance fees and deposits	8,781	7,395	1,386	3,298
Refunds of deposits and refundable fees	(3,123)	(188)	(2,935)	(3,278)
Net proceeds from issuance of notes and bonds payable - CCRCs	3,500	3,500	-	55,846
Cash paid for deferred debt issuance costs - CCRCs	-	-	-	(1,068)
Principal payments on notes and bonds payable - CCRCs	(5,457)	(3,418)	(2,039)	(43,817)
Cash received from contributions in aid of construction	(4,181)	-	(4,181)	(3,818)
Special advance to affiliates - CCRCs	(15,423)	(1,516)	(13,907)	(987)
Cash paid for intercompany and interaffiliate transactions	(2,945)	(1,477)	(1,468)	-
Net cash (used in) provided by financing activities	<u>(18,848)</u>	<u>4,296</u>	<u>(23,144)</u>	<u>6,176</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,239)	(2,487)	(752)	3,637
CASH AND CASH EQUIVALENTS - Beginning of year	25,504	24,752	25,504	21,867
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 22,265</u>	<u>\$ 22,265</u>	<u>\$ 24,752</u>	<u>\$ 25,504</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF CASH FLOWS INFORMATION
(ABHOW OBLIGATED GROUP)
FOR THE 15-MONTHS ENDED DECEMBER 31, 2016, 3-MONTHS ENDED DECEMBER 31, 2016,
12-MONTHS ENDED SEPTEMBER 30, 2016, AND SEPTEMBER 30, 2015 (CONTINUED)
(in thousands)**

	15-Months Ended December 31, 2016	3-Months Ended December 31, 2016	12-Months Ended September 30, 2016	12-Months Ended September 30, 2015
OPERATING ACTIVITIES				
Change in net assets	\$ 6,975	\$ (1,301)	\$ 8,276	\$ (17,142)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Amortization of entrance fees	(22,725)	(5,589)	(17,136)	(17,192)
Entrance fees from reoccupancy	31,093	3,969	27,124	20,117
Depreciation and amortization	18,806	3,721	15,085	15,615
Unrealized losses on interest rate swaps and caps, net	(81)	(16)	(65)	(75)
Loss from change in unrecognized pension obligations	1,174	146	1,028	3,045
Contribution of pension termination costs for affiliates	3,378	3,378	-	-
Contributions in aid of construction	4,189	-	4,189	12,841
Change in accounts receivable from residents and others	4,340	3,634	706	526
Change in prepaid expenses, deposits, and other assets	1,571	641	930	(279)
Other changes in operating assets and liabilities, net	(21,972)	(9,296)	(12,676)	6,639
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 26,748	\$ (713)	\$ 27,461	\$ 24,095
NONCASH DISCLOSURES				
Acquisition of buildings and equipment financed through accounts payable and accrued expenses	\$ 7,479	\$ 2,118	\$ 5,361	\$ 4,395

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION
FOR THE 12-MONTHS ENDED DECEMBER 31, 2016 (UNAUDITED)
(in thousands)

	ABHOW Obligated Group	Foundation	Beacon	Subtotal	Eliminations	Total
OPERATING REVENUES						
Residential living	\$ 43,015	\$ -	\$ -	\$ 43,015	\$ -	\$ 43,015
Assisted living	14,078	-	-	14,078	-	14,078
Health center	50,641	-	-	50,641	-	50,641
Memory support	7,957	-	-	7,957	-	7,957
Other residential services	1,227	-	-	1,227	-	1,227
Amortization of entrance fees	18,987	-	-	18,987	-	18,987
Other operating revenue	6,052	-	650	6,702	-	6,702
Affordable housing fees and rents	-	-	19,065	19,065	-	19,065
Net assets released from restrictions	-	150	-	150	-	150
Bequests and charitable giving	-	2,040	46	2,086	-	2,086
Foundation community benefit	956	-	-	956	(956)	-
Total operating revenues	<u>142,913</u>	<u>2,190</u>	<u>19,761</u>	<u>164,864</u>	<u>(956)</u>	<u>163,908</u>
OPERATING EXPENSES						
Salaries and wages	58,550	552	6,506	65,608	-	65,608
Employee benefits	15,054	103	1,617	16,774	-	16,774
Loss on pension termination	7,273	52	-	7,325	-	7,325
Supplies	9,276	2	458	9,736	-	9,736
Chargeable ancillary services	8,021	-	-	8,021	-	8,021
Marketing and advertising	3,453	-	93	3,546	-	3,546
Repairs and maintenance	1,474	-	962	2,436	-	2,436
Purchased services	5,900	115	1,816	7,831	-	7,831
Leases and rents	1,237	(14)	382	1,605	-	1,605
Utilities	5,677	4	1,498	7,179	-	7,179
Travel and related	1,051	48	541	1,640	-	1,640
Other operating expenses	2,414	(88)	1,341	3,667	-	3,667
Foundation community distribution	-	956	-	956	(956)	-
Insurance	1,585	33	460	2,078	-	2,078
Total operating expenses	<u>120,965</u>	<u>1,763</u>	<u>15,674</u>	<u>138,402</u>	<u>(956)</u>	<u>137,446</u>
INCOME (LOSS) BEFORE OTHER OPERATING INCOME (EXPENSE)	21,948	427	4,087	26,462	-	26,462
OTHER OPERATING INCOME (EXPENSE)						
Unrealized gains on interest rate swaps and caps	53	65	226	344	-	344
Realized gains (losses) on investments, net	69	(282)	-	(213)	-	(213)
Investment income, net	1,778	1,134	33	2,945	-	2,945
Mortgage interest	(7,464)	-	(3,264)	(10,728)	-	(10,728)
Depreciation and amortization	(15,009)	-	(7,739)	(22,748)	-	(22,748)
INCOME (LOSS) FROM OPERATIONS	1,375	1,344	(6,657)	(3,938)	-	(3,938)
Change in unrealized gains and losses on investments	12,638	1,636	-	14,274	-	14,274
Unrealized gains on Investments in Las Ventanas bonds	1,280	-	-	1,280	-	1,280
Contribution of pension termination costs for affiliates	(3,378)	53	-	(3,325)	-	(3,325)
Contribution in aid of construction	(4,189)	8	4,891	710	-	710
Loss from change in unrecognized pension obligation	(1,174)	(9)	-	(1,183)	-	(1,183)
CHANGE IN UNRESTRICTED NET ASSETS	6,552	3,032	(1,766)	7,818	-	7,818
TEMPORARILY RESTRICTED NET ASSETS						
Dividend and interest income	-	193	-	193	-	193
Unrealized gains on restricted investments, net	-	272	-	272	-	272
Contributions	-	2,583	-	2,583	-	2,583
Net assets released from restrictions	-	(150)	-	(150)	-	(150)
Contractual payments to beneficiaries	-	(276)	-	(276)	-	(276)
Realized losses on investments, net	-	(5)	-	(5)	-	(5)
Contractual liability adjustments	-	243	-	243	-	243
Special project fund distribution	-	(1,753)	-	(1,753)	-	(1,753)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	1,107	-	1,107	-	1,107
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	-	14	-	14	-	14
INCREASE (DECREASE) IN NET ASSETS	6,552	4,153	(1,766)	8,939	-	8,939
NET ASSETS - Beginning of year	7,245	44,985	36,422	88,652	-	88,652
NET ASSETS - End of year	\$ 13,797	\$ 49,138	\$ 34,656	\$ 97,591	\$ -	\$ 97,591

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION (UNAUDITED)
(ABHOW OBLIGATED GROUP) FOR THE 12-MONTHS ENDED DECEMBER 31, 2016
(in thousands)**

	Corporate Office	Grand Lake Gardens	Piedmont Gardens	Terraces at Los Altos	Plymouth Village
OPERATING REVENUES					
Residential living	\$ -	\$ 3,177	\$ 7,399	\$ 1,194	\$ 6,094
Assisted living	-	-	3,655	1,942	1,912
Health center	-	-	12,406	6,075	4,523
Memory support	-	-	1,224	1,649	548
Other residential services	-	147	447	48	61
Amortization of entrance fees	-	582	3,212	988	2,254
Other operating revenue	3,818	69	300	143	245
Foundation community benefit	-	27	204	67	174
Total operating revenues	<u>3,818</u>	<u>4,002</u>	<u>28,847</u>	<u>12,106</u>	<u>15,811</u>
OPERATING EXPENSES					
Salaries and wages	9,068	1,332	11,024	5,965	5,557
Employee benefits	2,309	360	2,944	1,395	1,442
Loss on pension termination	1,064	177	1,382	756	700
Supplies	129	318	1,820	802	1,191
Chargeable ancillary services	-	-	1,740	752	637
Marketing and advertising	6	509	604	1	651
Repairs and maintenance	12	19	292	45	128
Purchased services	1,827	194	587	538	548
Leases and rents	504	18	195	58	79
Utilities	141	366	1,137	498	704
Travel and related	536	26	45	67	78
Corporate allocations	(9,752)	292	2,095	919	1,196
Other operating expenses	292	156	498	155	433
Insurance	269	48	273	103	195
Total operating expenses	<u>6,405</u>	<u>3,815</u>	<u>24,636</u>	<u>12,054</u>	<u>13,539</u>
(LOSS) INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)					
	(2,587)	187	4,211	52	2,272
OTHER OPERATING INCOME (EXPENSE)					
Unrealized gains on interest rate swaps and caps	53	-	-	-	-
Realized gains on investments, net	69	-	-	-	-
Investment income, net	1,778	-	-	-	-
Mortgage interest	(1,599)	(166)	(504)	(930)	(385)
Depreciation and amortization	(228)	(609)	(1,690)	(1,412)	(2,319)
(LOSS) INCOME FROM OPERATIONS					
	(2,514)	(588)	2,017	(2,290)	(432)
Change in unrealized gains and losses on investments	12,488	-	-	150	-
Unrealized gain on investments in Las Ventanas bonds	1,280	-	-	-	-
Contribution of pension termination costs for affiliates	(9,712)	181	1,410	771	714
Contribution in aid of construction	(5,061)	23	204	96	99
Loss from change in unrecognized pension obligation	(177)	(27)	(232)	(111)	(113)
CHANGE IN UNRESTRICTED NET ASSETS (DEFICIT)					
	(3,696)	(411)	3,399	(1,384)	268
NET (DEFICIT) ASSET - Beginning of year					
	(80,383)	(7,510)	29,822	11,824	5,752
NET (DEFICIT) ASSET - End of year					
	<u>\$ (84,079)</u>	<u>\$ (7,921)</u>	<u>\$ 33,221</u>	<u>\$ 10,440</u>	<u>\$ 6,020</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION (UNAUDITED)
(ABHOW OBLIGATED GROUP) FOR THE 12-MONTHS ENDED DECEMBER 31, 2016 (CONTINUED)
(in thousands)

	Rosewood	Valle Verde	Terraces of Los Gatos	Total
OPERATING REVENUES				
Residential living	\$ 3,679	\$ 11,837	\$ 9,635	\$ 43,015
Assisted living	1,700	1,877	2,992	14,078
Health center	9,936	8,591	9,110	50,641
Memory support	1,253	1,616	1,667	7,957
Other residential services	211	229	84	1,227
Amortization of entrance fees	636	5,751	5,564	18,987
Other operating revenue	288	876	313	6,052
Foundation community benefit	79	342	63	956
Total operating revenues	<u>17,782</u>	<u>31,119</u>	<u>29,428</u>	<u>142,913</u>
OPERATING EXPENSES				
Salaries and wages	6,975	9,955	8,674	58,550
Employee benefits	1,868	2,549	2,187	15,054
Loss on pension termination	906	1,215	1,073	7,273
Supplies	1,268	2,136	1,612	9,276
Chargeable ancillary services	2,618	1,044	1,230	8,021
Marketing and advertising	579	604	499	3,453
Repairs and maintenance	178	314	486	1,474
Purchased services	623	862	721	5,900
Leases and rents	108	173	102	1,237
Utilities	676	1,064	1,091	5,677
Travel and related	51	182	66	1,051
Corporate allocations	1,363	2,083	1,804	-
Other operating expenses	385	279	216	2,414
Insurance	215	262	220	1,585
Total operating expenses	<u>17,813</u>	<u>22,722</u>	<u>19,981</u>	<u>120,965</u>
(LOSS) INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	(31)	8,397	9,447	21,948
OTHER OPERATING INCOME (EXPENSE)				
Unrealized gains on interest rate swaps and caps	-	-	-	53
Realized gains on investments, net	-	-	-	69
Investment income, net	-	-	-	1,778
Mortgage interest	(505)	(1,207)	(2,168)	(7,464)
Depreciation and amortization	<u>(1,285)</u>	<u>(4,307)</u>	<u>(3,159)</u>	<u>(15,009)</u>
(LOSS) INCOME FROM OPERATIONS	(1,821)	2,883	4,120	1,375
Change in unrealized gains and losses on investments	-	-	-	12,638
Unrealized loss on investments in Las Ventanas bonds	-	-	-	1,280
Contribution of pension termination costs for affiliates	924	1,239	1,095	(3,378)
Contribution in aid of construction	127	171	152	(4,189)
Loss from change in unrecognized pension obligation	<u>(145)</u>	<u>(195)</u>	<u>(174)</u>	<u>(1,174)</u>
CHANGE IN UNRESTRICTED NET ASSETS (DEFICIT)	(915)	4,098	5,193	6,552
NET (DEFICIT) ASSET - Beginning of year	<u>(16,743)</u>	<u>39,959</u>	<u>24,524</u>	<u>7,245</u>
NET (DEFICIT) ASSET - End of year	<u>\$ (17,658)</u>	<u>\$ 44,057</u>	<u>\$ 29,717</u>	<u>\$ 13,797</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – CASH FLOW (UNAUDITED)
FOR THE 12-MONTHS ENDED DECEMBER 31, 2016
(in thousands)**

	ABHOW Obligated Group	Foundation	Beacon	Subtotal	Eliminations	Total
OPERATING ACTIVITIES						
Cash received for resident services	\$ 115,353	\$ -	\$ -	\$ 115,353	\$ -	\$ 115,353
Cash received for entrance fees from reoccupancy	25,448	-	-	25,448	-	25,448
Cash received from other operating activities	13,559	-	18,966	32,525	(917)	31,608
Cash received from bequests and trust maturities	-	2,225	46	2,271	-	2,271
Cash earnings realized from investments	1,846	917	-	2,763	-	2,763
Cash paid for employee salaries	(53,175)	(555)	(6,199)	(59,929)	-	(59,929)
Cash paid for employee benefits	(14,506)	(102)	(1,617)	(16,225)	-	(16,225)
Cash paid for temporary labor	(4,484)	(5)	-	(4,489)	-	(4,489)
Cash paid to vendors	(48,497)	(1,045)	(6,075)	(55,617)	364	(55,253)
Cash paid for interest, net of amounts capitalized	(9,936)	-	(1,045)	(10,981)	(105)	(11,086)
Net cash provided by operating activities	25,608	1,435	4,076	31,119	(658)	30,461
INVESTING ACTIVITIES						
Acquisition of land, buildings, and equipment - Continuing Care Retirement Communities ("CCRCs")	(50,835)	-	-	(50,835)	-	(50,835)
Acquisition of land, buildings, and equipment - Affordable Housing	-	-	(63,034)	(63,034)	-	(63,034)
Increase in restricted cash	(7,679)	-	(977)	(8,656)	-	(8,656)
Purchase of unrestricted investments	(13,862)	(12,563)	(20)	(26,445)	-	(26,445)
Proceeds from sale of unrestricted investments	18,593	10,580	145	29,318	-	29,318
Purchase of restricted investments	(72,409)	(1,180)	-	(73,589)	-	(73,589)
Proceeds from sale of restricted investments	107,551	1,425	-	108,976	-	108,976
Net cash used in investing activities	(18,641)	(1,738)	(63,886)	(84,265)	-	(84,265)
FINANCING ACTIVITIES						
Cash received from initial entrance fees and deposits	7,687	-	-	7,687	-	7,687
Refunds of deposits and refundable fees	(2,285)	-	-	(2,285)	-	(2,285)
Net proceeds from issuance of notes and bonds payable - CCRCs	3,500	-	-	3,500	-	3,500
Principal payments on notes and bonds payable - CCRCs	(5,317)	-	-	(5,317)	-	(5,317)
Proceeds from issuance of notes and bonds payable - Affordable Housing	-	-	55,408	55,408	-	55,408
Cash paid for deferred debt issuance costs - Affordable Housing	-	-	(220)	(220)	-	(220)
Principal payments on notes and bonds payable - Affordable Housing	-	-	(584)	(584)	-	(584)
Cash received from contributions in aid of construction	(4,181)	-	4,891	710	-	710
Special advance to affiliates - CCRCs	(2,973)	-	-	(2,973)	-	(2,973)
Cash paid for intercompany and interaffiliate transactions	(2,525)	290	-	(2,235)	658	(1,577)
Cash received from restricted gifts and donations	-	1,989	-	1,989	-	1,989
Cash paid from other trust activity, net	-	(1,734)	-	(1,734)	-	(1,734)
Net cash provided by financing activities	(6,094)	545	59,495	53,946	658	54,604
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	873	242	(315)	800	-	800
CASH AND CASH EQUIVALENTS - Beginning of year	21,392	406	3,620	25,418	-	25,418
CASH AND CASH EQUIVALENTS - End of year	\$ 22,265	\$ 648	\$ 3,305	\$ 26,218	\$ -	\$ 26,218

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CALIFORNIA LIFE PLAN COMMUNITIES)
SUPPLEMENTARY INFORMATION – CASH FLOW (UNAUDITED)
FOR THE 12-MONTHS ENDED DECEMBER 31, 2016 (CONTINUED)
(in thousands)**

	ABHOW Obligated Group	Foundation	Beacon	Subtotal	Eliminations	Total
OPERATING ACTIVITIES						
Change in net assets	\$ 6,552	\$ 4,153	\$ (1,766)	\$ 8,939	\$ -	\$ 8,939
Adjustments to reconcile change in net assets to net cash provided by operating activities						
Amortization of entrance fees	(18,987)	-	-	(18,987)	-	(18,987)
Entrance fees from reoccupancy	25,448	-	-	25,448	-	25,448
Depreciation and amortization	15,009	-	7,739	22,748	-	22,748
Unrealized gains on investments, net	(12,638)	(1,636)	-	(14,274)	-	(14,274)
Unrealized gains on restricted investments, net	-	(272)	-	(272)	-	(272)
Unrealized loss on investments in Las Ventanas bonds	(1,280)	-	-	(1,280)	-	(1,280)
Loss from change in unrecognized pension obligations	(7,273)	(52)	-	(7,325)	-	(7,325)
Change in net unrecognized pension obligation	1,174	9	-	1,183	-	1,183
Unrealized gains on interest rate swaps and caps	(53)	(65)	(226)	(344)	-	(344)
Contribution of pension termination costs for affiliates	3,378	(53)	-	3,325	-	3,325
Contributions in aid of construction	4,189	(8)	(4,891)	(710)	-	(710)
Change in accounts receivable from residents and others	5,002	616	868	6,486	-	6,486
Change in prepaid expenses, deposits and other assets	642	(4)	100	738	-	738
Other changes in operating assets and liabilities, net	4,445	(1,253)	2,252	5,444	(658)	4,786
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 25,608	\$ 1,435	\$ 4,076	\$ 31,119	\$ (658)	\$ 30,461
NONCASH DISCLOSURES						
Acquisition of buildings and equipment financed through accounts payable and accrued expenses	\$ 5,361	\$ -	\$ -	\$ 5,361	\$ -	\$ 5,361
Purchase and sale of affordable housing fixed assets with debt	\$ -	\$ -	\$ 3,257	\$ 3,257	\$ -	\$ 3,257



GRAND

L A K E
G A R D E N S

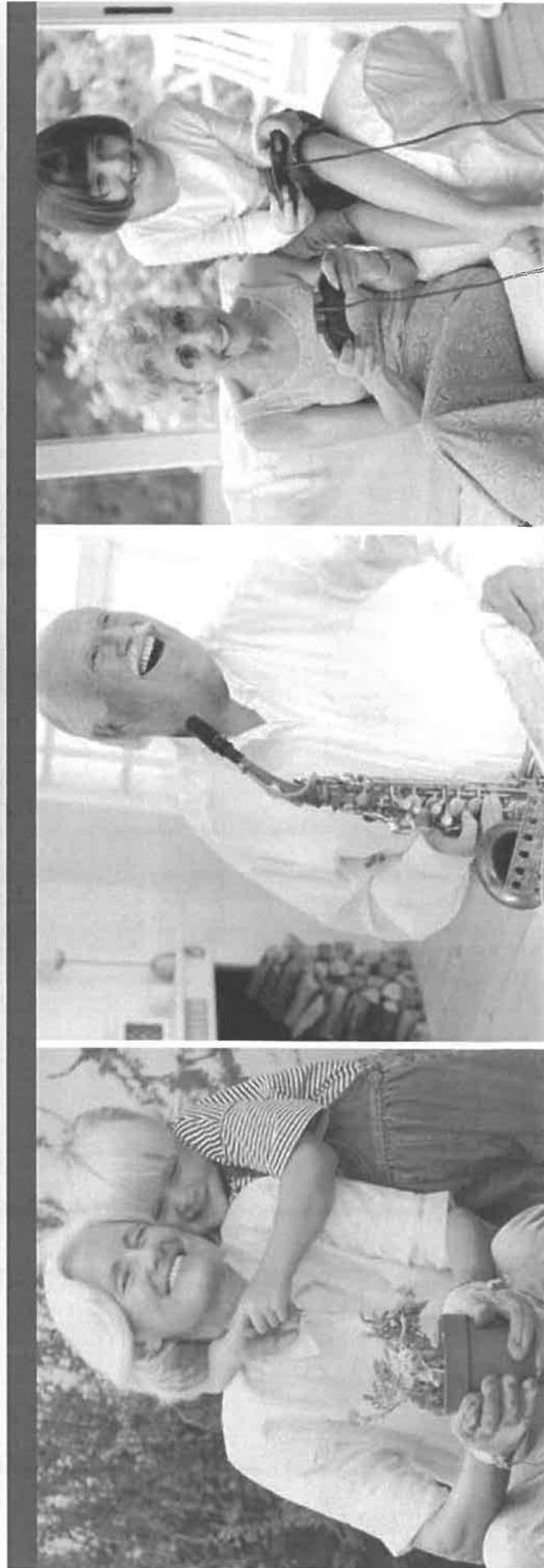
AN ABHOW RETIREMENT COMMUNITY



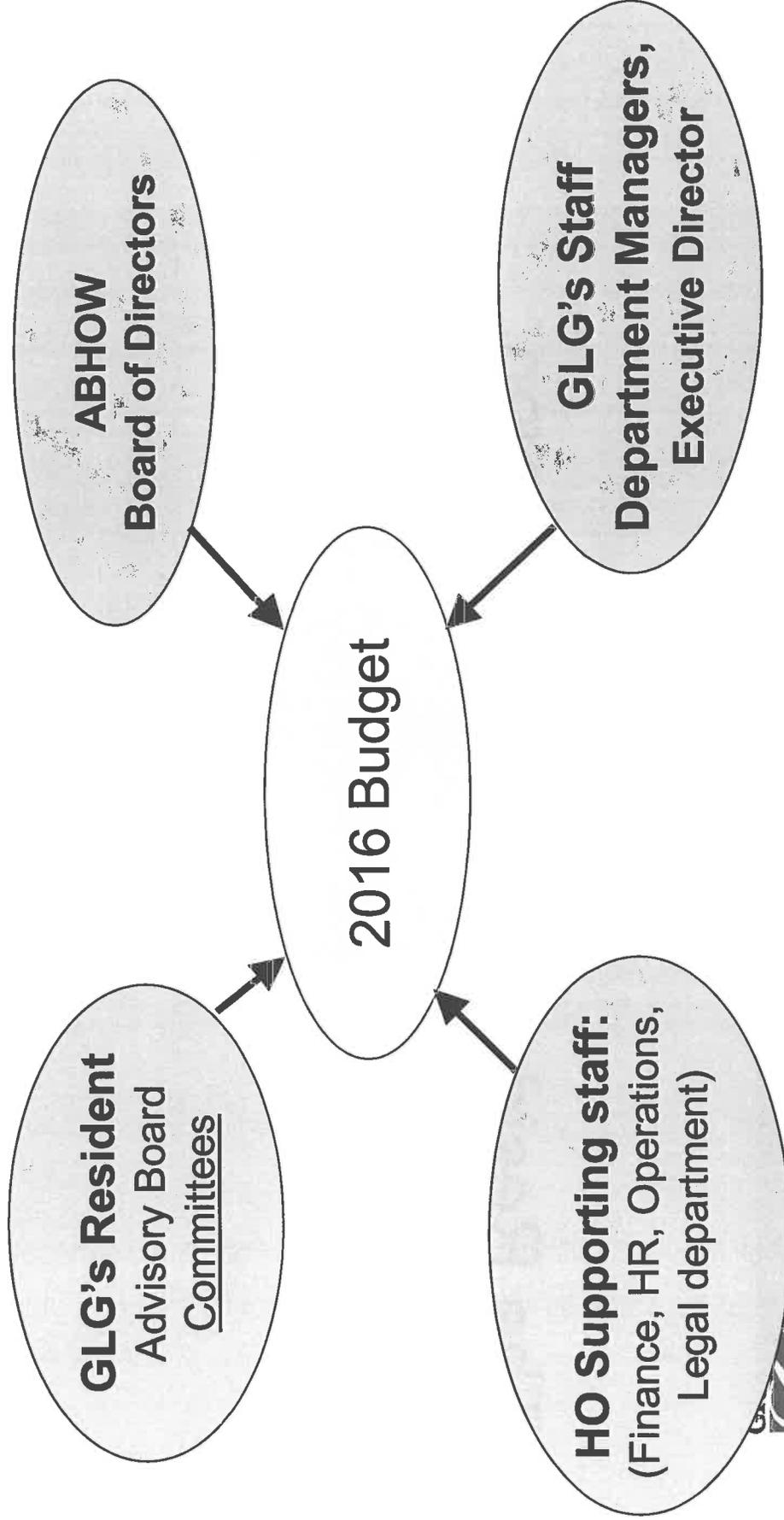


AN ABHOW RETIREMENT COMMUNITY

Discussion with Residents Budget 2016



Budget Team



Occupancy Assumptions

The Residences = 87% 78/90



AN ACHOW RETIREMENT COMMUNITY

Capital Expense Budget 2016

Paint exterior building (continuation of phase 2/3)	\$ 90,000
Grand Assembly/Dining Room Remodel	75,000
ADA Accessible Power doors	30,000
GLG Signage	15,000
IT Cabling/Network Relocation	25,000
Rooftop Garden/Lounge/Walkway	350,000
Garage Gate Replacement	30,000
Garage Resurfacing/Striping	150,000
Garbage compactor	40,000
Heating system in apt upgrade	50,000
Digital signage	20,000



Capital Expense Budget 2016

Hallway light modernization	100,000
Dining room screens/glass –thermal efficiency	25,000
Upgrade radio/communication system	30,000
Upgrade/replace ARIAL	10,000
A/C in Lobby	2,000
Basement reorganization/EE break room build out	100,000
Grand Assembly Chairs	10,000
Evacuation Chairs for stairwells	25,000
Motorized door openers	25,000
Solar project	360,000
Total capital project requests	<u>\$1,562,000</u>



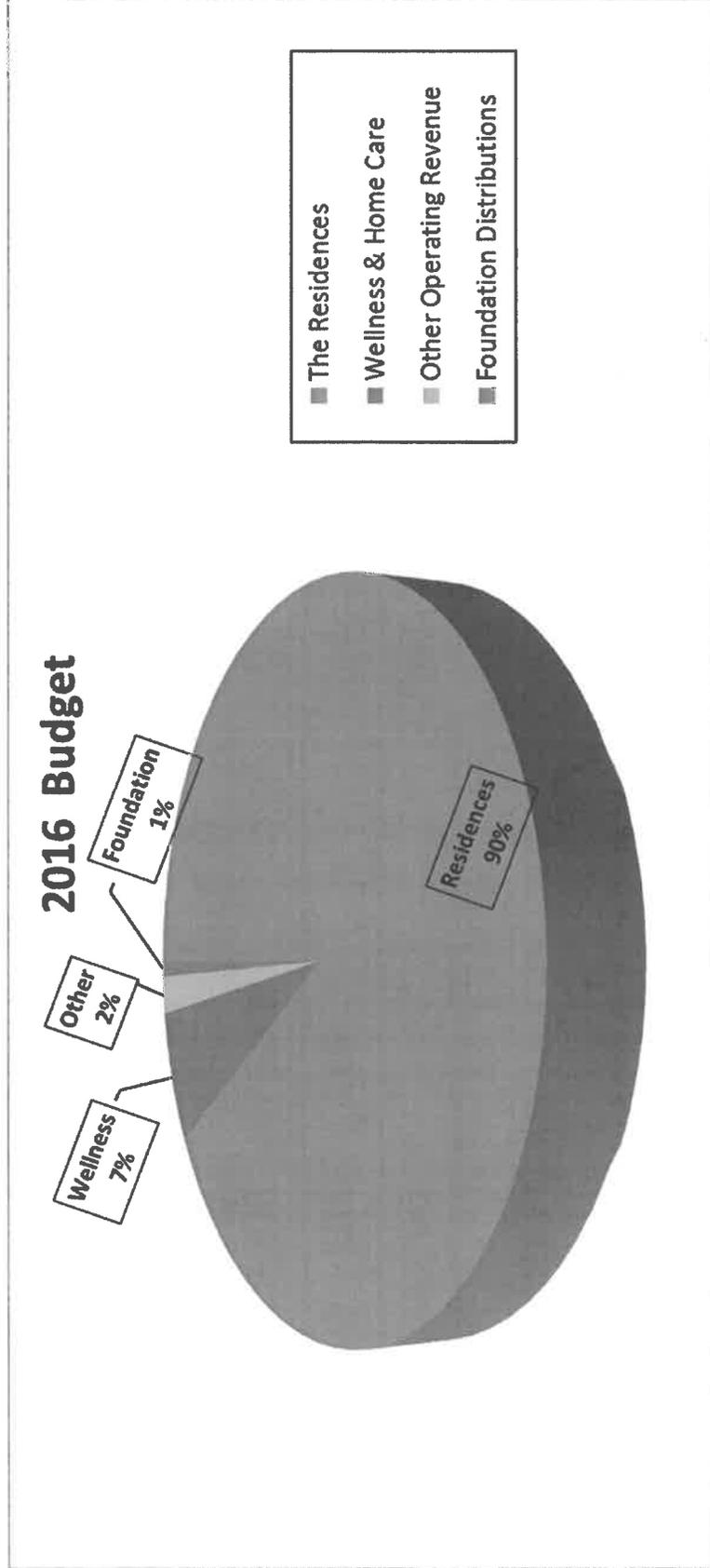
Operating Revenue (\$000s)

<i>(in \$000)</i>	2016 Budget	2015 Budget	Variance
The Residences	3,041	2,696	345
Wellness & Home Care	216	256	(40)
Other Operating Revenue	61	45	16
Foundation Distributions	26	21	5
Operating Revenue	\$3,344	\$3,018	326



AN ABBOTT RETIREMENT COMMUNITY

Operating Revenue



Key Expense Assumptions

- Wage increases – 3% as of 1/1/16
- Fringe benefit cost – 30.4%
 - Includes FICA, Health, Dental, Vision, Workers Comp, Unemployment, Retirement, etc.
- Average wage rate - \$21.24



AN AECOM RETIREMENT COMMUNITY

Factors Affecting Cost Increases

- Salaries and Benefits increase by \$128,000
 - Incorporates impact of new union contract
 - Salaries/wages are budgeted to increase by 3.0% (in September 2016 for union employees)
- Travel & related increase by \$26,000
- Utilities increase by \$16,000
- Marketing expenses increasing by \$17,000
 - Marketing expense of \$603,000 is 18% of Operating Revenue (ABHOW average is 6%)

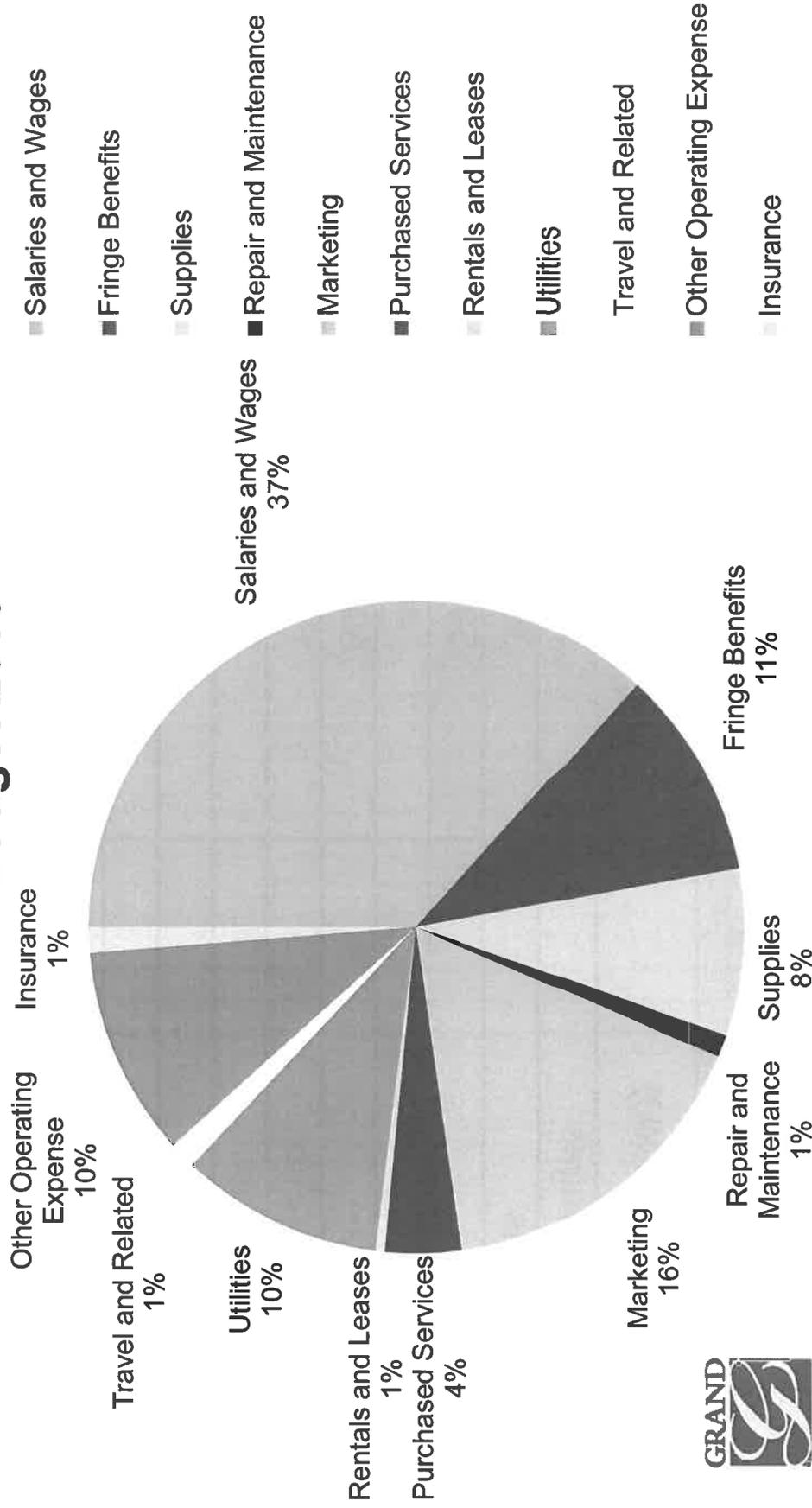
Operating Expenses

(in \$000)	2016 Budget	2015 Budget	Variance
Salaries and Wages	1,352	1,248	104
Fringe Benefits	384	360	24
Supplies	306	288	18
Repair and Maintenance	40	47	(7)
Marketing	603	586	17
Purchased Services	139	153	(14)
Rentals and Leases	16	15	1
Utilities	369	353	16
Travel and Related	50	24	26
Insurance	47	340	(293)
Other Operating Expense	<u>384</u>	<u>41</u>	<u>343</u>
Operating Expenses	3,689	3,455	234



Operating Expenses

Budget 2016



Operating Margin

<i>(in \$000)</i>	2016 Budget	2015 Budget	Variance
Operating Revenue	3,344	3,018	326
Operating Expense	<u>(3,689)</u>	<u>(3,455)</u>	<u>(234)</u>
Operating Margin	(345)	(436)	91
Interest Expense on Debt	<u>(184)</u>	<u>(122)</u>	<u>(62)</u>
Cash Operating Margin	<u>(529)</u>	<u>(557)</u>	<u>28</u>

Rate Increase

Effective January 1, 2016

- The Residences: 5.00 %



AN ARROW RETIREMENT COMMUNITY

Recent Fee Increase History (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residences	3.95	3.5	4.75	2.9	4.5	4.9	4.00	4.90	4.00	5.00

10 Year Average Rate Increase The Residences	5 Year Average Rate Increase The Residences
4.24%	4.56%



Thank you for your time and attention

Questions and Answers



AN ABBOTT RETIREMENT COMMUNITY



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PIEDMONT

G A R D E N S

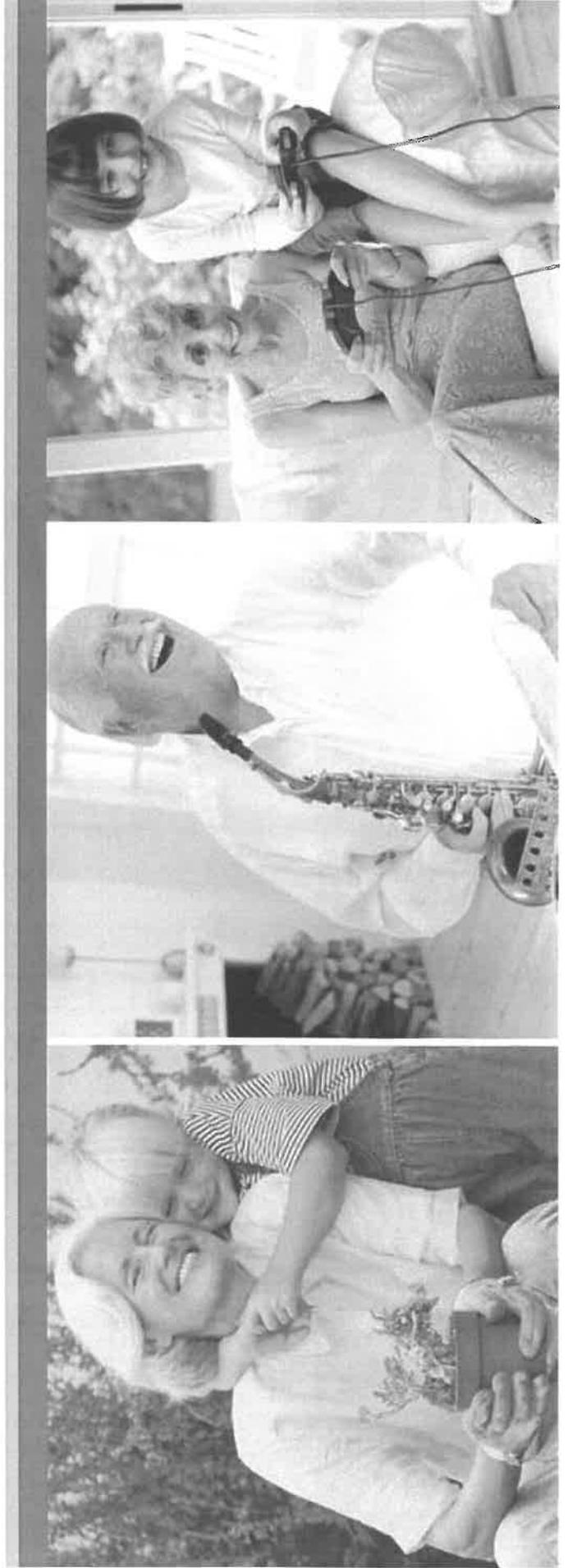
AN ABHOW RETIREMENT COMMUNITY



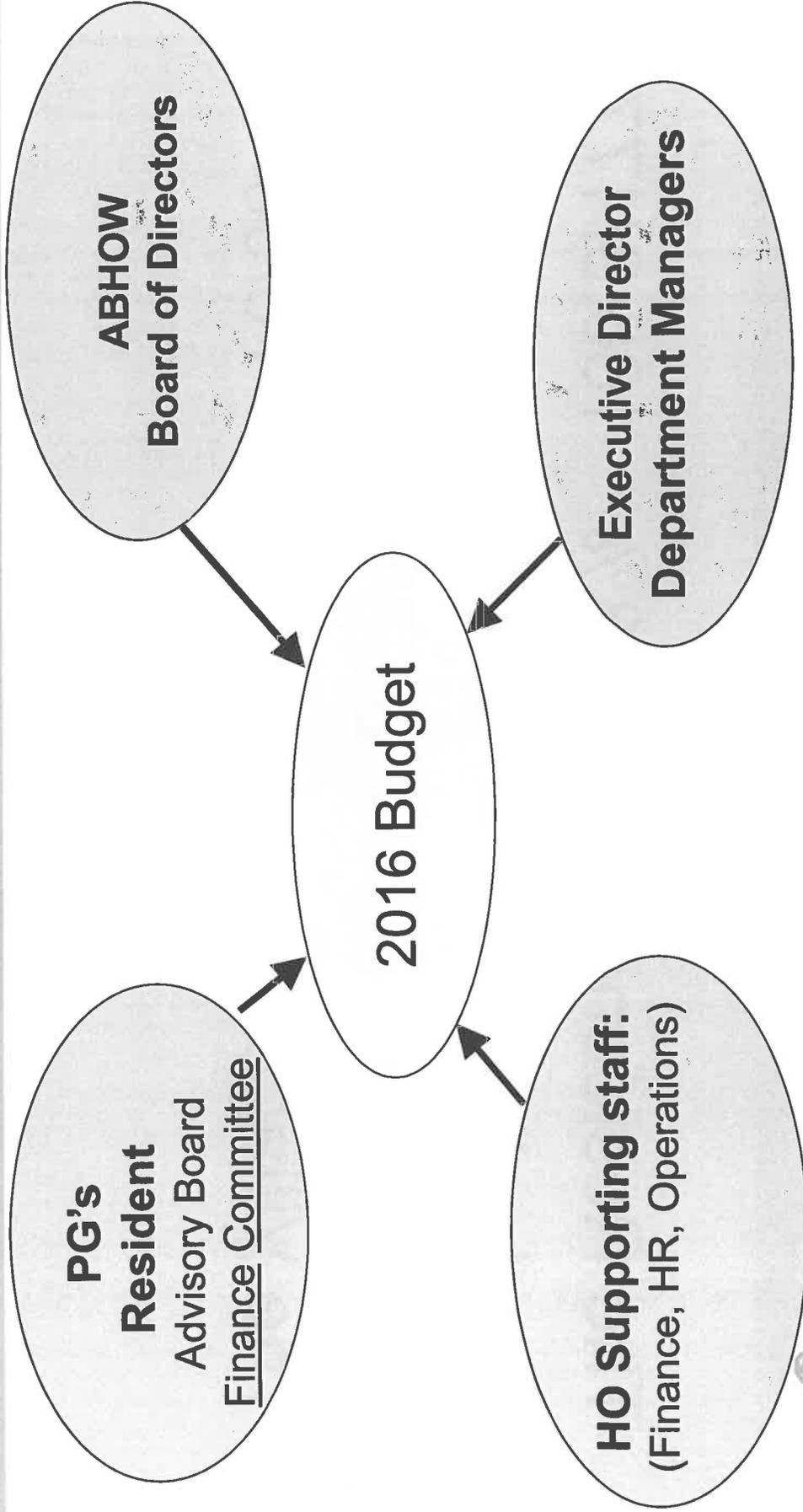


AN ASHLOW RETIREMENT COMMUNITY

Discussion with Residents Budget FY 2016



Budget Team



Occupancy Assumptions

The Residences	=	94.3%	166.9/177
The Lodge	=	80.0%	48/60
The Grove	=	81.3%	13/16
The Village	=	84.4%	76/90

Capital Expense Budget 2016

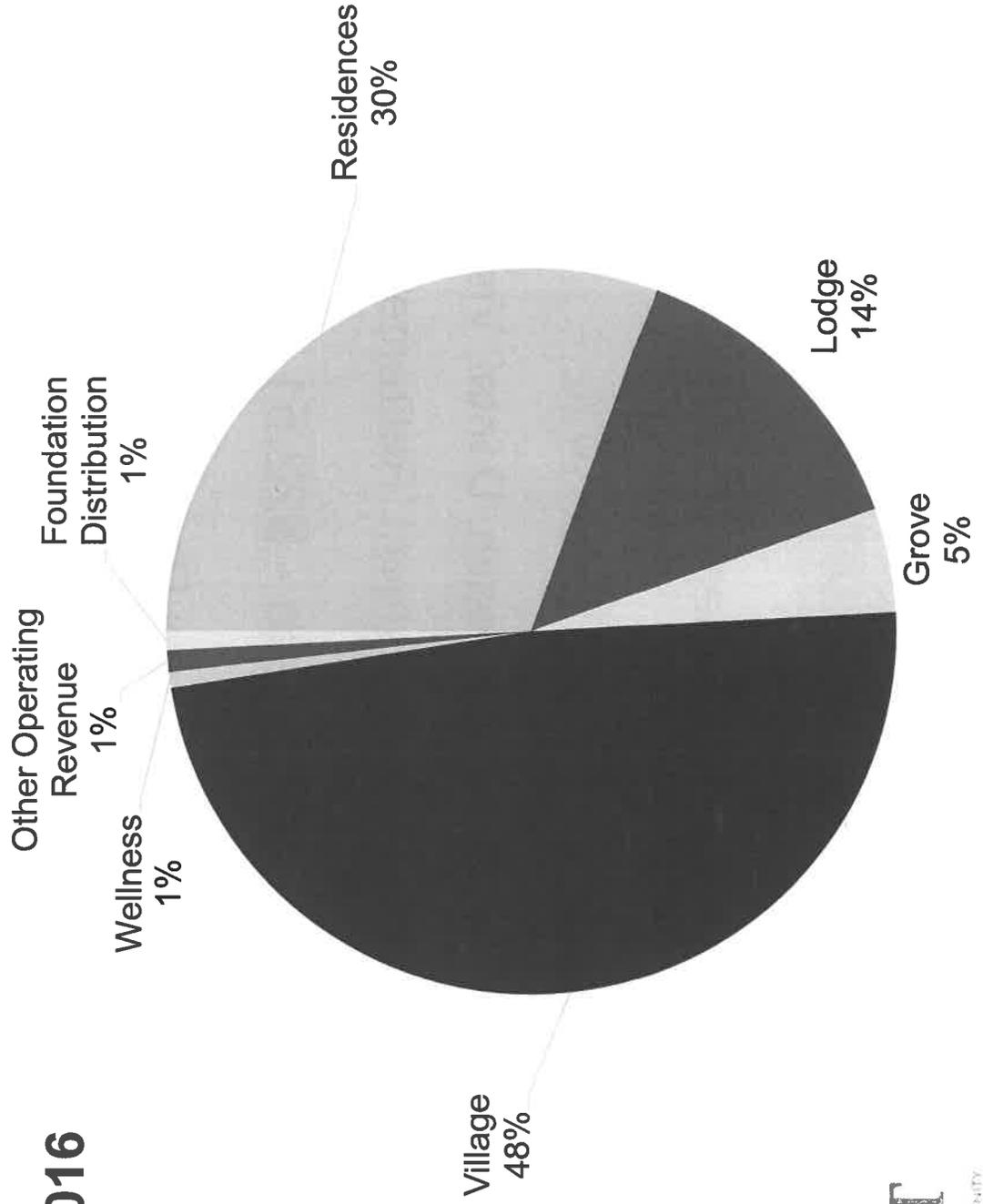
Fire Sprinkler Installation	\$800,000
Rebuilding elevators	\$600,000
1st Floor Meeting Space	\$250,000
Deco Gard installation	\$250,000
Dining room upgrades	\$225,000
1st Floor Café/Bistro	\$200,000
1st Floor Flooring	\$50,000
L-Tac unit replacement	\$50,000
LED light upgrades	\$45,000
Annunciator Panels	\$25,000
PA System	\$25,000
Nurse Call System	\$15,000
Replacement of certain lawns	\$10,000
Total Budgeted Capital Expense	\$2,545,000

Operating Revenue (\$000s)

(in \$000)	2016 Budget	2015 Budget	Variance
The Residences	7,421	7,054	367
The Lodge	3,393	3,010	383
The Grove	1,130	1,180	(50)
The Village	11,765	11,378	387
Wellness	169	118	51
Other Operating Revenue	238	234	4
Foundation Distribution	<u>203</u>	<u>183</u>	<u>20</u>
Total Operating Revenue	24,319	23,157	1,162

Revenue Resources

Budget 2016



Key Expense Assumptions

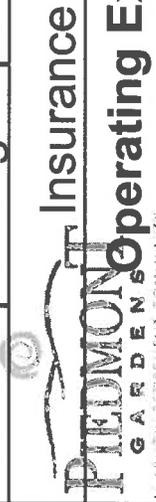
- Wage rate increases – 3.00%
- Fringe benefit cost – 31.6%
 - Includes FICA, Health, Dental, Vision, Workers Comp, Unemployment, Retirement, etc.
- Average wage rate - \$22.51
- Nursing Hours per Patient Day – 3.86

Factors Affecting Cost Increases

- Salaries and benefits increase by \$522,000
 - Salaries/wage rates are budgeted to increase by 3.00%
 - FTE's are budgeted to increase by 11.4 compared to budget for FY 2015 with a 7.2 FTE increase in Dining and a 6.2 FTE increase in Facilities.
- Ancillary service expense increase by \$332,000
- Other expenses increase by \$100,000

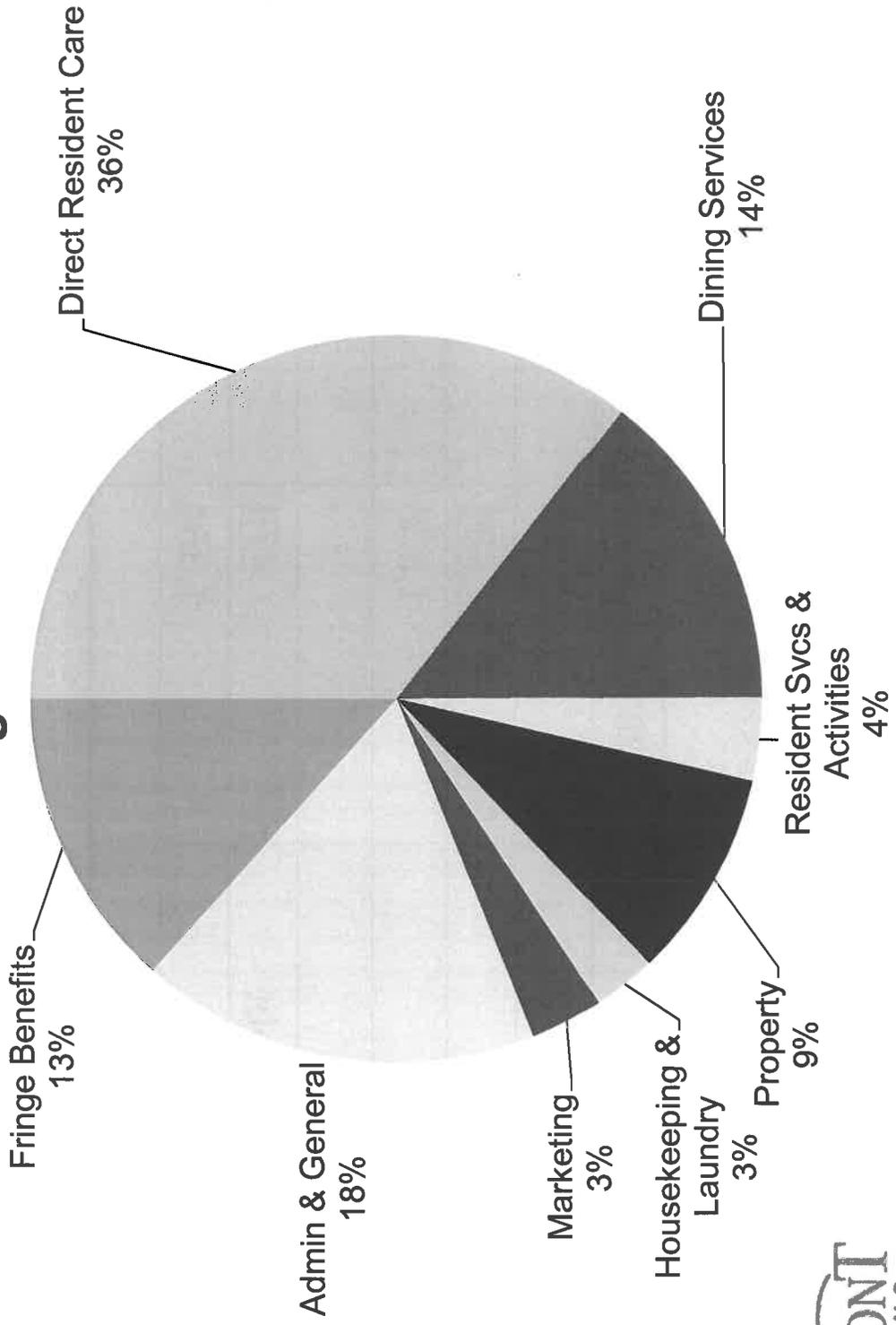
Operating Expenses

(in \$000)	2016 Budget	2015 Budget	Variance
Salaries and Wages	10,152	9,701	451
Fringe Benefits	3,084	3,013	71
Supplies	1,630	1,603	27
Ancillary Services Expense	1,902	1,570	332
Repair and Maintenance	301	323	(22)
Marketing	741	735	6
Purchased Services	761	748	13
Rentals and Leases	163	133	30
Utilities	959	956	3
Travel and Related	54	53	1
Other Operating Expense	2,466	2,366	100
Insurance	268	262	6
Operating Expenses	22,481	21,463	1,018



Operating Expenses

Budget 2016



Operating Margin

(in \$000)	2016 Budget	2015 Budget	Variance
Operating Revenue	24,319	23,157	1,162
Operating Expense	<u>22,481</u>	<u>21,463</u>	<u>1,018</u>
Operating Margin	1,838	1,694	144
Interest Expense on Debt	<u>474</u>	<u>413</u>	<u>61</u>
Cash Operating Margin	1,364	1,281	83

Rate Increase

Effective December 1, 2015

- The Residences: 4.00 %
- The Lodge: 3.50 %
- The Grove: 3.00 %
- The Village: 3.50 %

Recent Fee Increase History (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residences	4.50	3.85	3.85	2.90	3.00	4.90	4.00	3.50	3.00	4.00
Lodge	5.00	4.50	3.95	3.50	3.00	4.90	3.50	3.50	3.00	3.50
Village	5.00	3.75	3.95	3.50	3.00	4.00	3.50	3.50	3.50	3.50
Grove						4.90	3.50	3.50	3.00	3.00

10 Year Average Rate Increase The Residences	5 Year Average Rate Increase The Residences
3.75%	3.88%

This budget is achievable and Piedmont Gardens expects to meet or exceed its budget for 2015. The fee increases for FY 2015 are prudent and congruent with its financial goals.

Thank you for your time and attention

Questions and Answers



Plymouth Village

OWNED AND MANAGED BY ABHOW





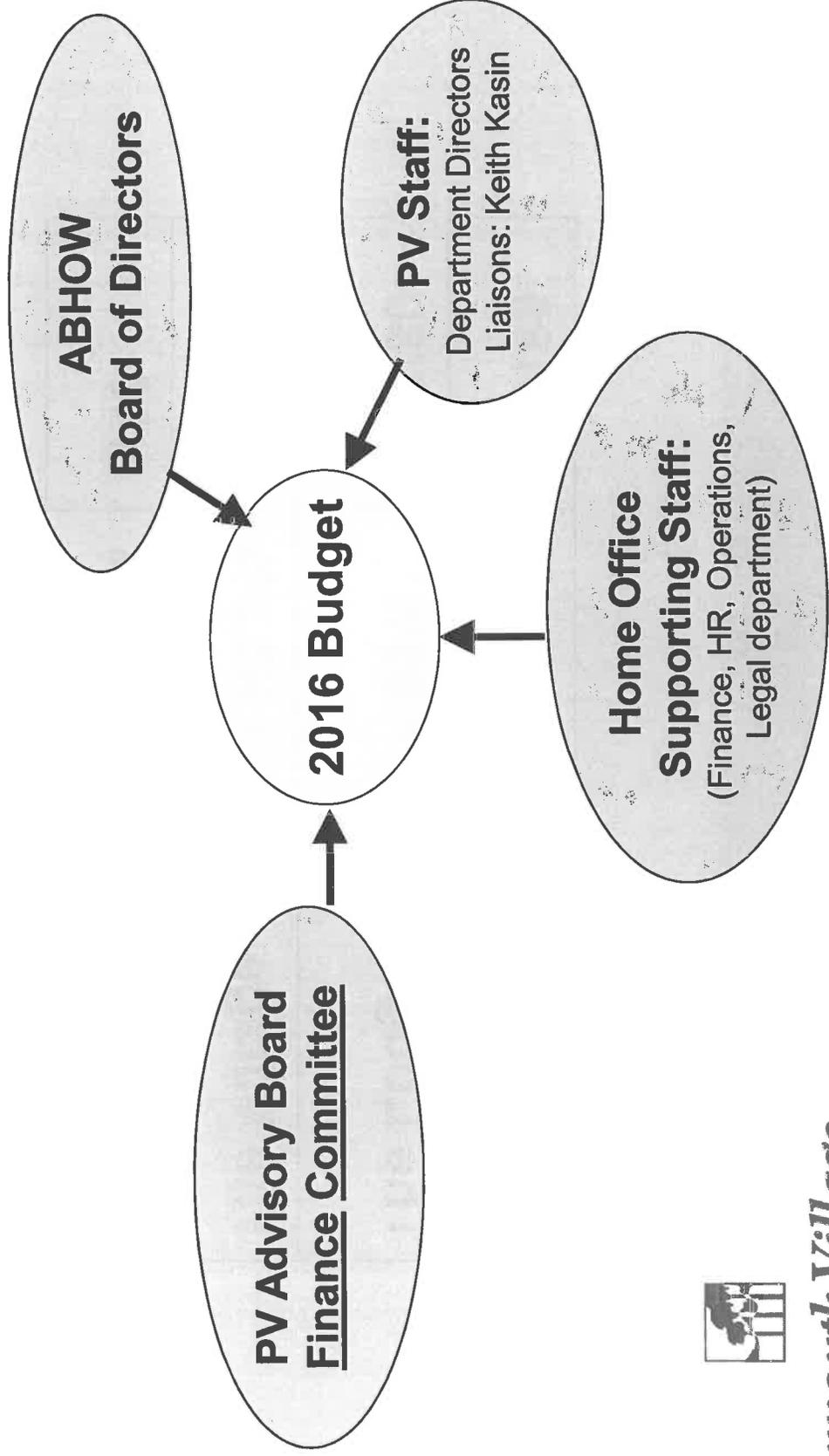
Plymouth Village

OWNED AND MANAGED BY AASHCW

Plymouth Village Budget FY2016



Plymouth Village's Budget Team



Budgeted Occupancy Assumptions

The Residences	= 90.3%	167/185
The Lodge	= 95%	28.5/30
The Village	= 83.3%	40/48
The Grove	= 80.0%	8/10



Plymouth Village

OWNED AND MANAGED BY ASHCOW

Capital Expense Budget 2016

Project Title	Budget
Expanded Roam Alert Network	\$72,000
ShoreTel Phone System	\$95,000
Dining Equipment Replacements	\$159,000
Dual pane windows	\$160,000
LED Lighting upgrade	\$100,000
Village kitchen	\$20,000
Village Plumbing and HVAC replacement	\$35,000
Kendall	\$300,000
Village Nurse Call	\$25,000
Village Carpet	\$55,000
POS for BS an Conc	\$12,000
Final phase of campus security cameras	\$93,000
Laundry Equip Replacement	\$40,000
LED Lighting upgrade	\$100,000
Total Capital Expense Budget	\$1,266,000
Apartment Remodels	Share of \$6,000,000 pool



Plymouth Village

OWNED AND MANAGED BY ABHCW

Operating Margins (\$000s)

	2016 Budget	2015 Budget	Change
Operating Revenues	13,978	12,924	1054
Operating Expenses	13,468	12,529	939
Operating Margin	510	395	115
Less interest on debt:			
Interest Expense	385	358	27
Cash Operating Margin	125	37	88



Plymouth Village

OWNED AND MANAGED BY ASHCW

Key Expense Assumptions

- Wage Increases – 3%
- Fringe Benefit Cost – 30.8%
 - Includes FICA, Health, Dental, Vision, Workers Comp, Unemployment, Retirement, etc.
- Average Wage Rate - \$18.29
- Nursing Hours per Patient Day - 3.83
 - CA minimum =3.2



Factors Affecting Operating Margin

Revenue:

- The Residences occupancy increase by 1 - ↑\$268K
- The Lodge occupancy budgeted 1.5 more than FY2015 with decreased discounts and write-offs - ↑\$219K
- The Grove occupancy remains the same with increased discounts and write-offs - ↑\$25K
- The Village occupancy budgeted 4 more than FY2015 - ↑ \$488K



Factors Affecting Operating Margin

Expense:

- Employee Costs - ↑ \$714K
 - Increase FTE by 7 from 2015 budget as a result of occupancy growth in The Residences, The Lodge and The Village.



Plymouth Village

OWNED AND MANAGED BY ABHOW

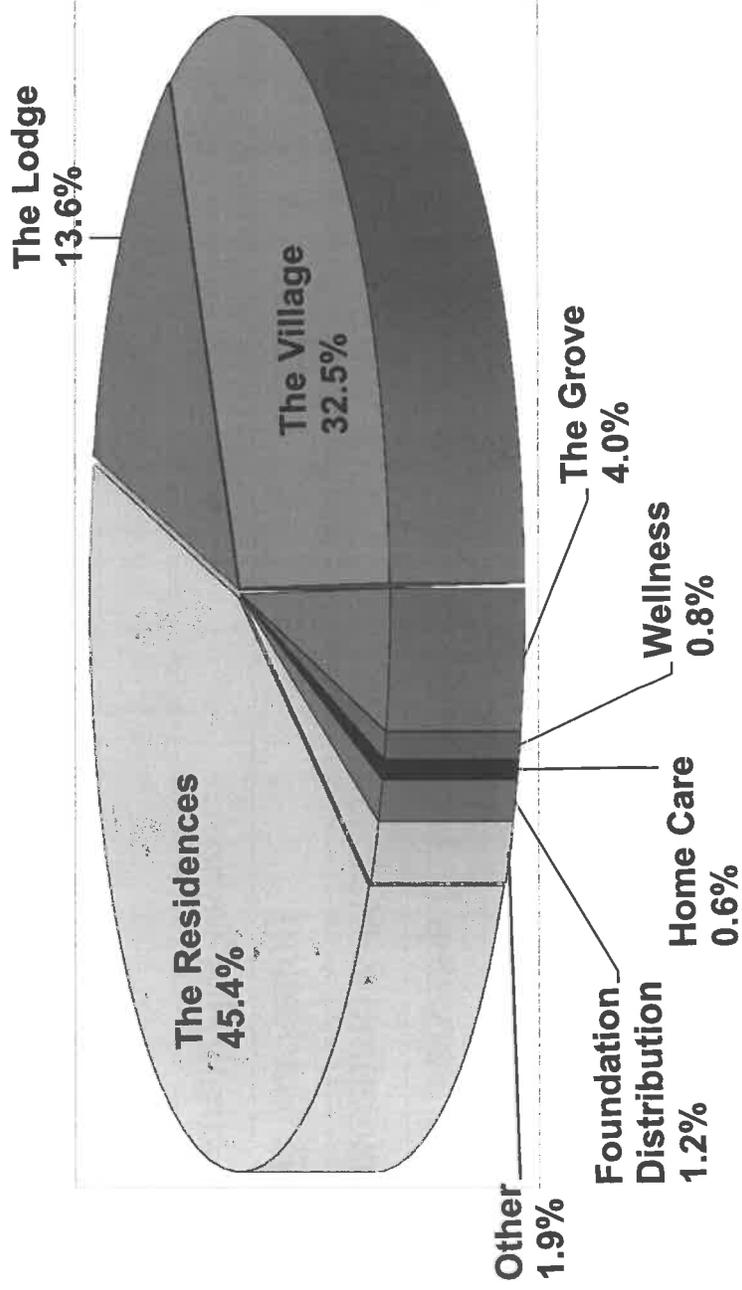
Operating Revenue (\$000s)

	2016 Budget	2015 Budget	Variance
The Residences	6,350	6,083	267
The Lodge	1,898	1,679	219
The Village	4,544	4,057	487
The Grove	558	532	26
Other Resident Services	190	148	42
Other Operating Revenue	265	270	(5)
Foundation Distribution	173	155	18
Operating Revenue	13,978	12,924	1054



Plymouth Village
OWNED AND MANAGED BY ARIOW

Revenue Resources



Plymouth Village

OWNED AND MANAGED BY ARROW

Budget 2016

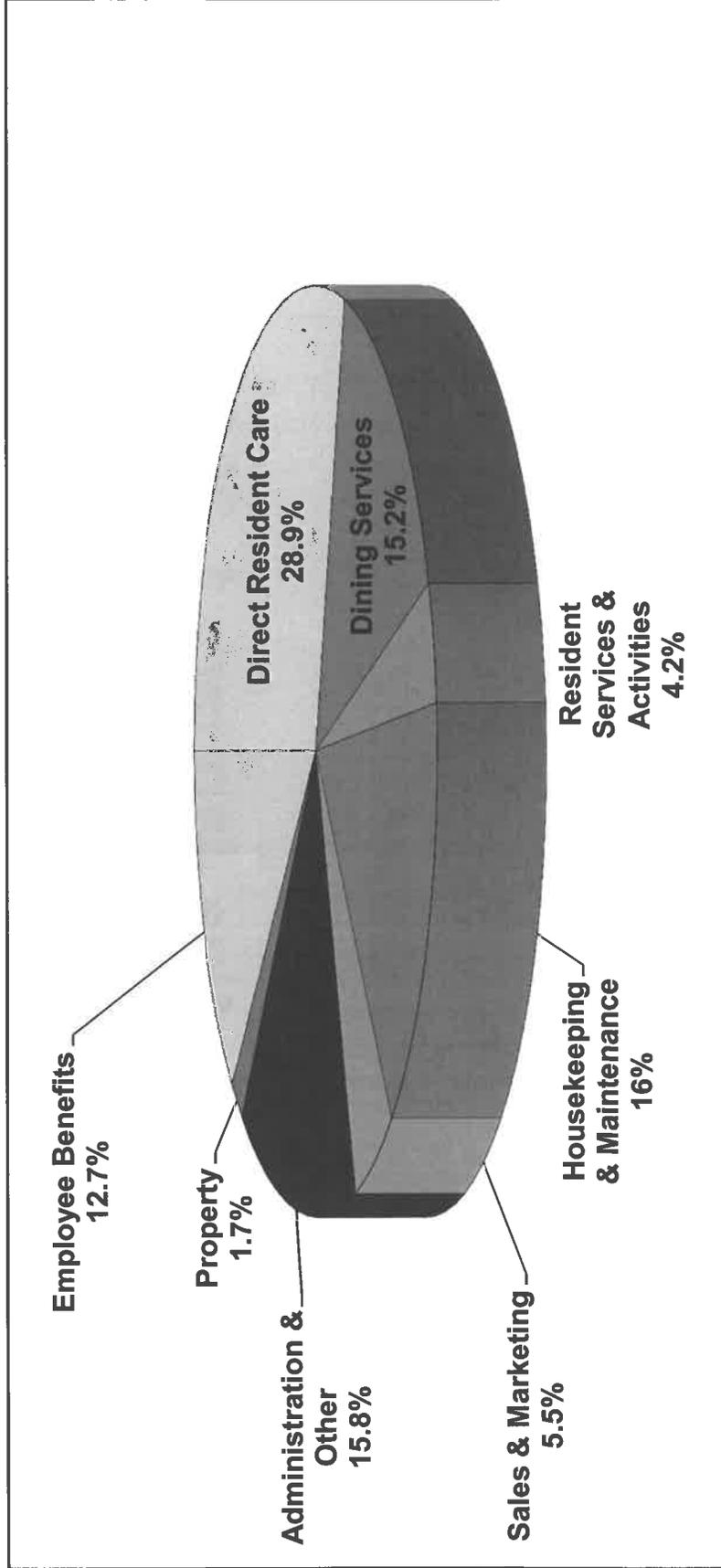
Operating Expenses (\$000s)

	2016 Budget	2015 Budget	Variance
Direct Resident Care	3,898	3,387	511
Dining Services	2,051	1,956	95
Resident Services & Activities	565	541	24
Housekeeping & Maintenance	2,160	2,072	88
Sales & Marketing	736	718	18
Administration & Other	2,122	1,965	157
Property	230	222	8
Employee Benefits	1,706	1,668	38
Operating Expenses	13,468	12,529	939



Plymouth Village
OWNED AND MANAGED BY ABHOW

Expenses



Plymouth Village
OWNED AND MANAGED BY ASHCW

Budget 2016

Rate Increase

Effective October 1, 2015

- The Lodge: 3.5%
- The Village: 3.5%
- The Grove: 3.0%

Effective January 1, 2016

- The Residences: 4.0%



Recent Fee Increase History (%)

	2012	2013	2014	2015	2016
The Residences	4.90	3.50	3.50	3.90	4.00
The Lodge	4.90	2.00	3.00	3.90	3.50
The Grove	4.90	1.50	2.00	3.00	3.00
The Village	4.00	2.00	2.75	3.90	3.50

**Five Year Average Rate Increase
The Residences**

3.96%



Plymouth Village

OWNED AND MANAGED BY ASHCW

This budget is achievable and Plymouth Village expects to meet or exceed its budget for 2016. The fee increases for FY 2016 are prudent and congruent with its financial goals.



Plymouth Village
OWNED AND MANAGED BY ABHOW

Thank you for your time and attention

Questions and Answers



Plymouth Village

OWNED AND MANAGED BY AECOM



Rosewood

SENIOR LIVING COMMUNITY

AN ABHOW RETIREMENT COMMUNITY



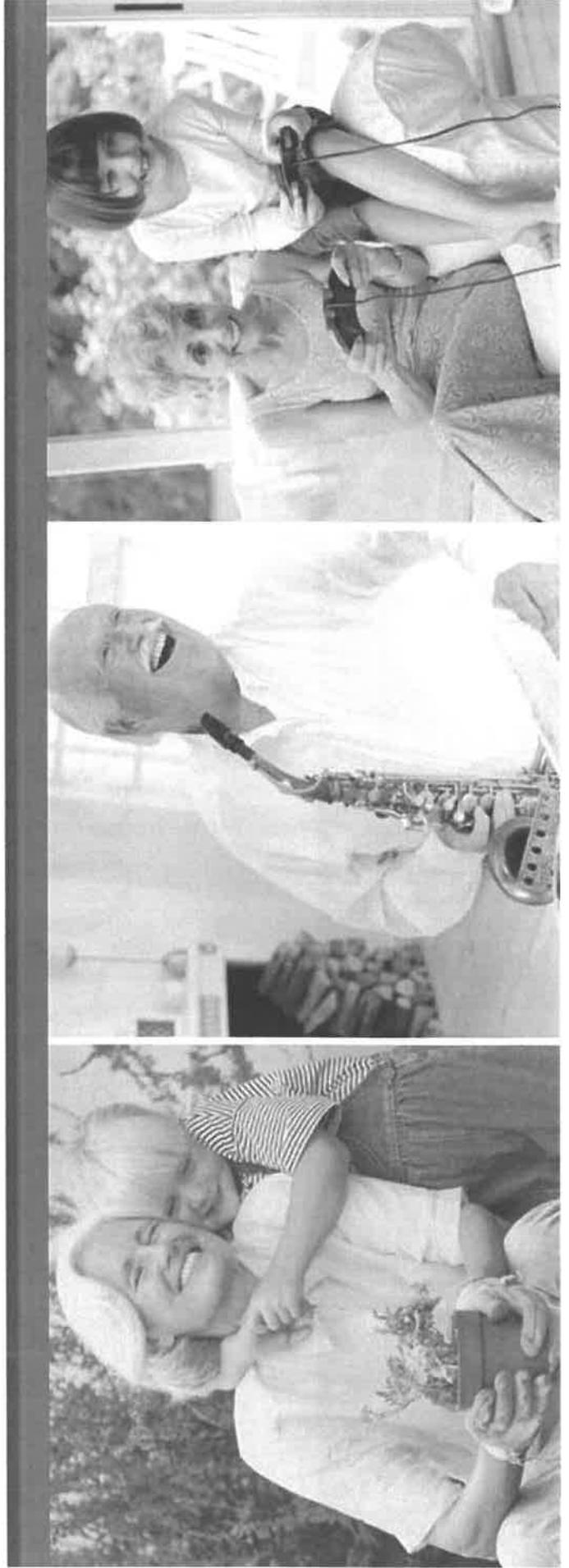


Discussion with Residents Budget FY 2016

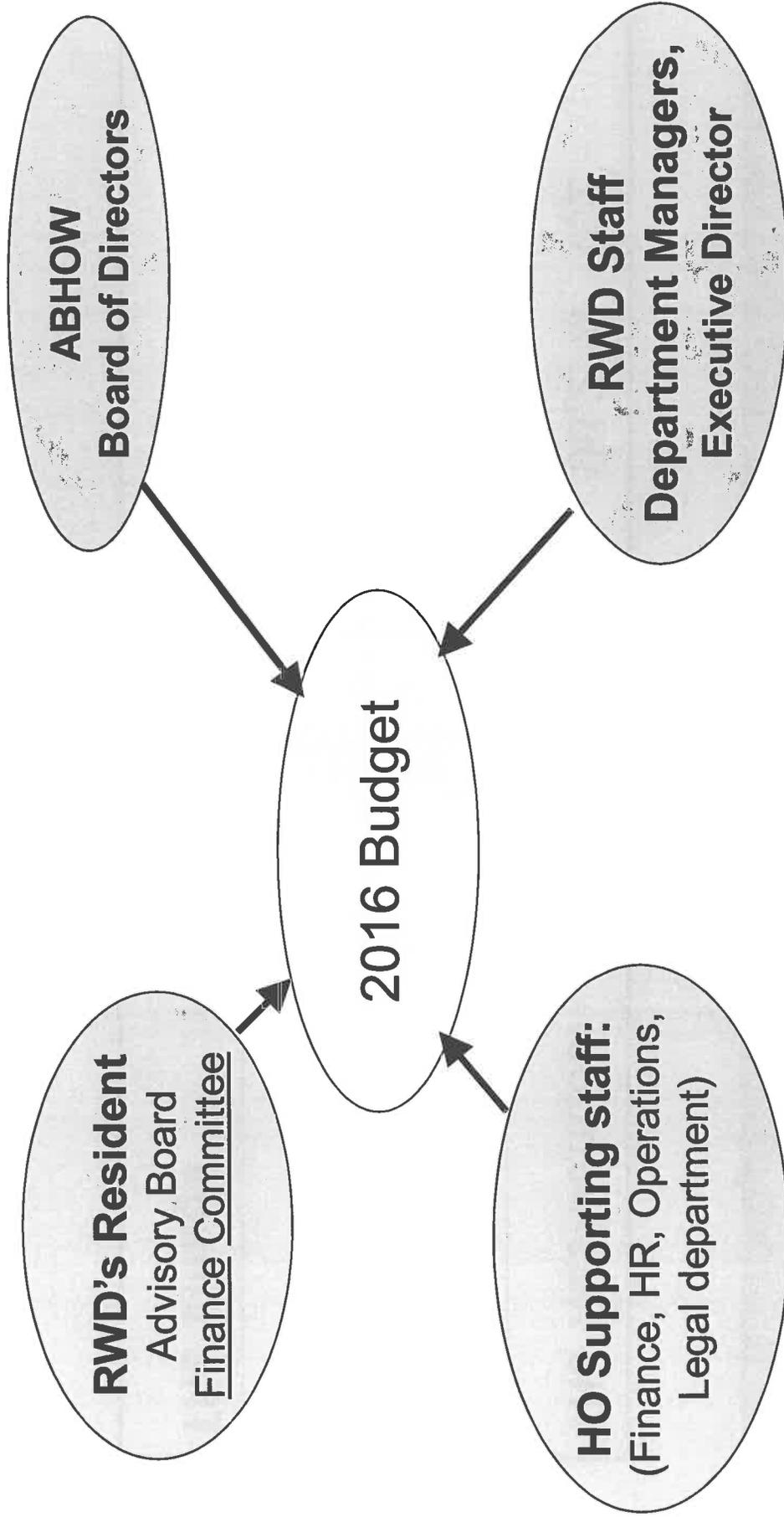


SENIOR LIVING COMMUNITY

AN ABHOW RETIREMENT COMMUNITY



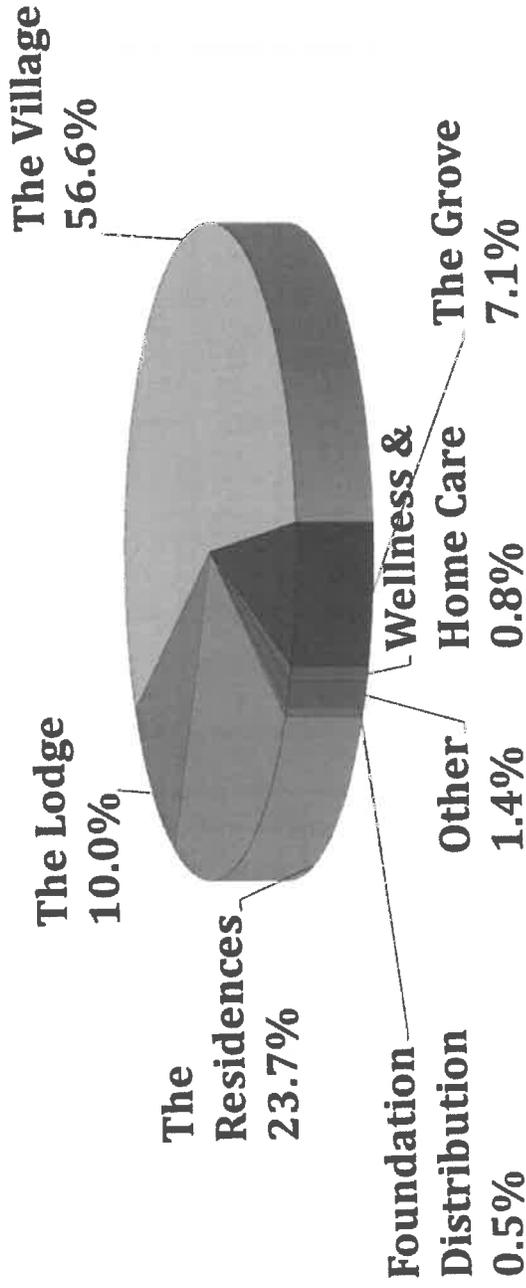
Rosewood's Budget Team



Budgeted Occupancy Assumptions

The Residences	96.2 %	102
The Lodge	90.3 %	28.0
The Grove	91.7 %	16.5
The Village	92.3 %	68.3

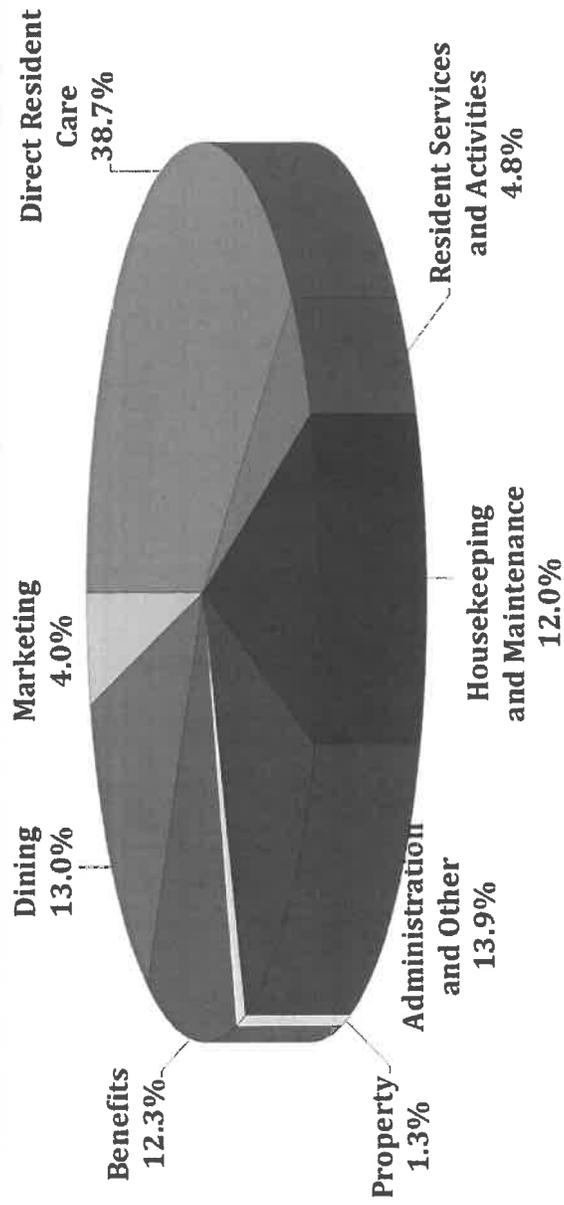
Revenue Resources



Operating Revenue

(in \$000)	2016 Budget	2015 Budget	Change
The Residences	\$ 3,750	\$ 3,546	\$ 204
The Lodge	1,591	1,480	111
The Village	8,968	8,684	284
The Grove	1,121	1,088	33
Wellness & Home Care	120	104	16
Other Operating Revenue	229	216	13
Foundation Distributions	<u>78</u>	<u>70</u>	<u>8</u>
Operating Revenue	\$15,857	\$15,188	\$ 669

Expenses



Budget 2016

Operating Expenses

(in \$000)	2016 Budget	2015 Budget	Change
Employee Cost	\$ 8,669	\$ 8,104	\$ 565
Supplies	1,262	1,198	64
Therapy & Pharmacy Services	1,885	1,821	64
Marketing	650	655	-5
Repair & Maintenance	204	182	22
Purchase Services	513	541	-28
Rental and Leases	96	69	27
Utilities	598	590	8
Other Operating Expenses	<u>1,818</u>	<u>1,772</u>	<u>46</u>
Operating Expenses	\$ 15,695	\$ 14,932	\$ 763

Key Expense Assumptions

- Wage Increases – 3.0%
- Fringe Benefit Cost – 30.3%
 - Includes: FICA, Health, Dental, Vision, Worker's Comp., Unemployment, Retirement, etc.
- Average wage rate - \$17.83
- Nursing Hours per Patient Day – 3.95

Rate Increase

Effective January 1, 2016

- The Residences: 4.00 %
- The Lodge: 3.00 %
- The Grove: 3.00 %
- The Village: 3.00 %

Operating Margins

(in \$000)	2016 Budget	2015 Budget	Change
Operating Revenues	\$ 15,857	\$ 15,189	\$ 668
Operating Expenses (less)	<u>15,695</u>	<u>14,931</u>	<u>764</u>
Operating Margin	162	258	-96
<i>Less interest on debt:</i>			
Interest Expense (less)	<u>479</u>	<u>335</u>	<u>144</u>
Cash Operating Margin	(317)	(77)	-240

Rosewood Ten Year Fee Increase History (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Res.	3.90	3.90	4.00	2.90	3.30	4.90	4.00	3.50	3.50	4.00
Lodge	3.90	4.50	4.50	3.50	3.00	4.90	4.00	3.50	3.00	3.00
Village	5.00	5.50	5.00	3.50	3.50	4.90	4.00	3.50	3.50	3.00
Grove	n/a	n/a	n/a	n/a	n/a	n/a	3.00	3.50	3.00	3.00
Ten Year Average Rate Increase The Residences						Five Year Average Rate Increase The Residences				
3.79%						3.98 %				

This budget is achievable and Rosewood expects to meet or exceed its budget for 2016. The fee increases for FY 2016 are prudent and congruent with its financial goals.

Thank you for your time and attention

Questions and Answers



THE TERRACES

— At Los Altos —

OWNED AND MANAGED BY ABHOW






THE TERRACES

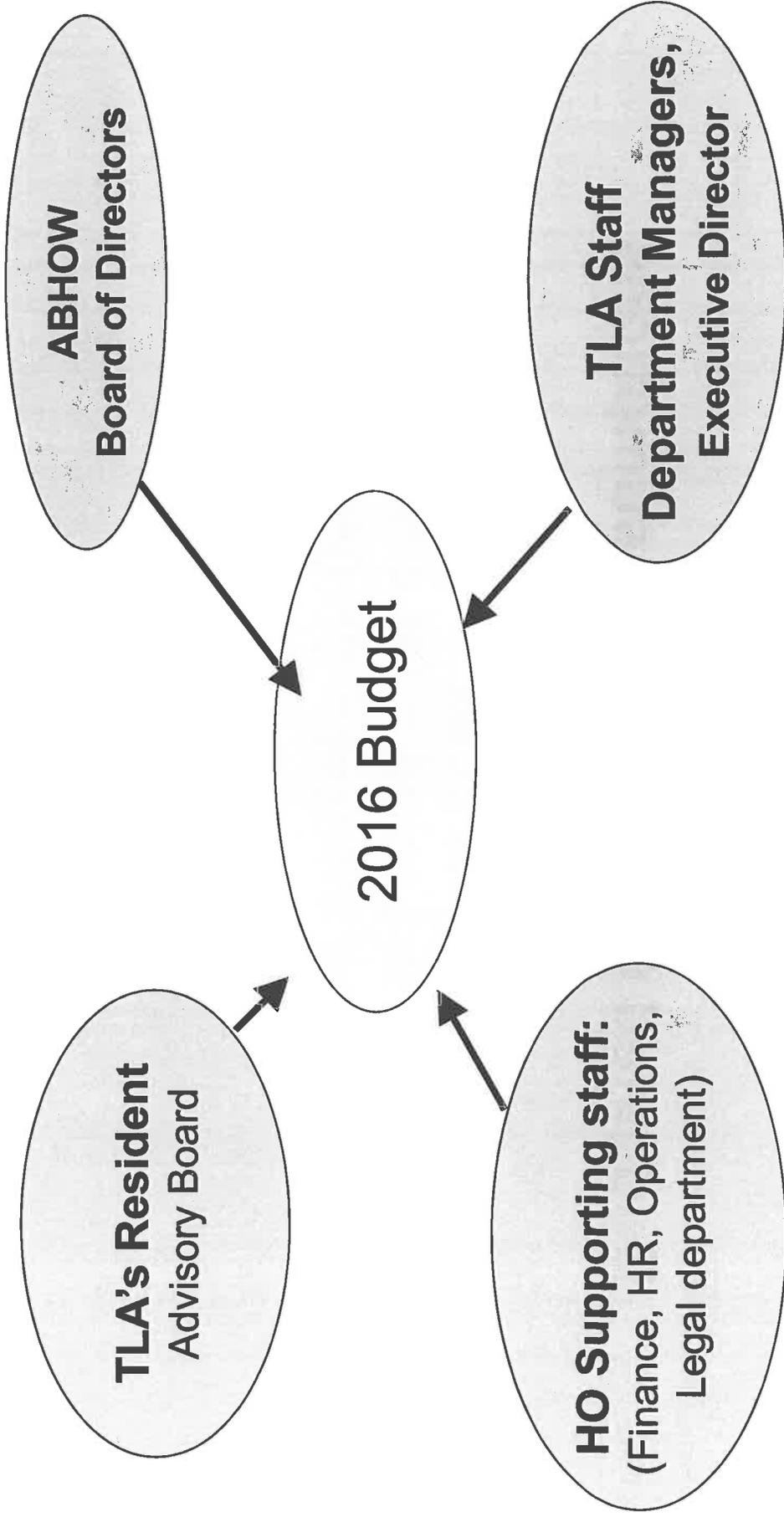
— At Los Altos —

OWNED AND MANAGED BY ABHOW

The Terraces at Los Altos Budget FY2016



Terraces at Los Altos Budget Team



Assumptions

Budgeted Occupancy Assumptions

The Residences = 95.5 %

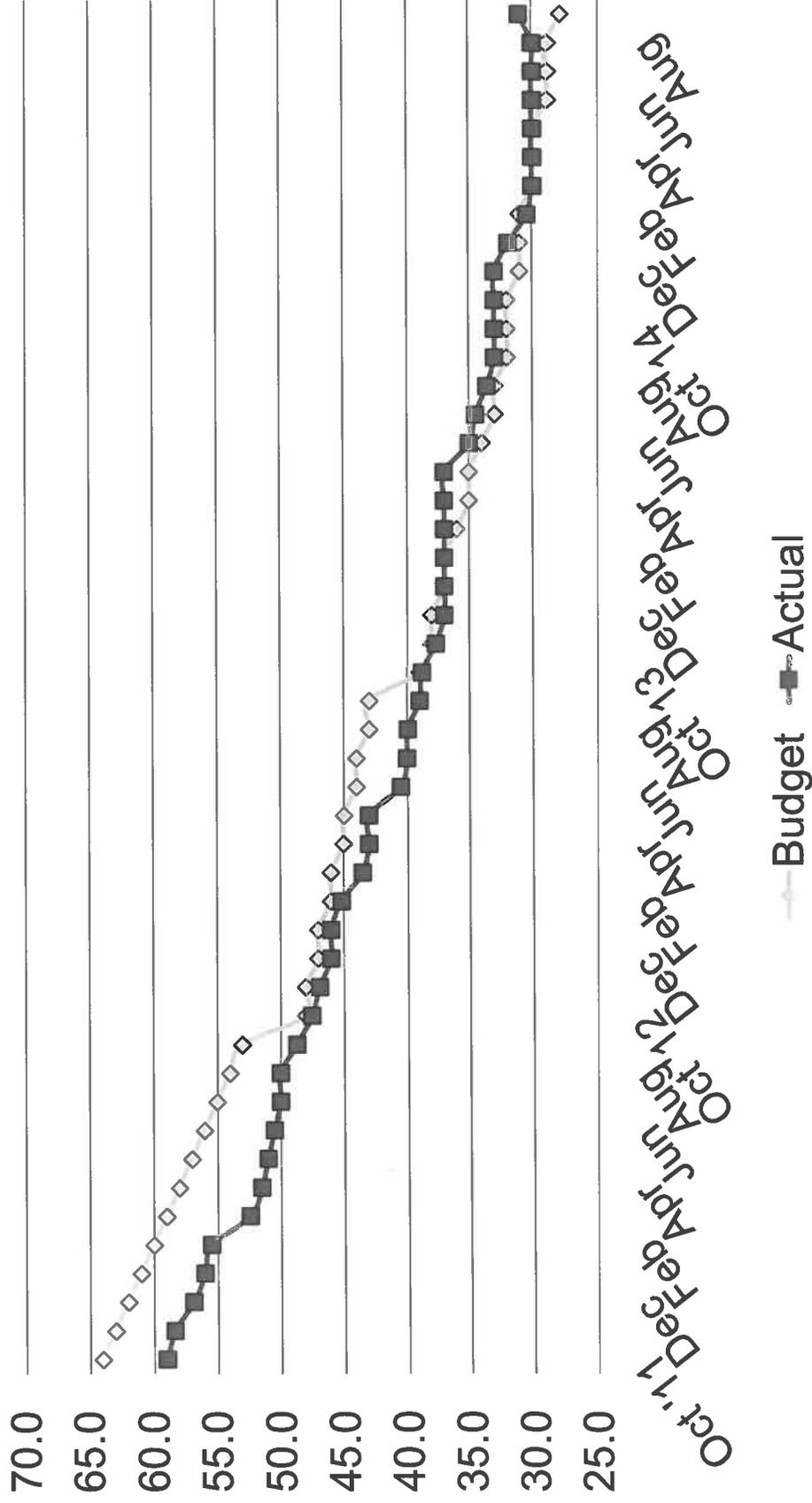
The Lodge = 96.4 %

The Village = 95.0%

The Grove = 93.8%

Occupancy Decline - The Residences

Chart Title



Factors Affecting Operating Margin

- **Revenue**
 - Occupancy reduced in The Residences from an average of 30.2 in 2015 to an average 22 in 2016
 - Due to redevelopment, 21 Residential residents will be able to remain in their apartments
 - The completion of the Phase 3 Residences buildings is estimated for 8/30/16, with occupancy initiating about 10/1/16, so the new inventory will not affect FY2016
 - Occupancy increased in the Lodge from an average of 17 in 2015 to 27 in 2016
 - 28 Lodge apartments were completed in January 2015. Lodge occupancy will increase with move-ins from outside as well as residential residents who convert to needing assisted living services.

Factors Affecting Operating Margin

- **Revenue**
 - Occupancy remained flat in The Village with an average of 28.5 in 2015 to an average of 28.5 in 2016
 - Occupancy remained flat in The Grove with an average of 15 in 2015 to average 15 in 2016

Factors Affecting Operating Margin

- Expenses
 - Increase 3.4 FTEs from 2015 Budget
 - Utilities ↓ 13%. 2015 Actuals were lower than 2015 Budget.
 - Fringe Benefits Cost - \$69,500 increase
 - Worker's Compensation flat
 - Health Insurance ↑ 5.8%
 - Retirement ↓ 10.4 %
 - Total Allocated Benefits ↑ 4.8% due to ↑ 8.3% of Salary and Wages

Operating Margins (\$000s)

	2016 Budget	2015 Budget	Change
Operating Revenues	\$ 10,044	\$ 8,969	\$ 1,075
Operating Expenses	10,462	9,813	649
Operating Margin	\$ (418)	\$ (844)	\$ (426)
<i>Less interest on debt:</i>			
Interest Expense	930	1,194	264
Cash Operating Margin	\$ (1,348)	\$ (2,038)	\$ (690)

Operating Revenue (\$000s)

	2016 Budget	2015 Budget	Change
The Residences	\$ 1,254	\$ 1,578	\$ (324)
The Lodge	2,098	1,281	816
The Grove	1,641	1,515	126
The Village	4,847	4,430	417
Home Care	0	0	0
Wellness	45	45	0
Other Service Income	<u>93</u>	<u>61</u>	<u>33</u>
Bequests & Charitable Giving	<u>66</u>	<u>59</u>	<u>7</u>
Operating Revenue	\$10,044	\$ 8,969	\$ 1,075

THE TERRACES

At Los Altos

OWNED AND MANAGED BY ARIOW

Operating Expenses (\$000s)

	2016 Budget	2015 Budget	Change
Direct Resident Care	3,944	3,621	323
Dining Services	1,618	1,543	75
Resident Services & Activities	416	342	74
Housekeeping & Maintenance	1,271	1,260	11
Admin & Other	1,563	1,469	93
Property	143	136	7
Fringe Benefits	<u>1,508</u>	<u>1,442</u>	<u>66</u>
Operating Expenses	\$ 10,462	\$ 9,813	\$ 649

Rate Increase

Effective January 1, 2016

The Residences:	1.0% *
The Lodge:	3.5%
The Village:	3.5%
The Grove:	3.5%

* The Residences rate increase has been modeled at 4%. However, the Residential Living monthly fee increase was lowered to 1%, due to the fact that we have discovered that the rates being communicated to the depositors are lower than what our current RL residents are paying

Recent Fee Increase History (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Res.	3.5%	5.0%	2.9%	3.0%	4.9%	4.0%	3.5%	3.5%	1.0%
Lodge	4.5%	5.0%	3.5%	3.0%	4.9%	4.0%	3.5%	3.5%	3.5%
Villages	4.5%	5.0%	3.5%	3.0%	4.0%	4.0%	3.5%	3.5%	3.5%
Grove							0.0%	3.5%	3.5%

Nine Year Average Rate

Increase

The Residences

3.48%

Five Year Average Rate

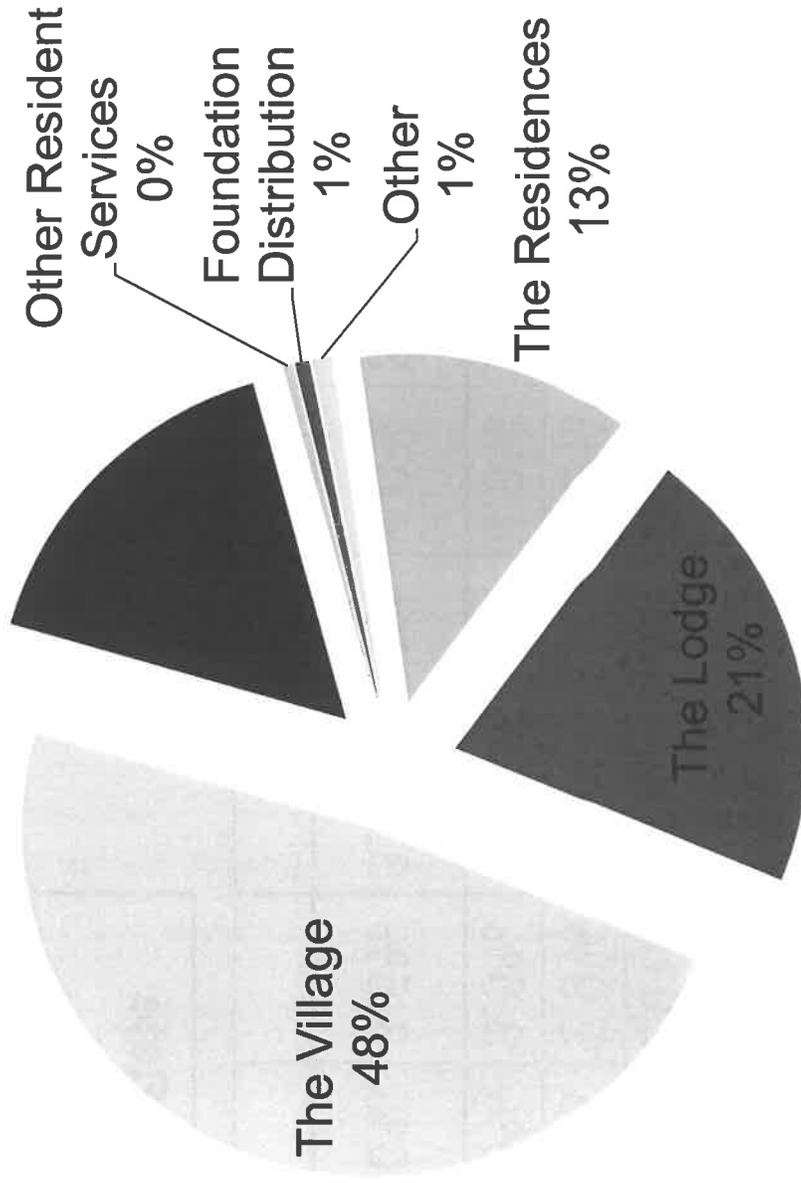
Increase

The Residences

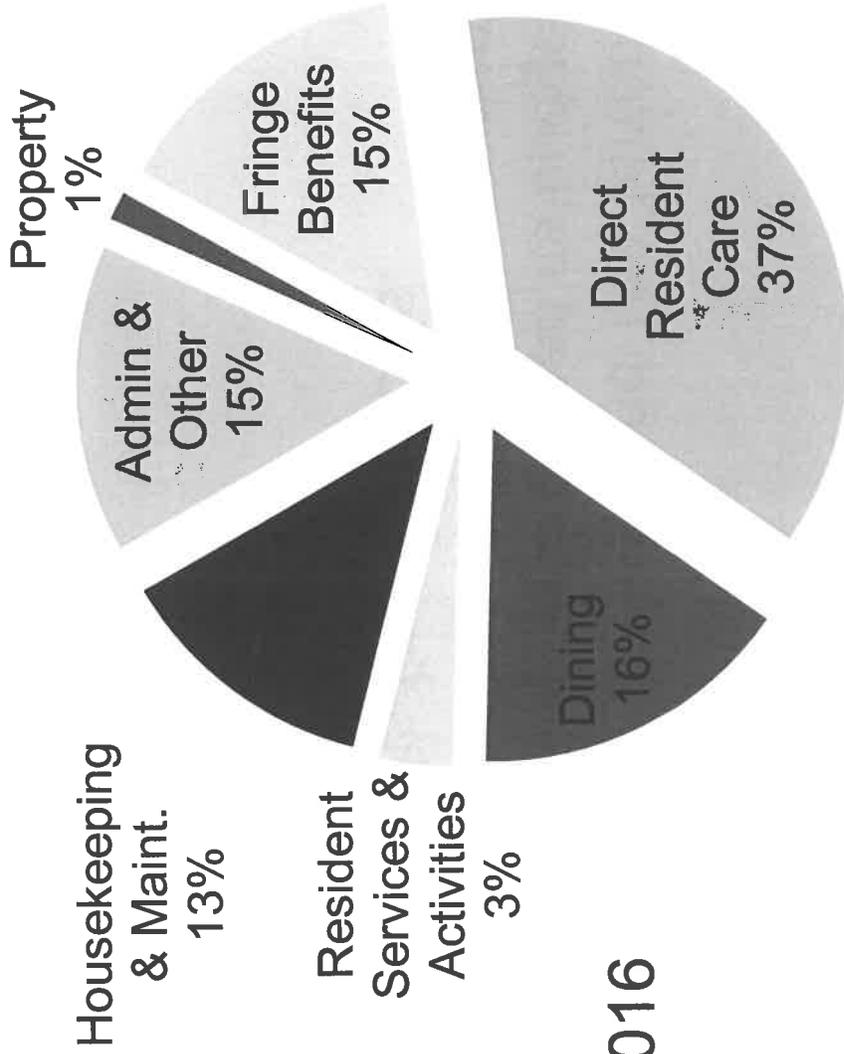
3.38%

Revenue Sources

Budget 2016



Expenses

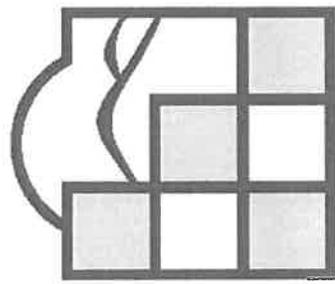


Budget 2016

This budget is achievable and The Terraces at Los Altos expects to meet or exceed its budget for 2016. The fee increases for FY 2016 are prudent and congruent with its financial goals.

Thank you for your time and attention

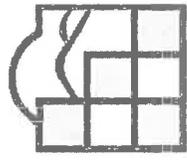
Questions and Answers



THE TERRACES ■ of *Los Gatos* ■

AN ABHOW RETIREMENT COMMUNITY





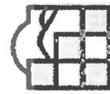
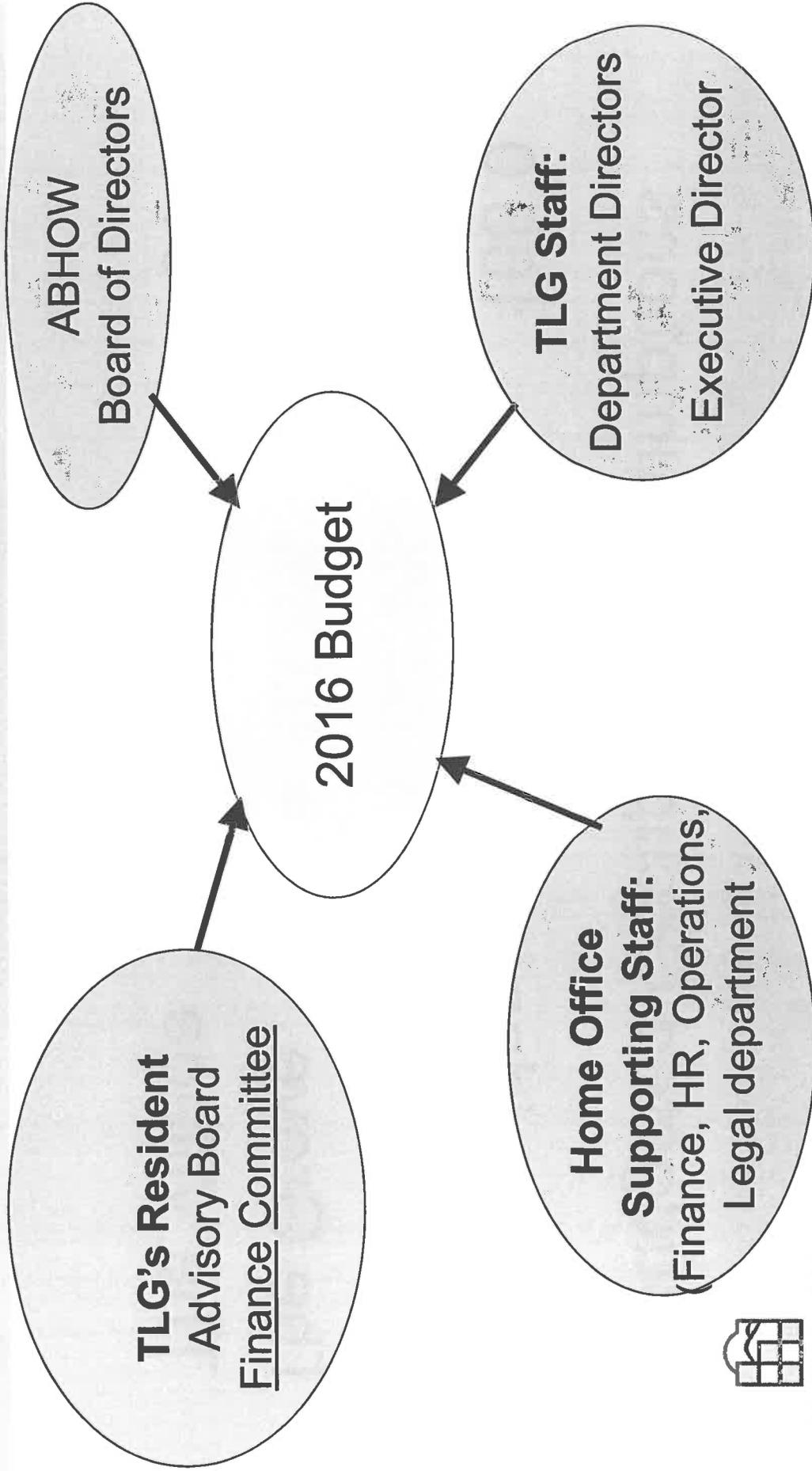
Discussion with Residents Budget FY 2016

THE TERRACES
of Los Gatos

AN ABHOW RETIREMENT COMMUNITY



Terraces of Los Gatos Budget Team



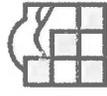
THE TERRACES
of Los Gatos

AN ABHOW RETIREMENT COMMUNITY

Assumptions

Budgeted Occupancy Assumptions

The Residences	=	96.0%	168.0
The Lodge	=	94.4%	42.0
The Grove	=	93.8%	15.0
The Village	=	87.3%	51.5

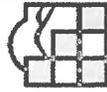


THE TERRACES
of Los Gatos

AN ARROW RETIREMENT COMMUNITY

Capital Expense Budget 2016

Village Phase II & Village Equipment	\$ 116,000
LED Light & Concrete Replacement	250,000
Laundry Room: RL Remodel & Bldg. C	150,000
Remodel Galleria - most areas are tied into the new Café for 2016	390,000
Campus Bldg. Painting & Campus LED Lighting	175,000
Elevator Remodel	50,000
Boiler Replacement	75,000
Cooling Tower Bldg. A, Q, D	325,000
Bldg. A,B&C Common and Pool Area Furniture and or Artwork	125,000
Main Dining Room	100,000
Total Capital Expense Budget	\$ 1,756,000

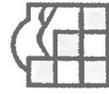


THE TERRACES

of Los Gatos
AN AFFORDABLE RETIREMENT COMMUNITY

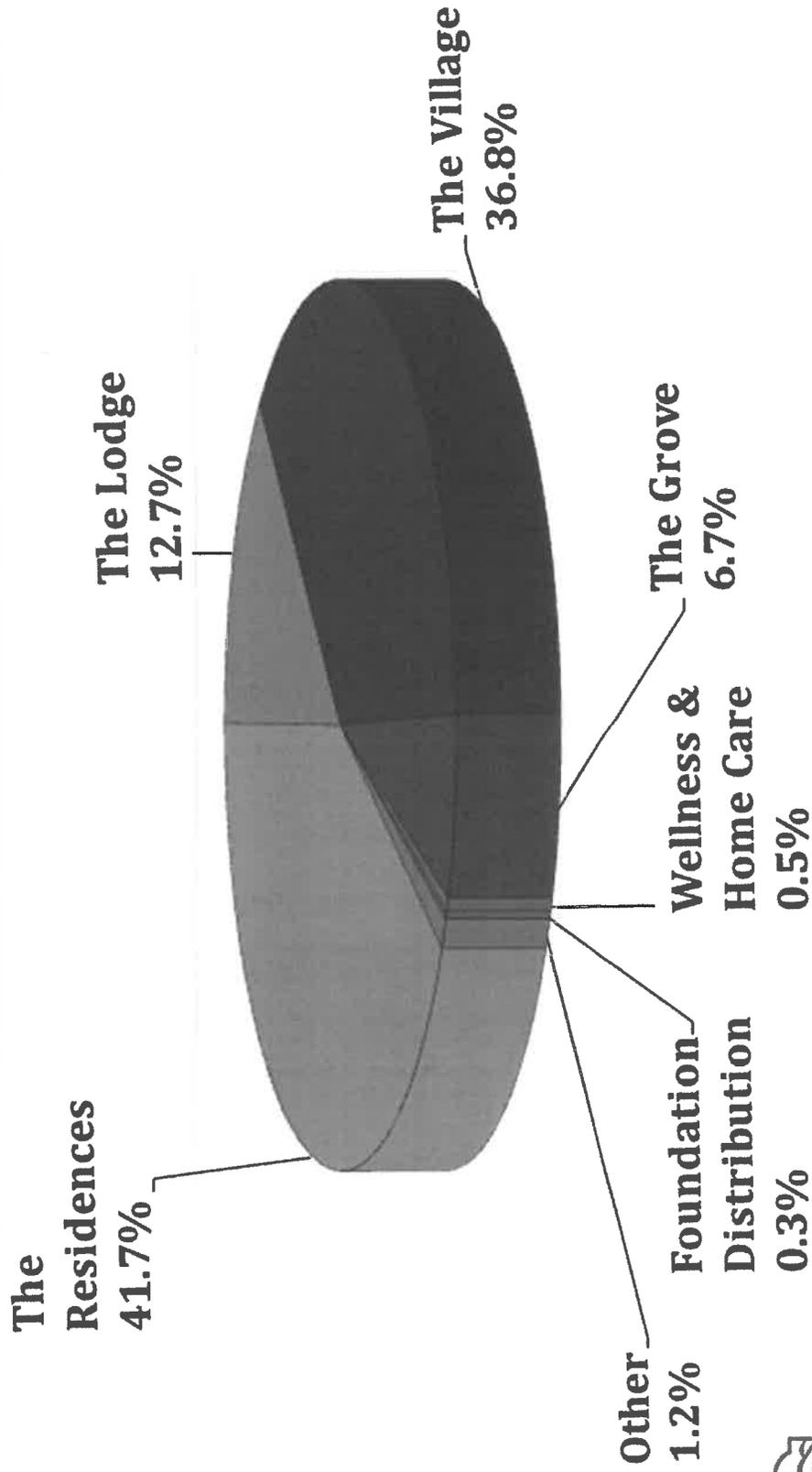
Operating Revenue (\$000s)

<i>(in \$000)</i>	2016 Budget	2015 Budget	Variance
The Residences	9,541	9,114	427
The Lodge	2,914	2,752	162
The Grove	1,534	1,517	17
The Village	8,407	8,002	405
Wellness	124	110	14
Other Operating Revenue	278	230	48
Foundation Distributions	<u>62</u>	<u>52</u>	<u>10</u>
Operating Revenue	22,860	21,777	1,083

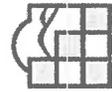


THE TERRACES
 of Los Gatos
 AN AFFORDABLE RETIREMENT COMMUNITY

Revenue Resources



Budget 2016

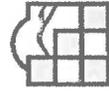


THE TERRACES
of Los Gatos

AN ARROW RETIREMENT COMMUNITY

Key Expense Assumptions

- Wage increases – 3.00%
- Fringe Benefit Cost – 29.4%
 - Includes FICA, Health, Dental, Vision, Workers Comp, Unemployment, Retirement, etc.
- Average wage rate - \$19.79
- Nursing Hours per Patient Day – 3.86
 - CA minimum = 3.2

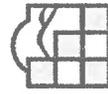


THE TERRACES
▪ of Los Gatos ▪

AN ASHBY RETIREMENT COMMUNITY

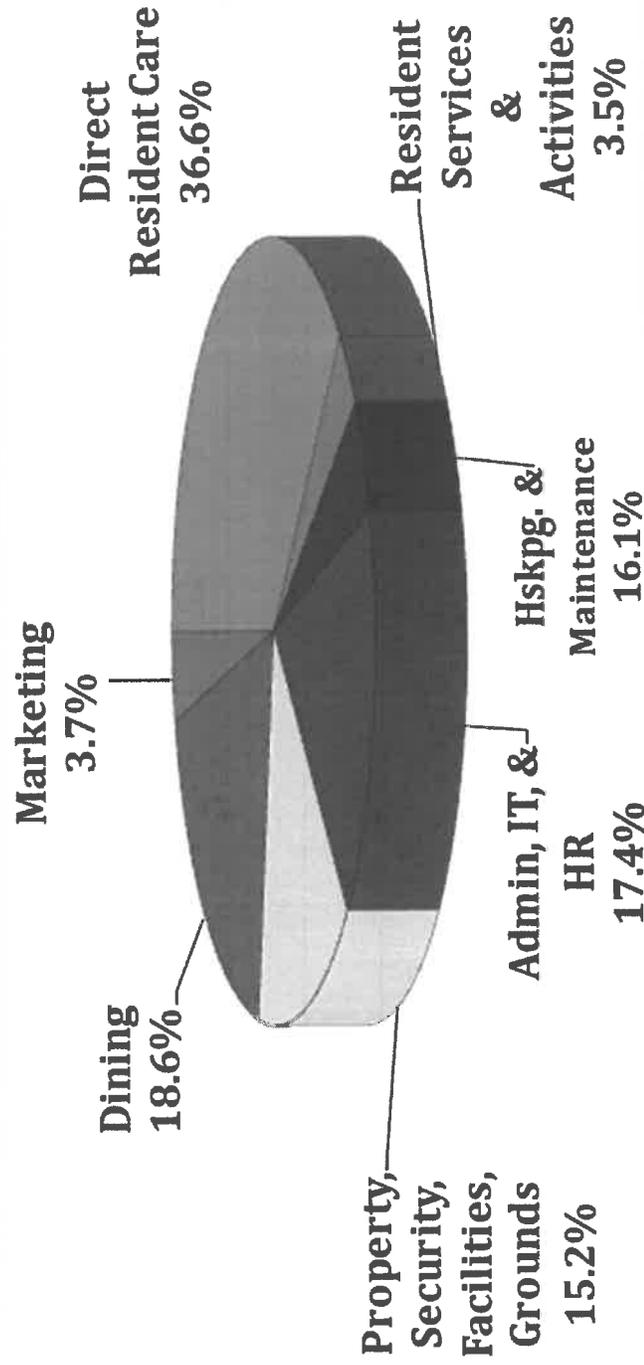
Operating Expenses

<i>(in \$000)</i>	2016 Budget	2015 Budget	Variance
Employee Cost	10,957	10,376	581
Supplies	1,619	1,565	54
Therapy & Pharmacy Services	1,161	951	210
Sales & Marketing	604	601	3
Repair & Maintenance	281	228	53
Purchased Services	753	745	8
Rentals & Leases	121	146	-25
Utilities	958	950	8
Other Operating Expenses	<u>2,376</u>	<u>2,221</u>	<u>156</u>
Operating Expenses	18,830	17,782	1,048

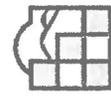


THE TERRACES
 of Los Gatos
 AN ADELPHI RETIREMENT COMMUNITY

Expenses



Budget 2016

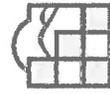


THE TERRACES
of Los Gatos

AN ASHORY RETIREMENT COMMUNITY

Operating Margin

<i>(in \$000)</i>	2016 Budget	2015 Budget	Change
Operating Revenue	\$ 22,860	\$ 21,777	\$ 1,083
Operating Expense	<u>18,830</u>	<u>17,782</u>	<u>1,048</u>
Operating Margin	4,030	3,996	34
Interest Expense on Debt	<u>2,152</u>	<u>2,172</u>	<u>-20</u>
Cash Operating Margin	1,877	1,823	54



THE TERRACES
 of Los Gatos

AN ARROW RETIREMENT COMMUNITY

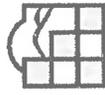
Rate Increases

Effective January 1, 2016

- The Residences: 3.00%
- The Lodge: 3.00%

Effective October 1, 2015

- The Village: 2.50%
- The Grove: 3.00%

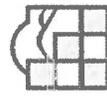


THE TERRACES
of Los Gatos
AN ARROW RETIREMENT COMMUNITY

Terraces of Los Gatos Recent Fee Increase History (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Res.	3.50	3.50	4.25	2.90	2.0	3.5	3.0	3.0	3.50	3.00
Lodge	4.00	4.00	4.75	3.60	2.5	4.0	3.0	3.0	3.00	3.00
Grove	n/a	2.75	3.00							
Village	4.95	5.00	4.75	3.60	4.0	2.8	2.5	3.0	2.75	2.50

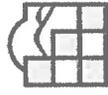
Ten Year Average Rate Increase The Residences	Five Year Average Rate Increase The Residences
3.22%	3.20%



THE TERRACES
of Los Gatos

AN ABOVE RETIREMENT COMMUNITY

This budget is achievable and Terraces of Los Gatos expects to meet or exceed its budget for 2016. The fee increases for FY 2016 are prudent and congruent with its financial goals.

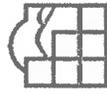


THE TERRACES
■ of Los Gatos ■

AN ASHOK RETIREMENT COMMUNITY

Thank you for your time and attention

Questions and Answers



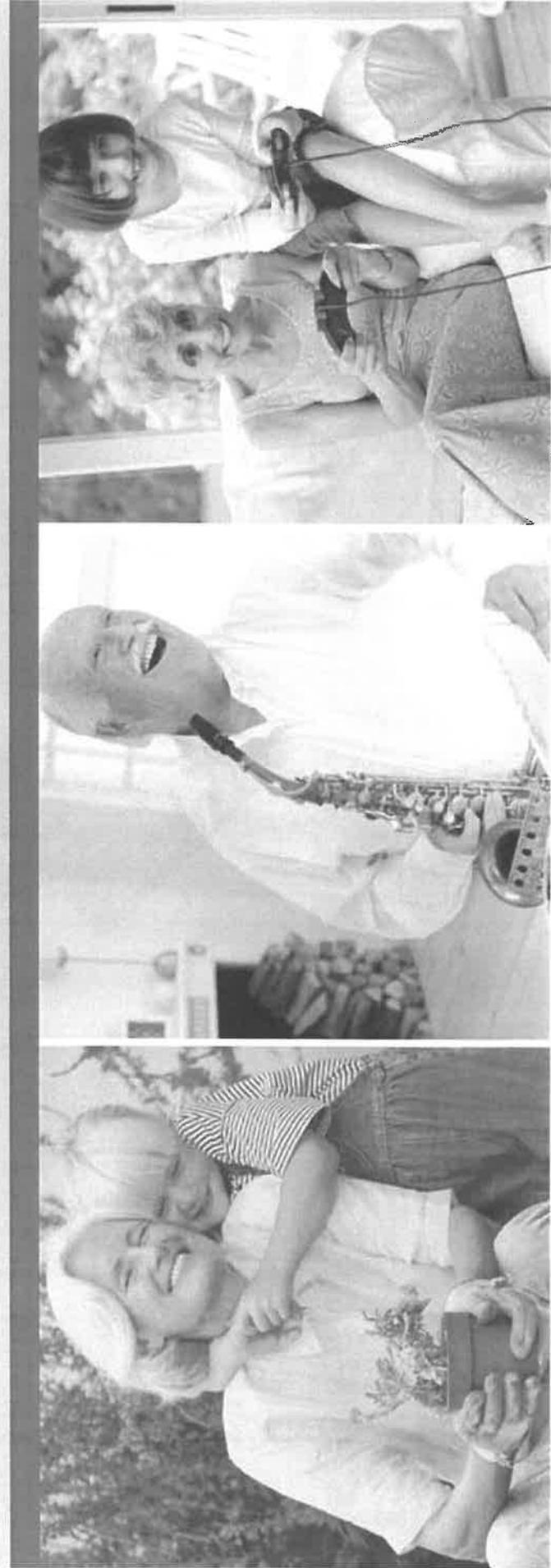
THE TERRACES
of Los Gatos

AN ABBOTT RETIREMENT COMMUNITY

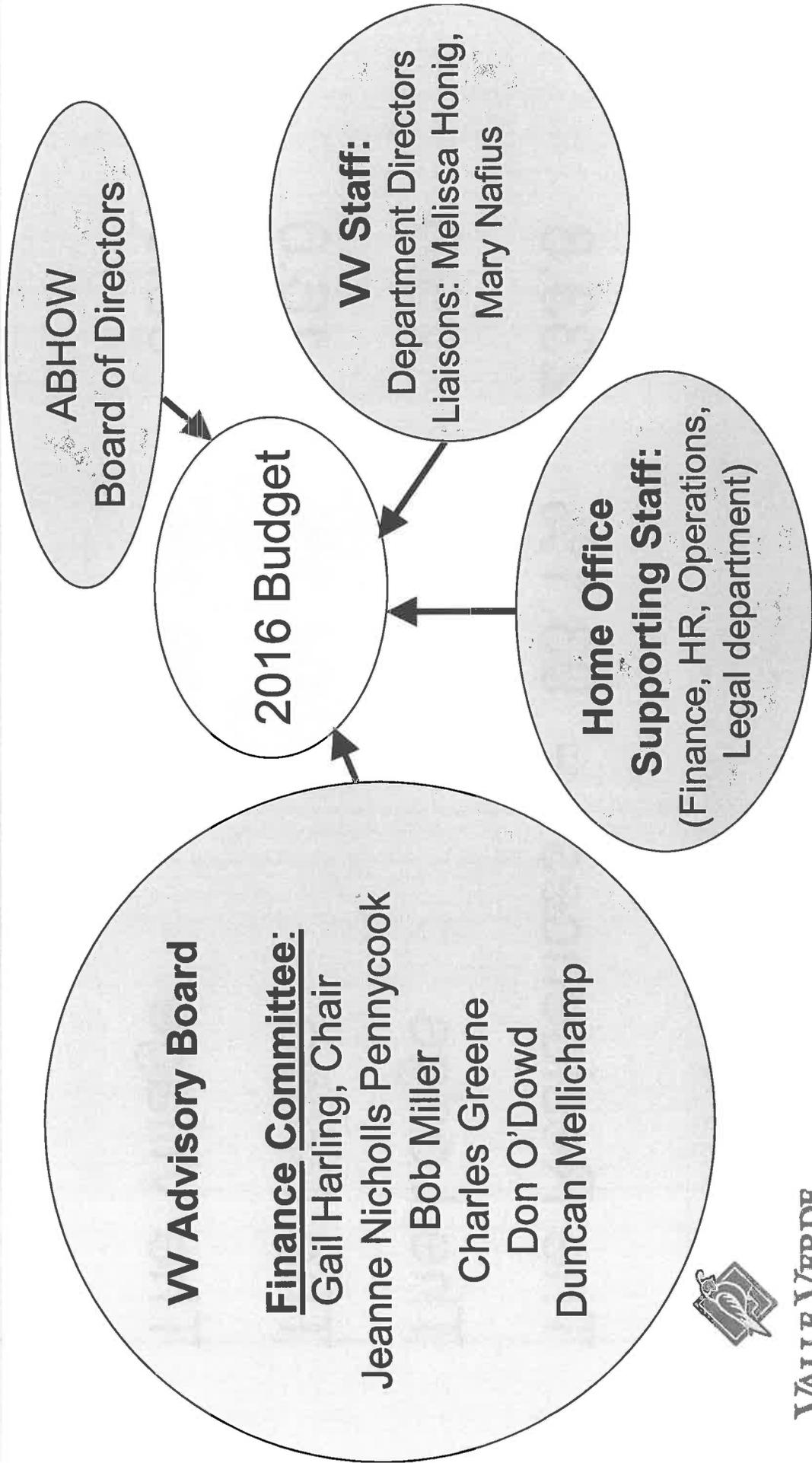


VALLE VERDE
AN ABHOW RETIREMENT COMMUNITY

Valle Verde Budget FY 2016



Valle Verde's Budget Team



Budgeted Occupancy Assumptions

The Residences	=	93.1%	233.8
The Lodge	=	96.2%	25.0
The Grove	=	94.1%	16.0
The Village	=	88.2%	63.5



Capital Expense Budget 2016

Switch-Gear Replace	\$ 400,000
Nurse Call-Village	250,000
Bed replacement	125,000
Paving Lots/Surfaces	100,000
Village-Ceilings-Lights	50,000
Kitchen Walk In Cooler	40,000
HW Tanks-Boiler Room	25,000
Quail-Grove-HW	20,000



Capital Expense Budget 2016 (cont.)

Roof Replacement	\$ 20,000
Bathrooms-Mailboxes	18,000
Hydronic Boilers	16,000
Lighting fixture upgrades	15,000
Quail Dining HVAC	12,000
Bathrooms-Social Room	11,000
Main Electric panels	10,000
Total Capital Expenditures	\$1,112,000



Operating Margin

<i>(in \$000)</i>	2016 Budget	2015 Budget	Change
Operating Revenue	\$25,220	\$24,430	\$790
Operating Expense	<u>21,945</u>	<u>21,228</u>	<u>717</u>
Operating Margin	3,275	3,202	73
Interest Expense on Debt *	<u>1,212</u>	<u>1,203</u>	<u>9</u>
Cash Operating Margin	2,063	1,999	64

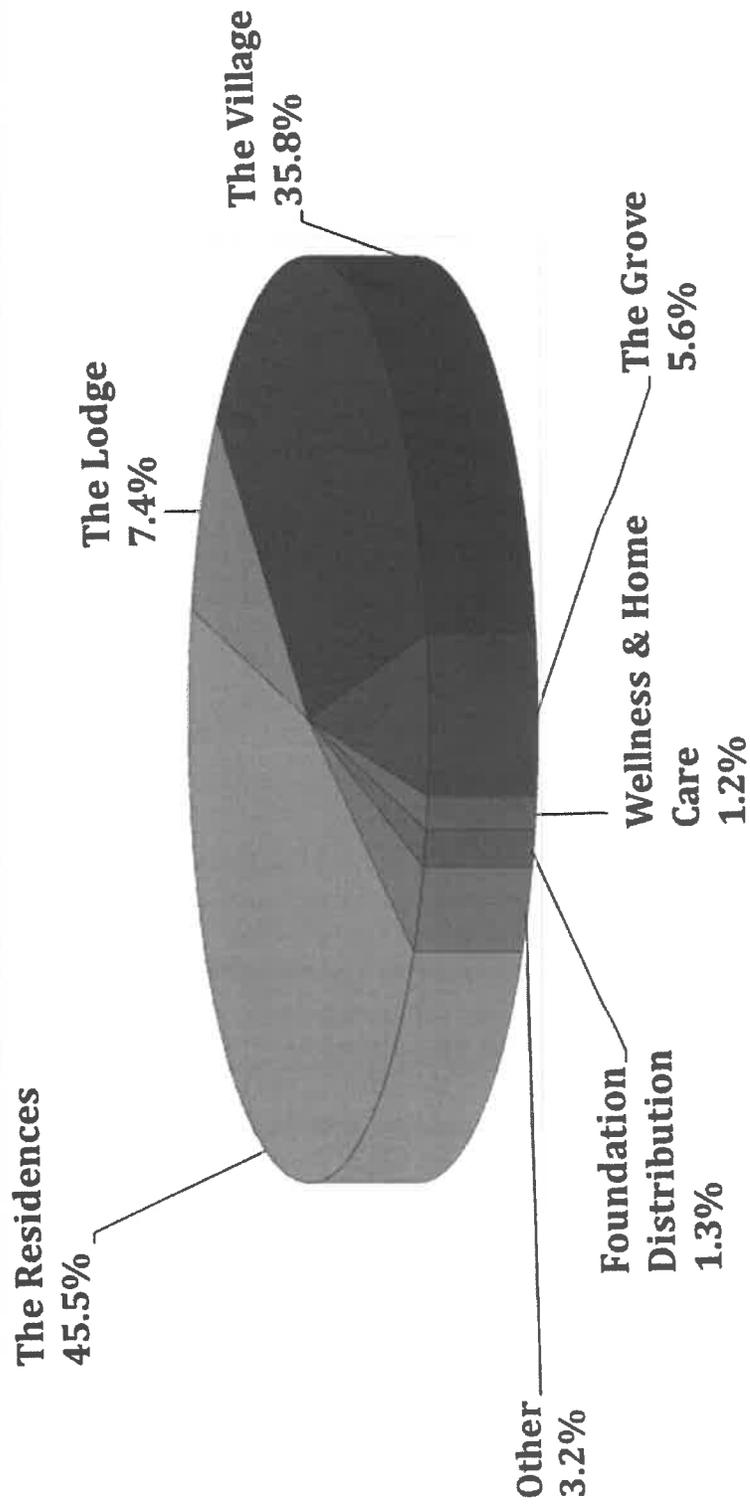


Operating Revenue (\$000s)

<i>(in \$000)</i>	2016 Budget	2015 Budget	Change
The Residences	\$ 11,463	\$ 11,274	\$189
The Lodge	1,872	1,806	66
The Grove	1,402	1,356	46
The Village	9,040	8,631	409
Other Resident Services	294	309	-15
Other Operating Revenue	811	754	57
Foundation Distributions	<u>338</u>	<u>300</u>	<u>38</u>
Operating Revenue	\$25,220	\$ 24,430	\$ 790



Operating Revenue Resources



VALLE VERDE
AN ARROW RETIREMENT COMMUNITY

Budget 2016

Key Expense Assumptions

- Wage increases – 3.00%
- Fringe Benefit Cost– 31.32%
 - Includes FICA, Health, Dental, Vision, Workers Comp, Unemployment, Retirement, etc.
- Average wage rate - \$21.58
- Nursing Hours per Patient Day – 3.91
 - CA minimum = 3.2

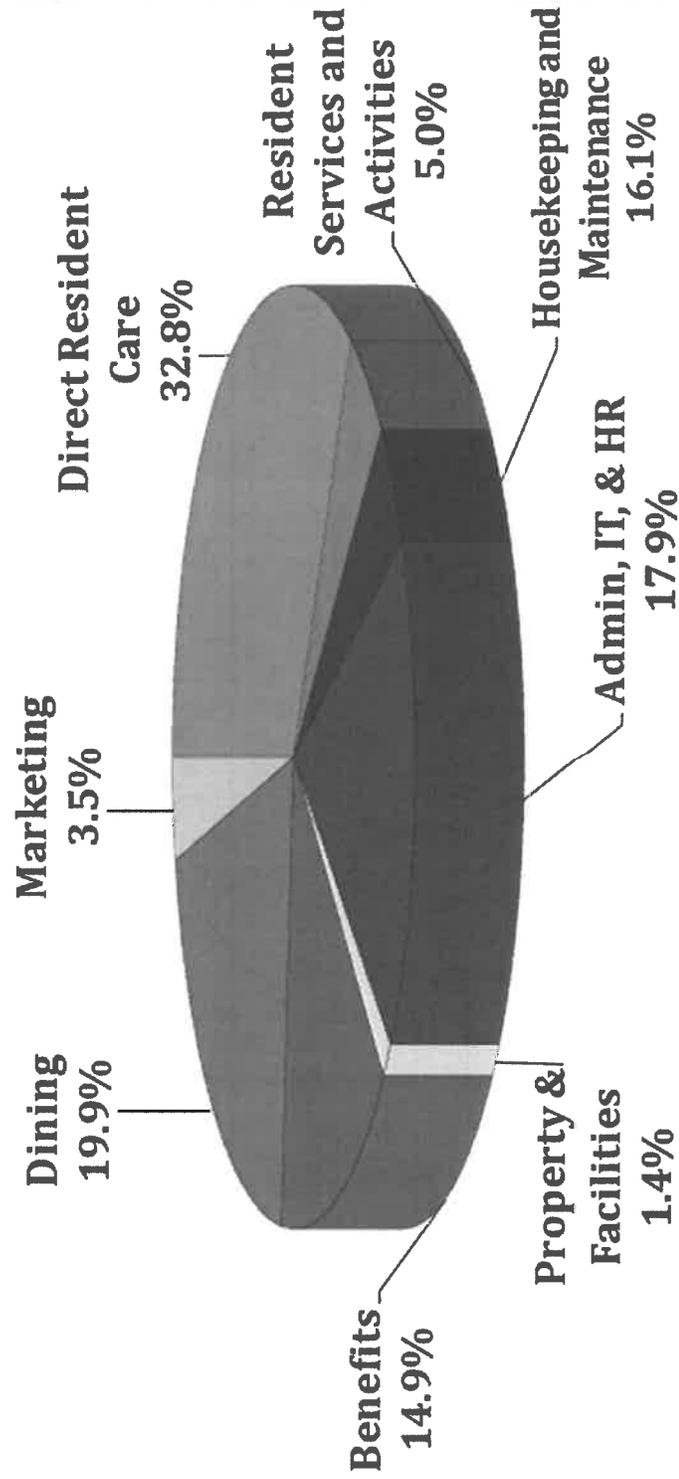


Operating Expenses

<i>(in \$000)</i>	2016 Budget	2015 Budget	Change
Direct Resident Care	\$6,344	\$6,226	\$ 118
Dining	3,851	3,564	287
Resident Services & Activities	965	858	107
Housekeeping & Laundry	899	889	10
Sales & Marketing	683	665	18
Administration & General	3,484	3,352	132
Property & Facilities	2,852	2,676	176
Fringe Benefits	2,867	2,998	-131
Operating Expenses	\$ 21,945	\$ 21,228	\$ 717



Expenses



Budget 2016



VALLE VERDE
AN APOW RETIREMENT COMMUNITY

Rate Increases

Effective January 1, 2016

- The Residences: 3.00%
- The Lodge: 3.00%
- The Grove: 3.00%

Effective October 1, 2015

- The Village: 3.00%



Recent Fee Increase History (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Residences	3.50	3.50	3.75	2.00	3.00	4.50	3.75	4.00	3.00	3.00
Lodge	4.50	5.00	5.50	2.00	3.00	5.00	4.50	3.50	3.00	3.00
Grove	4.50	5.00	5.50	2.00	3.00	5.00	4.00	3.50	3.00	3.00
Village	5.50	5.00	5.50	2.00	3.00	5.00	4.50	3.50	3.00	3.00

10 Year Average Rate Increase The Residences	Five Year Average Rate Increase The Residences
3.40%	3.65%

Competitor Five Year Averages
 Samarkand = 3.9%
 Vista del Monte = 3.9%
 Casa Dorinda = 3.9%

TW4
 NM5
 TW10
 NM8
 TW12



Mary the competitor 5yr Avgs needs to be update. This data is from last year's presentation.



VALLE VERDE
 AN ACHOW RESIDENT COMMUNITY

Slide 14

TW4

Mary, is this correct for Vista del Monte? It does not seem to be in keeping with what we have shown before.

Tim Wetzel, 10/10/2013

NM5

I called the community directly and got the info for 2012 and 2013 and that average is 3.9%. Past data showed a 14% increase for one year and according to their bookkeeper they have not been above 4% for the last 10 years.

Nafius, Mary, 10/10/2013

TW10

How does this years VV rate increase compare to our three closest competitors in SB?

Tim Wetzel, 10/10/2013

NM8

Vista del Monte has not announced theirs yet. They say they will know as we get closer to year end. Lara confirms that the other communities have not disclosed theirs yet.

Nafius, Mary, 10/10/2013

TW12

What was it last year? I believe my parents who live at a Front Porch Community said their was 4% and Front Porch normally has the same rate for all communities.

Tim Wetzel, 10/10/2013

This budget is achievable and Valle Verde expects to meet or exceed its budget for 2016. The fee increases for FY 2016 are prudent and congruent with its financial goals.



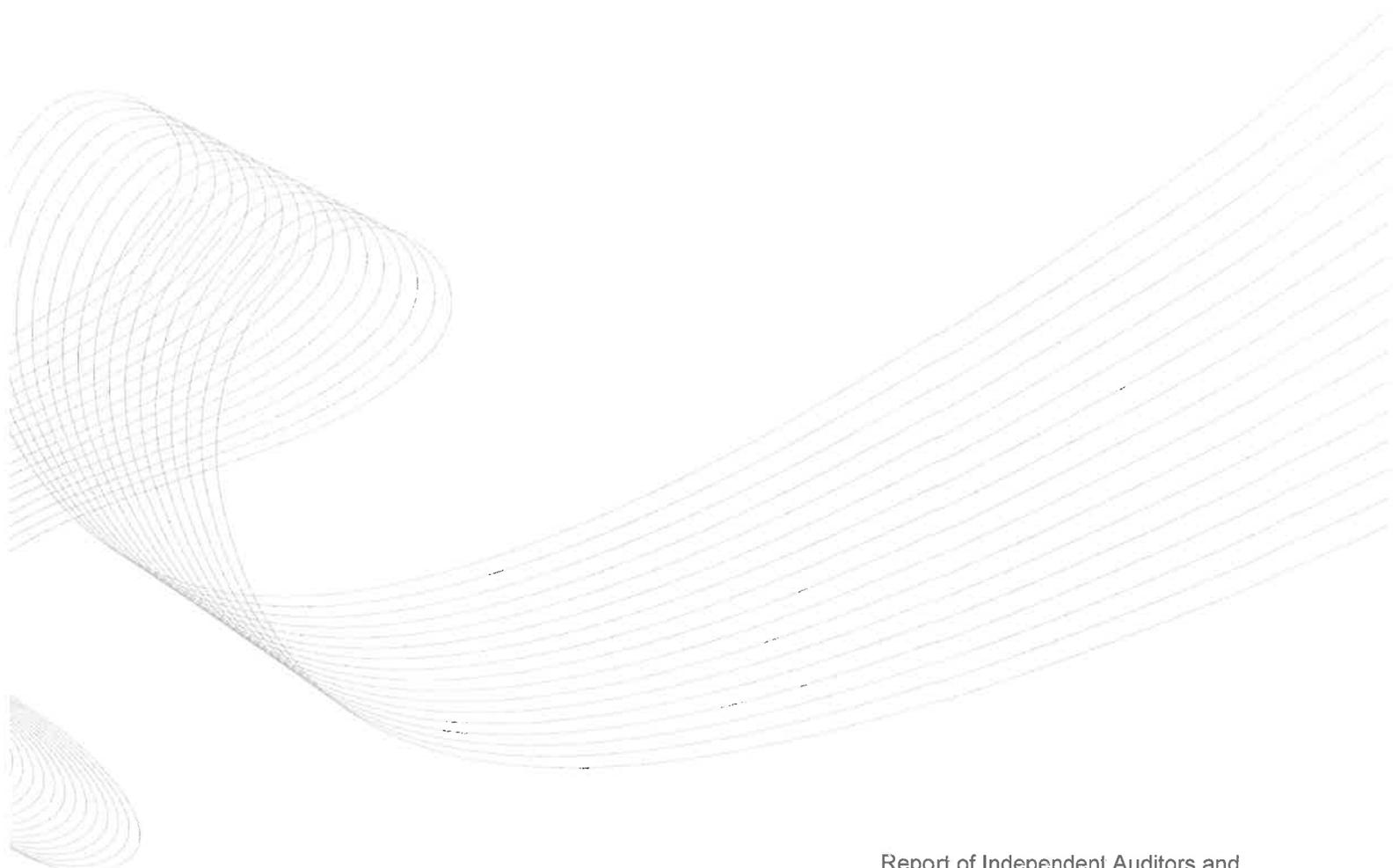
VALLE VERDE
AN ACHOW RETIREMENT COMMUNITY

Thank you for your time and attention

Questions and Answers



VALLE VERDE
AN APOW RETIREMENT COMMUNITY



Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules with
Supplementary Schedules

**American Baptist Homes of the West
and Affiliates**

As of and for the year ended December 31, 2016

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors
American Baptist Homes of the West and Affiliates

Report on the Financial Statements

We have audited the accompanying financial statements of American Baptist Homes of the West and Affiliates, 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 misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserve of American Baptist Homes of the West and Affiliates 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 American Baptist Homes of the West and Affiliates 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 schedules of Attachment I to Form 5-1: Interest Paid During Fiscal Year, Attachment II to Form 5-1: Principal Paid During Fiscal Year, Attachment I to Form 5-3: Facility Leasehold or Rental Payments, Attachment III to Form 5-4: Operating Expenses From Financial Statements, Attachment IV to Form 5-4: Deductions From Operating Expenses, Attachment V to Form 5-5: Schedule of Qualifying Assets – Investments and Debt Service Reserve, Description of Reserves Under SB 1212, Supplemental Schedule: Reconciliation of Reserves Under SB 1212, and Per Capita Cost of Operations, 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 financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of American Baptist Homes of the West and Affiliates 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 28, 2017

ABHOW California Obligated Group	Home Office	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Vaile Verde	Rosewood	Terraces of Los Gatos
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Cash Flows from Operating Activities

Cash Received from Non Contract Resident Services	16,602,204	2,220,667	533,900	4,134,787	775,785	2,120,817	3,910,148	2,906,100
Cash Received from Contract Resident Services	98,750,512	8,884,524	2,674,751	20,358,414	11,968,810	21,575,361	12,381,412	20,907,240
Cash Received from Entrance Fees & Deposits	25,447,560	1,892,245	798,192	3,941,891	3,247,406	6,893,540	913,903	7,760,383
Cash Received from Other Operating Income	13,557,811	(80,752)	124,880	418,339	420,466	1,080,773	353,868	360,587
Cash Received from Bequests and Trust Maturities	-	-	-	-	-	-	-	-
Cash Received from Investments	1,846,547	-	-	-	-	-	-	-
Cash Paid to Employees (Salaries & Wages)	(53,175,222)	(8,270,590)	(1,133,145)	(10,106,553)	(5,055,686)	(8,856,196)	(6,718,201)	(7,824,073)
Cash Paid for Employee Fringe Benefits	(14,504,867)	(1,898,719)	(322,990)	(2,933,865)	(1,408,229)	(2,523,873)	(1,854,365)	(2,182,561)
Cash Paid to Employees (subtotal)	(67,680,092)	(10,169,309)	(1,456,136)	(13,040,417)	(6,463,915)	(11,380,070)	(8,572,566)	(10,006,635)
Cash Paid to Temporary Labor	(4,483,476)	(141,832)	(191,538)	(829,619)	(473,720)	(1,073,806)	(261,294)	(783,367)
Cash Paid to Vendors	(48,496,198)	(5,449,275)	(3,324,060)	(8,725,608)	(5,270,504)	(8,645,913)	(7,470,922)	(7,670,018)
Cash Paid for Interest	(9,935,880)	(3,159,114)	(1,844,780)	(504,000)	(985,050)	(1,205,339)	(504,823)	(2,167,264)
Direct Entries to Equity Accts	-	-	-	-	-	-	-	-
Net Cash Provided by Operating Activities	25,608,988	(6,193,335)	428,501	5,753,789	3,819,278	9,365,362	749,726	11,307,026

Cash Flows from Investing Activities

Acquisition of Property & Equipment	(50,834,170)	(493,574)	(36,603,604)	(817,883)	(3,399,139)	(2,186,888)	(3,265,555)	(2,611,406)
Change in Restricted Cash	(7,678,576)	1,200,026	(5,378,602)	-	(3,500,000)	-	-	-
Purchase of unrestricted investments	(13,861,773)	(13,861,773)	-	-	-	-	-	-
Proceeds from sale of unrestricted investments	18,591,099	18,591,099	-	-	-	-	-	-
Purchase of restricted investments	(72,408,922)	(13,469,904)	(59,225,595)	-	-	(141,222)	-	427,799
Cash utilized from restricted investments	107,550,727	15,285,266	92,265,461	-	-	-	-	-
Net Cash Flows from Investing Activities	(18,641,618)	7,251,139	(8,942,340)	(6,899,139)	(2,186,888)	(3,406,778)	(1,456,121)	(2,183,608)

Cash Flows from Financing Activities

Payments of Notes and Bonds Payable	(5,317,419)	(7,178,456)	(975,064)	856,031	113,712	489,944	734,009	135,834
Proceeds from Issuance of Notes and Bonds Payable	3,500,000	-	-	3,500,000	-	-	-	-
Cash Received from Initial Entrance Fees & Deposits	7,687,000	-	7,687,000	-	-	-	-	-
Cash Paid for Deferred Debt Issuance Costs	-	-	-	-	-	-	-	-
Refunds of Deposits and Refundable Fees	(2,284,915)	-	(15,000)	(328,297)	(255,627)	(523,922)	(56,931)	(999,038)
Cash Received from Inter-Company Transactions	(2,524,701)	14,152,778	1,805,493	(2,882,925)	(1,488,474)	(5,922,710)	30,581	(8,258,213)
Special Advance to affiliates - CCRCs	(2,973,000)	(2,973,000)	-	-	-	-	-	-
Cash Received from Restricted Gifts and Donations	-	-	-	-	-	-	-	-
Cash Received (paid) from Other Trust Activity - net	-	-	-	-	-	-	-	-
Cash Received from Capital Contributions	(4,181,048)	(4,181,048)	-	-	-	-	-	-
Disposition of (Assets)/Liabilities & Cost of Sale	(6,094,081)	(179,728)	8,502,429	1,144,810	(1,630,390)	(5,956,686)	707,659	(9,121,417)
Net Cash Flows from Financing Activities	873,287	878,077	(11,410)	(540)	2,000	1,897	1,263	2,000

Increase (decrease) in Cash

Cash, Beginning Balance	21,391,534	21,351,256	27,738	2,957	5,832	869	120	2,762
Cash, Ending Balance	22,264,821	22,229,333	16,327	2,417	7,832	2,766	1,384	4,762

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (TERRACES OF LOS GATOS)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$25,308,000
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	\$2,158,841
b.	Credit enhancement premiums paid for long-term debt (see instructions)	\$9,159
c.	Depreciation	\$3,159,000
d.	Amortization	\$0
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$2,906,100
f.	Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$8,233,100
4	Net operating expenses	\$17,074,900
5	Divide line 4 by 365 and enter the result.	\$46,781
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$3,508,575

PROVIDER: American Baptist Homes of the West and Affiliates
COMMUNITY: Terraces of Los Gatos

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (ROSEWOOD)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$19,603,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$502,775
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$2,225
	c. Depreciation	\$1,285,000
	d. Amortization	\$0
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$3,910,148
	f. Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$5,700,148
4	Net operating expenses	\$13,902,852
5	Divide line 4 by 365 and enter the result.	\$38,090
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$2,856,750

PROVIDER: American Baptist Homes of the West and Affiliates
COMMUNITY: Rosewood

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (VALLE VERDE)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$28,236,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$1,202,459
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$4,541
	c. Depreciation	\$4,155,790
	d. Amortization	\$151,210
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$2,120,817
	f. Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$7,634,817
4	Net operating expenses	\$20,601,183
5	Divide line 4 by 365 and enter the result.	\$56,442
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$4,233,150

PROVIDER: American Baptist Homes of the West and Affiliates
COMMUNITY: Valle Verde

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (PLYMOUTH VILLAGE)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$16,243,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$383,351
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$1,649
	c. Depreciation	\$2,319,000
	d. Amortization	\$0
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$775,785
	f. Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$3,479,785
4	Net operating expenses	\$12,763,215
5	Divide line 4 by 365 and enter the result.	\$34,968
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$2,622,600

PROVIDER: American Baptist Homes of the West and Affiliates

COMMUNITY: Plymouth Village

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (PIEDMONT GARDENS)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$26,830,000
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	\$501,770
b.	Credit enhancement premiums paid for long-term debt (see instructions)	\$2,230
c.	Depreciation	\$1,690,000
d.	Amortization	\$0
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$4,134,787
f.	Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$6,328,787
4	Net operating expenses	\$20,501,213
5	Divide line 4 by 365 and enter the result.	\$56,168
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$4,212,600

PROVIDER: American Baptist Homes of the West and Affiliates
COMMUNITY: Piedmont Gardens

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (GRAND LAKE GARDENS)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$4,590,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$165,218
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$782
	c. Depreciation	\$609,000
	d. Amortization	\$0
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$533,900
	f. Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$1,308,900
4	Net operating expenses	\$3,281,100
5	Divide line 4 by 365 and enter the result.	\$8,989
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$674,175

PROVIDER: American Baptist Homes of the West and Affiliates
COMMUNITY: Grand Lake Gardens

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES (TERRACES AT LOS ALTOS)
FOR THE YEAR ENDED DECEMBER 31, 2016

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$14,396,000
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$927,660
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$2,340
	c. Depreciation	\$1,412,000
	d. Amortization	\$0
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$2,220,667
	f. Extraordinary expenses approved by the Department	\$0
3	Total deductions	\$4,562,667
4	Net operating expenses	\$9,833,333
5	Divide line 4 by 365 and enter the result.	\$26,941
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$2,020,575

PROVIDER: American Baptist Homes of the West and Affiliates
COMMUNITY: Terraces at Los Altos

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Line	TOTAL
1	Total from Form 5-1 bottom of Column (e) \$17,123,637
2	Total from Form 5-2 bottom of Column (e) \$95,244
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance) \$733,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE: \$17,951,881

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-2
LONG-TERM DEBT INCURRED DURING FISCAL YEAR
(INCLUDING BALLOON DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2016

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

(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (columns (c) x (d))
1	\$0	\$7,937	12	\$95,244
2				\$0
3				\$0
4				\$0
5				\$0
6				\$0
TOTAL:	\$0	\$7,937	12	\$95,244

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

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

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-1
LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
(INCLUDING BALLOON DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	05/28/15	\$1,885,000	\$2,741,430	\$0	\$4,626,430
2	02/16/10	\$1,665,000	\$6,346,233	\$176,745	\$8,187,978
3	01/05/12	\$1,130,000	\$342,679		\$1,472,679
4	02/01/13	\$0	\$2,469,480		\$2,469,480
5	02/02/13	\$533,000	\$34,011		\$567,011
6	12/01/16	\$0			\$0
7	Certs. Of Part	\$44,000	\$4,350		\$48,350
8	Other	\$200,000	-\$448,291		-\$248,291
TOTAL:			\$11,489,892	\$176,745	\$17,123,637

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

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

CONTINUING CARE LIQUID RESERVE SCHEDULES

SUPPLEMENTARY SCHEDULES



**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
ATTACHMENT I TO FORM 5-1
INTEREST PAID DURING FISCAL YEAR
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Description	ABHOW Obligated Group
Total interest paid, net of amounts capitalized, from financial statements	\$ 9,936,000
Subtract:	
Letter of credit fees	28,138
Prepaid finance fees	80,178
Amortization of bond premium and discounts	85,924
Add:	
Capitalized interest - Series 2015	183,834
Capitalized interest - Series 2010 TLA Redevelopment	180,891
Capitalized interest - Series 2013	<u>1,383,407</u>
Total interest paid during fiscal year per form 5-1	<u>\$ 11,489,892</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
ATTACHMENT II TO FORM 5-1
PRINCIPAL PAID DURING FISCAL YEAR
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Description	ABHOW Obligated Group
Total principal paid, from financial statements	<u>\$ 5,317,000</u>
Total principal paid during fiscal year per Form 5-1	
Long-term debt obligation #1	\$ 1,885,000
Long-term debt obligation #2	1,665,000
Long-term debt obligation #3	1,130,000
Long-term debt obligation #4	533,000
Certificates of Participation	44,000
Other	<u>200,000</u>
	5,457,000
Other adjustments - other financing costs	<u>(140,000)</u>
Total principal paid during fiscal year	<u>\$ 5,317,000</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
ATTACHMENT I TO FORM 5-3
FACILITY LEASEHOLD OR RENTAL PAYMENTS
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Description</u>	<u>ABHOW Obligated Group</u>
Total facility leasehold or rental payments paid by provider during fiscal year	<u>\$ 733,000</u>
Leases and rents per financial statement:	
Grand Lake Gardens	\$ 18,000
Piedmont Gardens	195,000
Terraces at Los Altos	58,000
Plymouth Village	79,000
Rosewood	108,000
Valle Verde	173,000
Terraces of Los Gatos	<u>102,000</u>
	<u>\$ 733,000</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
ATTACHMENT III TO FORM 5-4
OPERATING EXPENSES FROM FINANCIAL STATEMENTS
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2016

Line Description	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	Total
1 Total operating expenses from financial statements	\$ 12,054,000	\$ 3,815,000	\$ 24,636,000	\$ 13,539,000	\$ 22,722,000	\$ 17,813,000	\$ 19,981,000	\$ 114,560,000
Total operating expenses from financial statements as reported	1,412,000	609,000	1,690,000	2,319,000	4,307,000	1,285,000	3,159,000	14,781,000
Add:	930,000	166,000	504,000	385,000	1,207,000	505,000	2,168,000	5,865,000
Depreciation and amortization								
Mortgage interest								
Total for Line 1	\$ 14,396,000	\$ 4,590,000	\$ 26,830,000	\$ 16,243,000	\$ 28,236,000	\$ 19,603,000	\$ 25,308,000	\$ 135,206,000

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
ATTACHMENT IV TO FORM 5-4: DEDUCTIONS FROM OPERATING EXPENSE
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Line	Description	Terraces at Los Altos	Grand Lake Gardens	Piedmont Gardens	Plymouth Village	Valle Verde	Rosewood	Terraces of Los Gatos	ABHOW Obligated Group
2e	Total Revenues received during the fiscal year for services to resident who did not have a continuing care contract								
sum of (A)	Monthly Fees – Private (Noncontract)	\$ 2,192,152	\$ 510,116	\$ 4,112,877	\$ 759,775	\$ 2,098,943	\$ 3,828,971	\$ 2,843,077	\$ 16,345,911
sum of (B)	Second Person Fee - PP	-	23,784	-	10,677	-	49,616	22,538	106,615
sum of (D)	Monthly Fees - Wellness - Private (Noncontract)	1,426	-	-	-	-	14,932	-	16,358
(I)	Laboratory – Private (Noncontract)	-	-	18	-	-	44	-	62
(F)	Physical Therapy – Private (Noncontract)	1,490	-	7,896	133	-	3,206	4,345	17,070
(G)	Occupational Therapy – Private (Noncontract)	1,890	-	-	-	4,521	398	1,195	8,004
(H)	Speech Therapy – Private (Noncontract)	-	-	-	-	1,040	360	400	1,800
sum of (E)	Chargeable Supplies – Private (Noncontract)	20,678	-	11,854	4,660	15,215	12,134	31,842	96,383
sum of (C)	Drugs – Private (Noncontract)	3,031	-	1,600	540	-	487	1,705	7,363
(J)	Oxygen – Private (Noncontract)	-	-	542	-	1,098	-	998	2,638
	Total for Line 2e	\$ 2,220,667	\$ 533,900	\$ 4,134,787	\$ 775,785	\$ 2,120,817	\$ 3,910,148	\$ 2,906,100	\$ 16,602,204
	Residential Living Fees Reconciliations								
(A)	Monthly Fees – Private (Noncontract)	\$ -	\$ 510,116	\$ -	\$ 222,150	\$ -	\$ 1,356,736	\$ -	\$ 2,089,002
(B)	Second Person Fee - PP	-	23,784	-	10,677	-	30,920	-	65,381
(C)	Drugs - Private (Noncontract)	-	-	-	-	-	-	-	-
	Total (Noncontract)	-	533,900	-	232,827	-	1,387,656	-	2,154,383
	Contract	1,193,618	2,642,873	7,399,044	5,862,185	11,837,802	2,290,999	9,634,397	40,860,918
	Total Residential Living Fees	\$ 1,193,618	\$ 3,176,773	\$ 7,399,044	\$ 6,095,012	\$ 11,837,802	\$ 3,678,655	\$ 9,634,397	\$ 43,015,301
	Assisted Living Fees Reconciliation								
(A)	Monthly Fees – Private (Noncontract)	\$ -	\$ -	\$ 1,761,565	\$ 285,341	\$ 188,276	\$ 1,179,307	\$ 579,500	\$ 3,993,989
(B)	Second Person Fee - PP	-	-	-	-	-	18,696	22,538	41,234
(D)	Monthly Fees - Wellness - Private (Noncontract)	-	-	-	-	-	14,529	-	14,529
(E)	Chargeable Supplies - Private (Noncontract)	-	-	-	384	-	196	-	580
(C)	Drugs - Private (Noncontract)	-	-	-	-	-	38	420	458
	Total (Noncontract)	-	-	1,761,565	285,725	188,276	1,212,766	602,458	4,050,790
	Contract	1,941,768	-	1,893,307	1,625,907	1,688,717	487,356	2,389,680	10,026,735
	Total Assisted Living Fees	\$ 1,941,768	\$ -	\$ 3,654,872	\$ 1,911,632	\$ 1,876,993	\$ 1,700,122	\$ 2,992,138	\$ 14,077,525
	Health Center Fees Reconciliation								
(A)	Monthly Fees – Private (Noncontract)	\$ 1,273,780	\$ -	\$ 1,832,374	\$ 226,671	\$ 1,652,085	\$ 626,342	\$ 1,938,291	\$ 7,549,543
(I)	Laboratory – Private (Noncontract)	-	-	18	-	-	44	-	62
(F)	Physical Therapy – Private (Noncontract)	1,490	-	7,896	133	-	3,206	4,345	17,070
(G)	Occupational Therapy – Private (Noncontract)	1,890	-	-	-	4,521	398	1,195	8,004
(H)	Speech Therapy – Private (Noncontract)	-	-	-	-	1,040	360	400	1,800
(E)	Chargeable Supplies – Private (Noncontract)	20,678	-	11,854	4,276	15,215	11,635	31,842	95,500
(C)	Drugs – Private (Noncontract)	3,031	-	1,600	540	-	449	1,285	6,905
(J)	Oxygen – Private (Noncontract)	-	-	542	-	1,098	-	998	2,638
	Total (Noncontract)	1,300,869	-	1,854,284	231,620	1,673,959	642,434	1,978,356	7,681,522
	Contract	4,774,607	-	10,551,465	4,292,012	6,917,581	9,293,112	7,130,873	42,959,650
	Total Health Center Fees Reconciliation	\$ 6,075,476	\$ -	\$ 12,405,749	\$ 4,523,632	\$ 8,591,540	\$ 9,935,546	\$ 9,109,229	\$ 50,641,172
	Memory Support Reconciliation								
(A)	Monthly Fees – Private (Noncontract)	\$ 918,372	\$ -	\$ 518,938	\$ 25,613	\$ 258,582	\$ 666,586	\$ 325,286	\$ 2,713,377
(D)	Monthly Fees - Wellness - Private (Noncontract)	1,426	-	-	-	-	-	-	1,426
(E)	Chargeable Supplies - Private (Noncontract)	-	-	-	-	-	303	-	303
	Total (Noncontract)	919,798	-	518,938	25,613	258,582	666,889	325,286	2,715,106
	Contract	729,636	-	705,459	521,630	1,357,592	586,270	1,341,090	5,241,677
	Total Memory Support Fees	\$ 1,649,434	\$ -	\$ 1,224,397	\$ 547,243	\$ 1,616,174	\$ 1,253,159	\$ 1,666,376	\$ 7,956,783
	Other Resident Services Reconciliation								
(D)	Monthly Fees - Wellness - Private (Noncontract)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403	\$ -	\$ 403
	Total (Noncontract)	-	-	-	-	-	403	-	403
	Contract	48,236	146,116	447,222	60,437	2,28,843	212,185	84,333	1,227,372
	Total Other Residential Services Revenue	\$ 48,236	\$ 146,116	\$ 447,222	\$ 60,437	\$ 2,28,843	\$ 212,588	\$ 84,333	\$ 1,227,775

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
ATTACHMENT V TO FORM 5-5: SCHEDULE OF QUALIFYING ASSETS –
INVESTMENTS AND DEBT SERVICE RESERVE
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Line Description

Total cash and cash equivalents from financial statements		
	Cash and cash equivalents, ABHOW obligated Group	\$ 22,265,000
	Cash and cash equivalents, Foundation	648,000
4	Total operating reserve, cash and cash equivalents	\$ 22,913,000
Total investments from financial statements		
	Investments, ABHOW obligated Group	\$ 54,944,000
	Investments, Foundation	41,029,000
	Subtract:	
	Securities collateral required to back letters of credit	4,323,036
	Total investments from financial statements	\$ 91,649,964
Total Investments securities and equity securities from Form 5-5		
5	Investment securities	\$ 28,097,313
6	Equity securities	63,552,651
	Total investments securities and equity securities from Form 5-5	\$ 91,649,964
Operating reserve reconciliation		
4	Total operating reserve, cash and cash equivalents	\$ 22,913,000
	Total investments from financial statements	91,649,964
12	Total listed for operating reserve obligation	\$ 114,562,964
Debt service reserve reconciliation		
5	Investment securities Form 5-5	\$ 26,379,053
9	Debt service reserve Form 5-5	12,158,947
11	Total listed for debt service reserve obligation	\$ 38,538,000
	ABHOW obligated group - restricted investments from financial statements	\$ 38,538,000

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-5
SUPPLEMENTARY SCHEDULE: DESCRIPTION OF RESERVES UNDER SB 1212
FOR THE YEAR ENDED DECEMBER 31, 2016**

**DSS - Reserve Report - Part of Form 5-5
Description of Reserves under SB 1212**

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	\$ 22,913,000
Unrestricted Investment Securities	95,973,000
Subtotal Cash and Unrestricted Investment Securities	118,886,000
Reserved for Workers Compensation	(4,323,036)
Total Qualifying Assets as Filed:	114,562,964

Reservations and Designations:

Reserved for Refundable Entrance Fees - Terraces of Los Gatos

164,489

Designated for Endowment

40,418,000

Designated for 457(f)

5,880,000

Designated for Claims

1,342,000

Designated for Corporate Reserves

14,937,000

Designated for Guarantees

2,000,000

Designated for Commitments and Contingencies

5,500,000

Designated for Campus Redevelopment

5,000,000

Designated for Innovation

5,000,000

Total Reservations and Designations

80,241,489

Remaining Liquid Reserves

\$ 34,321,475

Comments in Consistency with Tax Exempt Status Under AB 1169

Securities collateral required to back letters of credit supporting partially self-insured workers compensation program as described in Note 10 to the audited financial statements.

Refundable entrance fees received during 1990's on this campus and subject to refund provisions under Section 1792.6 of C.C. Statutes.

Foundation unrestricted endowment funds that qualify for liquid reserves but are not available for operations. The Foundation does provide a guarantee for debt service as described in Note 1 to the audited financial statements. Earnings from the endowment funds are distributed to the communities for assistance with benevolence needs of residents.

Assets included in nonqualified retirement plan that is subject to the claims of creditors as discussed in Note 9 to the audited financial statements.

Claims and legal actions in the ordinary course of business as described in Note 14 to the audited financial statements.

Per Executive Limitation #5 of the Board, a minimum of 45 days cash on hand must be maintained for working capital

As discussed in Note 15 to the audited financial statements, ABHOW has provided temporary guarantees for a number of affordable housing communities as provided for in its master trust indenture. While ABHOW does not anticipate having to fund the guarantees, a designation of \$2,000,000 of the maximum \$30,000,000 is reflected as an estimate. Expanding affordable housing is consistent with ABHOW's mission statement and the Board's strategic objectives

ABHOW's Terraces at Los Altos campus has embarked on a major redevelopment for the benefit of current and future residents. While certain borrowings have been restricted for this purpose, it is anticipated that unrestricted cash for this as well as future anticipated projects on other campuses will likely have to be utilized for a portion of those development projects to help manage the aggregate financing costs.

Reserves needed for general liquidity consistent with maintaining a credit rating of BBB with a positive effect on aggregate capital costs.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
 SUPPLEMENTAL SCHEDULE: RECONCILIATION OF RESERVES UNDER SB 1212
 STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
 FOR THE YEAR ENDED DECEMBER 31, 2016**

Line Description

Total qualifying assets as filed	
Cash and cash equivalents, ABHOW obligated Group	\$ 22,265,000
Cash and cash equivalents, Foundation	648,000
Investments, ABHOW obligated group	54,944,000
Investments, Foundation	41,029,000
Subtract:	
Securities collateral required to back letters of credit	4,323,036
Total qualifying assets as filed	<u>\$ 114,562,964</u>
Reservations and designations	
Reserved for Refundable Entrance Fees - Terraces of Los Gatos	\$ 164,489
Designated for Endowment - Note 15	40,418,000
Designated for 457(f) plan - Note 15	5,880,000
Designated for claims - Note 15	1,342,000
Designated for corporate reserves - Note 15	14,937,000
Designated for affordable housing guarantees - Note 15	2,000,000
Designated for commitments and contingencies - Note 15	5,500,000
Designated for campus redevelopment - Note 15	5,000,000
Designated for innovation - Note 15	5,000,000
Remaining liquid reserves	<u>\$ 34,321,475</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-5
SUPPLEMENTARY SCHEDULE – PER CAPITA COST OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Per Capita Cost of Operations

Operating Expenses (Form 5-4 line 1)	\$ 135,206,000
Mean Number of CCRC Residents (Form 1-1 line 10)	\$ 1,859
Per Capita Cost of Operations	\$ 72,731

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
FORM 5-5
NOTE TO RESERVE REPORTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 1 – BASIS OF ACCOUNTING

The accompanying reserve reports have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of American Baptist Homes of the West and Affiliates' assets, liabilities, revenues, and expenses.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period:	\$ 2,251– 4,151	NA	NA
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.00%		

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Grand Lake Gardens

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (Includes 2 nd Person Fee)	\$ 2,930 – 7,789	\$ 5,802– 10,416	\$ 361 – 721 per day
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.00%	3.50%	3.50 %

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Piedmont Gardens

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: 2 nd person fee	\$2,675 - 3,355 <hr/> \$1,385	\$4,654- \$7,575 <hr/>	\$269 - \$348 per day <hr/>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.00% <hr/>	3.50% <hr/>	3.50% <hr/>

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2016;
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Plymouth Village

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: 2 nd Person Fee	\$2,156 - \$3,830 <hr/> \$566	\$2,541- \$6,693 <hr/> \$779	\$294 - \$392 per day
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.00% <hr/>	3.00% <hr/>	3.00% <hr/>

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Rosewood

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: 2 nd Person Fee	\$3,228 – 5,591 \$616- \$1,200	\$4,774 - \$11,334 \$3,623 - \$6,851	\$ 382.50 - \$498.92 per day
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	1.00%	3.50%	3.50%

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Terraces at Los Altos

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: 2 nd person fee	\$3,332 – 6,499 <hr/> \$914	\$4,652 - 11,937 <hr/>	\$318 - \$431 per day <hr/>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.00% <hr/>	3.00% <hr/>	2.50% <hr/>

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: Skilled Nursing on October 1, 2015; all others on January 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Terraces of Los Gatos

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period:	\$2,670 - \$5,720	\$5,693-	\$300 - \$505
2 nd Person Fee	\$970	\$8,546 \$2,376-	per day
		\$4,443	
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.00%	3.00%	3.00%

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: Skilled Nursing on October 1, 2015; all others on January 1, 2016
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

PROVIDER: American Baptist Homes of the West
COMMUNITY: Valle Verde

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

Date Amended: 04/21/2017

FACILITY NAME: Grand Lake Gardens Retirement Community
 ADDRESS: 401 Santa Clara Ave.; Oakland, CA ZIP CODE: 94610 PHONE: 510-893-8897
 PROVIDER NAME: ABHOW FACILITY OPERATOR: ABHOW
 RELATED FACILITIES: ABHOW RELIGIOUS AFFILIATION: Nonsectarian
 YEAR OPENED: 1966 NO. OF ACRES: 1 MULTI-STORY: X SINGLE STORY: BOTH:
 MILES TO SHOPPING CTR: .5 MILES TO HOSPITAL: 2

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>15</u>	ASSISTED LIVING <u>NA</u>
APARTMENTS - 1 BDRM	<u>51</u>	SKILLED NURSING <u>NA</u>
APARTMENTS - 2/3 BDRM	<u>25</u>	SPECIAL CARE <u>NA</u>
COTTAGES/HOUSES	<u> </u>	DESCRIBE SPECIAL CARE: <u> </u>
% OCCUPANCY AT YEAR END	<u>84.6%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: 80%

RANGE OF ENTRANCE FEES: \$57,000 TO \$152,250 LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT:

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: NA OTHER:

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): ABHOW's board includes 2 residents from its owned and managed CCRCs. Resident Council Presidents attend 3 of the 4 ABHOW board meetings per year.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	X	X	HOUSEKEEPING TIMES/MONTH	<u>2</u>	<u> </u>
BILLIARD ROOM	X	<input type="checkbox"/>	NUMBER OF MEALS/DAY	<u>1-2</u>	<u>3</u>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<u>No</u>	<u> </u>
CARD ROOMS	X	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	X	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	X	<input type="checkbox"/>
CRAFT ROOMS	X	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	X	<input type="checkbox"/>
EXERCISE ROOM	X	<input type="checkbox"/>	APARTMENT MAINTENANCE	X	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>	X
LIBRARY	X	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	X
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	X
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	X	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/>	X
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	X	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	X	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER <u> </u>	<input type="checkbox"/>	<input type="checkbox"/>
OTHER <u>Movie Theater</u>	X	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
OTHER <u>Brain Fitness Center</u>	X	<input type="checkbox"/>			

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

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	<u>100,002,000</u>	<u>105,521,000</u>	<u>109,080,000</u>	<u>120,965,000</u>
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2013		2014		2015		2016
STUDIO	2,130	4.90%	2,227	5.00%	2,487	5.00%	2,671
ONE BEDROOM	2,714	4.90%	2,827	5.00%	2,958	5.00%	3,287
TWO BEDROOM	3,222	4.90%	3,339	5.00%	3,592	5.00%	4,532
THREE BEDROOM	3,623	4.90%					
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: _____

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

PROVIDER NAME: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

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

Date Amended: 04/03/17

FACILITY NAME: Piedmont Gardens Retirement Community
 ADDRESS: 110 41st Street, Oakland, CA ZIP CODE: 94611 PHONE: 510-597-6700
 PROVIDER NAME: ABHOW FACILITY OPERATOR: ABHOW
 RELATED FACILITIES: ABHOW RELIGIOUS AFFILIATION: Nonsectarian
 YEAR OPENED: 1969 NO. OF ACRES: 2.8 MULTI-STORY: X SINGLE STORY: _____ BOTH: _____
 MILES TO SHOPPING CTR: .5 MILES TO HOSPITAL: .5

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS – STUDIO	<u>19</u>	ASSISTED LIVING <u>60</u>
APARTMENTS – 1 BDRM	<u>98</u>	SKILLED NURSING <u>88</u>
APARTMENTS – 2/3 BDRM	<u>56</u>	MEMORY CARE <u>16</u>
COTTAGES/HOUSES	<u>0</u>	DESCRIBE SPECIAL CARE: _____
% OCCUPANCY AT YEAR END	<u>94.8%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER:

RANGE OF ENTRANCE FEES: \$49,973 TO \$381,150 LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Dependent on contract signed (10 free days annually in skilled, permanent transfer credits, medical reimbursement)

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: NA OTHER: _____

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): ABHOW's board includes 2 residents from its owned and managed CCRCs. Resident Council Presidents attend 3 of the 4 ABHOW board meetings per year.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	X	X	<u>2</u>	<u>Unltd</u>
BILLIARD ROOM	X	<input type="checkbox"/>	<u>1</u>	<u>2-3</u>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
CHAPEL	X	<input type="checkbox"/>	X	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
CRAFT ROOMS	X	<input type="checkbox"/>	X	<input type="checkbox"/>
EXERCISE ROOM	X	<input type="checkbox"/>	X	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LIBRARY	X	<input type="checkbox"/>	<input type="checkbox"/>	X
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X
SHUFFLEBOARD	X	<input type="checkbox"/>	X	<input type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	X
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	X	<input type="checkbox"/>
WORKSHOP	X	<input type="checkbox"/>	X	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>		

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

PROVIDER NAME: American Baptist Homes of the West

CCRCs	LOCATION (City, State)	PHONE (with area code)
<u>Terraces at Los Altos</u>	<u>Los Altos, CA</u>	<u>650-948-8291</u>
<u>Grand Lake Gardens</u>	<u>Oakland, CA</u>	<u>510-893-8897</u>
<u>Piedmont Gardens</u>	<u>Oakland, CA</u>	<u>510-654-7172</u>
<u>Plymouth Village</u>	<u>Redlands, CA</u>	<u>909-793-1233</u>
<u>Valle Verde</u>	<u>Santa Barbara, CA</u>	<u>805-687-1571</u>
<u>Rosewood</u>	<u>Bakersfield, CA</u>	<u>661-834-0620</u>
<u>Terraces of Los Gatos</u>	<u>Los Gatos, CA</u>	<u>408-356-1006</u>

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

<u>Casa de la Vista</u>	<u>Redlands, CA</u>	<u>909-335-8888</u>
<u>Fern Lodge</u>	<u>Redlands, CA</u>	<u>909-335-3077</u>
<u>Hillcrest Senior Housing</u>	<u>Daly City, CA</u>	<u>650-991-8809</u>
<u>Judson Terrace Lodge</u>	<u>San Luis Obispo, CA</u>	<u>805-541-4567</u>
<u>Oak Knolls Haven</u>	<u>Santa Maria, CA</u>	<u>805-934-2027</u>
<u>Tahoe Senior Plaza</u>	<u>South Lake Tahoe, CA</u>	<u>530-542-7048</u>
<u>San Leandro Senior Housing</u>	<u>San Leandro, CA</u>	<u>510-553-9250</u>

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	<u>100,002,000</u>	<u>105,521,000</u>	<u>109,080,000</u>	<u>120,965,000</u>
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2013		2014		2015		2016	
STUDIO	2,492	3.50%	2,585	4.00%	2,660	4.00%	2,999	
ONE BEDROOM	2,776	3.50%	2,873	4.00%	2,959	4.00%	3,576	
TWO BEDROOM	4,498	3.50%	4,654	4.00%	4,771	4.00%	5,445	
COTTAGE/HOUSE								
ASSISTED LIVING	5,687	3.50%	5,791	3.50%	5,874	3.50%	5,882	
SKILLED NURSING	319/day	3.50%	337/day	3.50%	345/day	3.50%	357/day	
SPECIAL CARE	7,027	3.50%	7,349	3.00%	7,566	3.00%	7,835	

COMMENTS FROM PROVIDER:

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

PROVIDER NAME: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

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

Date Amended: 04/11/17

FACILITY NAME: Plymouth Village Retirement Community
 ADDRESS: 900 Salem Drive; Redlands, CA ZIP CODE: 92373 PHONE: 909-793-1233
 PROVIDER NAME: ABHOW FACILITY OPERATOR: ABHOW
 RELATED FACILITIES: ABHOW RELIGIOUS AFFILIATION: Nonsectarian
 YEAR OPENED: 1962 NO. OF ACRES: 37 MULTI-STORY: SINGLE STORY: BOTH: X
 MILES TO SHOPPING CTR: 2 MILES TO HOSPITAL: 4

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>0</u>	ASSISTED LIVING <u>30</u>
APARTMENTS – 1 BDRM	<u>36</u>	SKILLED NURSING <u>48</u>
APARTMENTS – 2 BDRM	<u>106</u>	SPECIAL CARE <u>10</u>
COTTAGES/HOUSES	<u>43</u>	DESCRIBE SPECIAL CARE: <u>Dementia</u>
% OCCUPANCY AT YEAR END	<u>86.0%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: 80%

RANGE OF ENTRANCE FEES: \$50,000___ TO \$345,565___ LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Dependent on contract signed (permanent transfer credits, medical reimbursement)

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: NA OTHER: _____

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): ABHOW's board includes 2 residents from its owned and managed CCRCs. Resident Council Presidents attend 3 of the 4 ABHOW board meetings per year.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH	2-4
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY	1-3
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	Yes
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SOME UTILITIES	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER Internet	<input checked="" type="checkbox"/>
OTHER Computer Lab	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER Concierge	<input checked="" type="checkbox"/>
OTHER Community Garden	<input checked="" type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of

multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: American Baptist Homes of the West

CCRCs	LOCATION (City, State)	PHONE (with area code)
Terraces at Los Altos	Los Altos, CA	650-948-8291
Grand Lake Gardens	Oakland, CA	510-893-8897
Piedmont Gardens	Oakland, CA	510-654-7172
Plymouth Village	Redlands, CA	909-793-1233
Valle Verde	Santa Barbara, CA	805-687-1571
Rosewood	Bakersfield, CA	661-834-0620
Terraces of Los Gatos	Los Gatos, CA	408-356-1006

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

Casa de la Vista	Redlands, CA	909-335-8888
Fern Lodge	Redlands, CA	909-335-3077
Hillcrest Senior Housing	Daly City, CA	650-991-8809
Judson Terrace Lodge	San Luis Obispo, CA	805-541-4567
Oak Knolls Haven	Santa Maria, CA	805-934-2027
Tahoe Senior Plaza	South Lake Tahoe, CA	530-542-7048
San Leandro Senior Housing	San Leandro, CA	510-553-9250

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	<u>100,002,000</u>	<u>105,521,000</u>	<u>109,080,000</u>	<u>120,965,000</u>
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2013		2014		2015		2016	
STUDIO								
ONE BEDROOM	2,391	3.50%	2,475	4.00%	2,572	4.00%	2,675	
TWO BEDROOM	2,605	3.50%	2,699	4.00%	2,806	4.00%	2,915	
COTTAGE/HOUSE	2,857	3.50%	2,952	4.00%	3,069	4.00%	3,191	
ASSISTED LIVING	5,581	3.00%	5,593	3.50%	5,902	3.50%	5,937	
SKILLED NURSING	244/day	2.75%	254/day	3.50%	266/day	3.50%	272/day	
SPECIAL CARE	5,964	2.00%	6,191	3.00%	6,453	3.00%	7,055	

COMMENTS FROM PROVIDER:

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

PROVIDER NAME: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

PROVIDER NAME: _____ American Baptist Homes of the West _____

CCRCs

LOCATION (City, State)

PHONE (with area code)

Terraces at Los Altos

Los Altos, CA

650-948-8291

Grand Lake Gardens

Oakland, CA

510-893-8897

Piedmont Gardens

Oakland, CA

510-654-7172

Plymouth Village

Redlands, CA

909-793-1233

Valle Verde

Santa Barbara, CA

805-687-1571

Rosewood

Bakersfield, CA

661-834-0620

Terraces of Los Gatos

Los Gatos, CA

408-356-1006

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

Casa de la Vista

Redlands, CA

909-335-8888

Fern Lodge

Redlands, CA

909-335-3077

Hillcrest Senior Housing

Daly City, CA

650-991-8809

Judson Terrace Lodge

San Luis Obispo, CA

805-541-4567

Oak Knolls Haven

Santa Maria, CA

805-934-2027

Tahoe Senior Plaza

South Lake Tahoe, CA

530-542-7048

San Leandro Senior Housing

San Leandro, CA

510-553-9250

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES				
(excluding depreciation, amortization, & interest)	<u>100,002,000</u>	<u>105,521,000</u>	<u>109,080,000</u>	<u>120,965,000</u>
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2013		2014		2015		2016
STUDIO	2,027	3.50%	2,075	4.00%	2,151	4.00%	2,228
ONE BEDROOM	2,639	3.50%	2,720	4.00%	2,791	4.00%	2,903
TWO BEDROOM	3,159	3.50%	3,269	4.00%	3,384	4.00%	3,506
COTTAGE/HOUSE							
ASSISTED LIVING	4,463	3.50%	4,493	3.00%	4,700	3.00%	4,965
SKILLED NURSING	281/day	3.50%	284/day	3.00%	301/day	3.00%	308/day
SPECIAL CARE	5,364	3.50%	5,552	3.00%	5,775	3.00%	6,039

COMMENTS FROM PROVIDER:

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

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

Date Amended: 04/05/17

FACILITY NAME: The Terraces at Los Altos Retirement Community
 ADDRESS: 373 Pine Lane; Los Altos, CA ZIP CODE: 94022 PHONE: 650-948-8291
 PROVIDER NAME: ABHOW FACILITY OPERATOR: ABHOW
 RELATED FACILITIES: ABHOW RELIGIOUS AFFILIATION: Nonsectarian
 YEAR OPENED: 1949 NO. OF ACRES: 7 MULTI-STORY: SINGLE STORY: BOTH: X
 MILES TO SHOPPING CTR: 2 MILES TO HOSPITAL: 4

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS – 1 BDRM	<u>50</u>	ASSISTED LIVING <u>30</u>
APARTMENTS – 1 BDRM/FLEX	<u>8</u>	SKILLED NURSING <u>30</u>
APARTMENTS – 2 BDRM	<u>47</u>	SPECIAL CARE <u>16</u>
		DESCRIBE SPECIAL CARE: <u>Dementia Care</u>
% OCCUPANCY AT YEAR END	<u>30%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: 80%

RANGE OF ENTRANCE FEES: \$291,660 TO \$1,394,620 LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Dependent on contract signed (permanent transfer credits)

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: NA OTHER:

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): ABHOW's board includes 2 residents from its owned and managed CCRCs. Resident Council Presidents attend 3 of the 4 ABHOW board meetings per year.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH <u>2</u>	
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY <u>1 to 3</u>	
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE <u>Yes</u>	
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/> <input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/> <input checked="" type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/> <input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/> <input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/> <input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/> <input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/> <input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/> <input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER <u> </u>	<input type="checkbox"/> <input type="checkbox"/>
OTHER <u> </u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/> <input type="checkbox"/>

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

PROVIDER NAME: _____

CCRCs	LOCATION (City, State)	PHONE (with area code)
Terraces at Los Altos	Los Altos, CA	650-948-8291
Grand Lake Gardens	Oakland, CA	510-893-8897
Piedmont Gardens	Oakland, CA	510-654-7172
Plymouth Village	Redlands, CA	909-793-1233
Valle Verde	Santa Barbara, CA	805-687-1571
Rosewood	Bakersfield, CA	661-834-0620
Terraces of Los Gatos	Los Gatos, CA	408-356-1006

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

Casa de la Vista	Redlands, CA	909-335-8888
Fern Lodge	Redlands, CA	909-335-3077
Hillcrest Senior Housing	Daly City, CA	650-991-8809
Judson Terrace Lodge	San Luis Obispo, CA	805-541-4567
Oak Knolls Haven	Santa Maria, CA	805-934-2027
Tahoe Senior Plaza	South Lake Tahoe, CA	530-542-7048
San Leandro Senior Housing	San Leandro, CA	510-553-9250

*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	<u>100,002,000</u>	<u>105,521,000</u>	<u>109,080,000</u>	<u>120,965,000</u>
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2013		2014		2015		2016	
STUDIO	2,996	3.50%	3,094	1.00%	3,206	1.00%	3,270	
ONE BEDROOM	4,230	3.50%	4,401	1.00%	4,570	1.00%	4,708	
TWO BEDROOM	5,104	3.50%	5,121	1.00%	5,326	1.00%	5,401	
COTTAGE/HOUSE								
ASSISTED LIVING	6,182	3.50%	6,242	3.50%	6,737	3.50%	6,413	
SKILLED NURSING	312/day	3.50%	433/day	3.50%	441/day	3.50%	459/day	
SPECIAL CARE			7,926	3.50%	8,706	3.50%	9,068	

COMMENTS FROM PROVIDER: _____

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

PROVIDER NAME: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

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

Date Amended: 01/28/16

FACILITY NAME: The Terraces of Los Gatos Retirement Community
 ADDRESS: 800 Blossom Hill Rd.; Los Gatos, CA ZIP CODE: 95032 PHONE: 408-356-1006
 PROVIDER NAME: ABHOW FACILITY OPERATOR: ABHOW
 RELATED FACILITIES: ABHOW RELIGIOUS AFFILIATION: Nonsectarian
 YEAR OPENED: 1992 NO. OF ACRES: 9 MULTI-STORY: SINGLE STORY: BOTH: X
 MILES TO SHOPPING CTR: .25 MILES TO HOSPITAL: 1.0

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>10</u>	ASSISTED LIVING <u>45</u>
APARTMENTS - 1 BDRM	<u>73</u>	SKILLED NURSING <u>59</u>
APARTMENTS - 2 BDRM	<u>82</u>	SPECIAL CARE <u>16</u>
COTTAGES/HOUSES	<u>10</u>	DESCRIBE SPECIAL CARE: <u>PT, OT, ST, aqua therapy</u>
% OCCUPANCY AT YEAR END	<u>100%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: 80%

RANGE OF ENTRANCE FEES: \$195,963.00-\$1,278,448.00. **LONG-TERM CARE INSURANCE REQUIRED?** Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Dependent on when contract signed (10 free days annually in skilled, permanent transfer credits, medical reimbursement)

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: NA OTHER:

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): ABHOW's board includes 2 residents from its owned and managed CCRCs. Resident Council Presidents attend 3 of the 4 ABHOW board meetings per year.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH <u>2</u>	
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY <u>1 or 2</u>	<u>3</u>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE <u>Yes</u>	
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER gift shop	<input type="checkbox"/>
OTHER chaplain	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

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

PROVIDER NAME: American Baptist Homes of the West

CCRCs	LOCATION (City, State)	PHONE (with area code)
Terraces at Los Altos	Los Altos, CA	650-948-8291
Grand Lake Gardens	Oakland, CA	510-893-8897
Piedmont Gardens	Oakland, CA	510-654-7172
Plymouth Village	Redlands, CA	909-793-1233
Valle Verde	Santa Barbara, CA	805-687-1571
Rosewood	Bakersfield, CA	661-834-0620
Terraces of Los Gatos	Los Gatos, CA	408-356-1006

MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

Casa de la Vista	Redlands, CA	909-335-8888
Fern Lodge	Redlands, CA	909-335-3077
Hillcrest Senior Housing	Daly City, CA	650-991-8809
Judson Terrace Lodge	San Luis Obispo, CA	805-541-4567
Oak Knolls Haven	Santa Maria, CA	805-934-2027
Tahoe Senior Plaza	South Lake Tahoe, CA	530-542-7048
San Leandro Senior Housing	San Leandro, CA	510-553-9250

* PLEASE INDICATE IF THE FACILITY IS LIFE CARE.

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	<u>100,002,000</u>	<u>105,521,000</u>	<u>109,080,000</u>	<u>120,965,000</u>
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2013		2014		2015		2016
STUDIO	3,035	3.00%	3,126	3.00%	3,235	3.00%	3,332
ONE BEDROOM	3,514	3.00%	3,619	3.00%	3,746	3.00%	3,858
TWO BEDROOM	4,650	3.00%	4,789	3.00%	4,957	3.00%	5,105
COTTAGE/HOUSE	5,919	3.00%	6,097	3.00%	6,310	3.00%	6,499
ASSISTED LIVING	5,231	3.00%	5,544	3.00%	5,736	3.00%	5,833
SKILLED NURSING	308/day	3.00%	318/day	2.50%	328/day	2.50%	334/day
SPECIAL CARE	2013		2014		2015	3.00%	8,801

COMMENTS FROM PROVIDER:

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

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

Date Amended:01/28/16

FACILITY NAME: Valle Verde Retirement Community
 ADDRESS: 900 Calle de los Amigos; Santa Barbara, CA ZIP CODE: 93105 PHONE: 805-883-4000
 PROVIDER NAME: ABHOW FACILITY OPERATOR: ABHOW
 RELATED FACILITIES: ABHOW RELIGIOUS AFFILIATION: Nonsectarian
 YEAR OPENED: 1966 NO. OF ACRES: 65 MULTI-STORY: SINGLE STORY: X BOTH:
 MILES TO SHOPPING CTR: 2 MILES TO HOSPITAL: 4

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>7</u>	ASSISTED LIVING <u>26</u>
APARTMENTS - 1 BDRM	<u>93</u>	SKILLED NURSING <u>72</u>
APARTMENTS - 2 BDRM	<u>124</u>	SPECIAL CARE <u>17</u>
COTTAGES/HOUSES	<u>27</u>	DESCRIBE SPECIAL CARE: <u>Dementia</u>
% OCCUPANCY AT YEAR END	<u>98 %</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: CCAC

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER: 80%

RANGE OF ENTRANCE FEES: \$54,000 TO \$750,000 LONG-TERM CARE INSURANCE REQUIRED? Y N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: \$1,000/month credit up to a maximum of \$12,000 upon permanent move to health center.

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: NA OTHER: _____

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): ABHOW's board includes 2 residents from its owned and managed CCRCs. Resident Council Presidents attend 3 of the 4 ABHOW board meetings per year.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	SERVICES AVAILABLE		INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEE FOR SERVICE		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>2</u>	
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>1</u>	<u>3</u>
BOWLING GREEN (Bocce Ball)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Yes	
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

PROVIDER NAME: American Baptist Homes of the West

CCRCs	LOCATION (City, State)	PHONE (with area code)
<u>Terraces at Los Altos</u>	<u>Los Altos, CA</u>	<u>650-948-8291</u>

<u>Grand Lake Gardens</u>	<u>Oakland, CA</u>	<u>510-893-8897</u>
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<u>Piedmont Gardens</u>	<u>Oakland, CA</u>	<u>510-654-7172</u>
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<u>Plymouth Village</u>	<u>Redlands, CA</u>	<u>909-793-1233</u>
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<u>Valle Verde</u>	<u>Santa Barbara, CA</u>	<u>805-687-1571</u>
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<u>Rosewood</u>	<u>Bakersfield, CA</u>	<u>661-834-0620</u>
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<u>Terraces of Los Gatos</u>	<u>Los Gatos, CA</u>	<u>408-356-1006</u>
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MULTI-LEVEL RETIREMENT COMMUNITIES

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

<u>Casa de la Vista</u>	<u>Redlands, CA</u>	<u>909-335-8888</u>
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<u>Fern Lodge</u>	<u>Redlands, CA</u>	<u>909-335-3077</u>
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<u>Hillcrest Senior Housing</u>	<u>Daly City, CA</u>	<u>650-991-8809</u>
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<u>Judson Terrace Lodge</u>	<u>San Luis Obispo, CA</u>	<u>805-541-4567</u>
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<u>Oak Knolls Haven</u>	<u>Santa Maria, CA</u>	<u>805-934-2027</u>
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<u>Tahoe Senior Plaza</u>	<u>South Lake Tahoe, CA</u>	<u>530-542-7048</u>
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<u>San Leandro Senior Housing</u>	<u>San Leandro, CA</u>	<u>510-553-9250</u>
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*** PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**

PROVIDER NAME: _____

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	102,410,000	108,603,000	116,517,000	122,970,000
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	100,002,000	105,521,000	109,080,000	120,965,000
NET INCOME FROM OPERATIONS	2,408,000	3,082,000	7,437,000	2,005,000
LESS INTEREST EXPENSE	4,822,000	5,066,000	6,778,000	7,464,000
PLUS CONTRIBUTIONS	8,000	4,000	897,000	956,000
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,527,000	1,384,000	1,422,000	1,778,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>-879,000</u>	<u>-596,000</u>	<u>2,978,000</u>	<u>-2,725,000</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>18,536,000</u>	<u>20,847,000</u>	<u>20,117,000</u>	<u>23,163,000</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Series 2010	\$101,970,000		2/16/2010	2040	
Series 2012	\$17,820,000		1/2/2012	2036	
Series 2013	\$71,250,000		2/1/2013	2043	
Series 2013	\$1,410,000		2/1/2013	2020	
Series 2015	\$50,195,000		5/28/2015	2045	

FINANCIAL RATIOS (see next page for ratio formulas)

	2001 CCAC Medians 50 th Percentile (optional)	2014	2015	2016
DEBT TO ASSET RATIO		49.24%	50.07%	47.37%
OPERATING RATIO		107.82%	105.32%	100.50%
DEBT SERVICE COVERAGE RATIO		1.49	1.96	2.02
DAYS CASH-ON-HAND RATIO		386.30	371.30	355.94

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2013		2014		2015		2016	
STUDIO	2,420	4.00%	2,517	3.00%	2,592	3.00%	2,670	
ONE BEDROOM	2,769	4.00%	2,889	3.00%	2,951	3.00%	3,031	
TWO BEDROOM	4,407	4.00%	4,670	3.00%	4,843	3.00%	4,987	
COTTAGE/HOUSE	4,623	4.00%	4,784	3.00%	5,126	3.00%	5,280	
ASSISTED LIVING	5,619	3.50%	6,041	3.00%	6,095	3.00%	6,237	
SKILLED NURSING	309/day	3.50%	329/day	3.00%	342/day	3.00%	347/day	
SPECIAL CARE	7,540	3.50%	7,805	3.00%	8,111	3.00%	8,355	

COMMENTS FROM PROVIDER:

The above financial information represents the performance of the ABHOW Obligated Group which consists of 7 California CCRCs and the Home Office. From 2010-2012, the financial information included 8 CCRCs. The financial information is taken from the OFI section of the audited financial statements. The days cash on hand ratio includes cash and investments from American Baptist Foundation of the West.

PROVIDER NAME: _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

$$\frac{\text{Unrestricted Current Cash} \\ \text{And Investments} \\ + \text{Unrestricted Non-Current Cash} \\ \text{and Investments}}{(\text{Operating Expenses} - \text{Depreciation} \\ - \text{Amortization})/365}$$

Note: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.