

Paradise Valley Estates, CA

- 1 California Municipal Finance Authority, Insured Revenue Bonds (NCROC - Paradise Valley Estates Project), Series 2016, \$22,080,000, Dated: November 30, 2016
- 2 California Health Facilities Financing Authority Insured Refunding Revenue Bonds (NCROC - Paradise Valley Estates Project), Series 2013, \$32,315,000, Dated: April 4, 2013
- 3 California Health Facilities Financing Authority, Insured Revenue Bonds (NCROC - Paradise Valley Estates Project), Series 2005, \$12,025,000, Dated: December 20, 2005

Series 2016

Unit Mix

Residential Living Units

<u>Type of Unit</u>	<u>No. of Units</u>	<u>Size (Sq. Ft.)</u>
Apartments		
Traditional (1 bed/1 bath)	18	803
Custom (2 bed/2 bath)	27	1,140
Deluxe (2 bed/2 bath)	36	1,291
Luxury (2 bed + den/2 bath)	9	1,534
Royale (2 bed + den/2 bath)	18	1,584
Grande (2 bed + den/2 bath)	6	1,846
Grande + (2 bed + den/2 bath)	9	1,870
Houses		
Quadrplex (2 bed/2 bath)	32	1,340
Duplex I (2 bed + den/2 bath)	32	1,451
Duplex II (2 bed + den/2 bath)	72	1,505
Manor (2 bed + den/2 bath)	65	2,015

Quail Creek Assisted Living Units

<u>Type of Unit</u>	<u>No. of Units</u>	<u>Size (Sq. Ft.)</u>	<u>No. of Units After Project Completion</u>
Assisted Living	32	275	32
Memory Care	0	260	18
Total	32	535	50

Laurel Creek Health Center

<u>Type of Unit</u>	<u>No. of Units</u>	<u>Size (Sq. Ft.)</u>
Assisted Living Unit	10	257
Semi-Private Nursing Bed	16	239
Private Nursing Bed	34	386
Total	60	882

Series 2016

Fee Schedule

<u>Unit Description</u>	<u>Entrance Fees as of 12/31/16</u>	
	<u>0% Refund Plan</u>	<u>Monthly Care fee</u>
Apartments		
Traditional(1 bed/1 bath)	174,000.00	2,774.00
Custom (2 bed/2 bath)	242,000.00	3,424.00
Deluxe (2 bed/2 bath)	277,000.00	3,713.00
Luxury (2 bed + den/2 bath)	327,000.00	4,174.00
Royale (2 bed + den/2 bath)	340,000.00	4,270.00
Grande (2 bed + den/2 bath)	369,000.00	4,774.00
Grande plus (2 bed + den/2 bath)	375,000.00	4,818.00
Houses		
Quadrplex (2 bed/2 bath)	298,000.00	3,806.00
Duplex I (2 bed + den/2 bath)	334,000.00	4,018.00

Duplex II (2 bed + den/2 bath)	384,000.00	4,119.00
Manor (2 bed + den/2 bath)	431,000.00	5,097.00
Additional Refund Plans	50% (+ add'l 30%)	
	95% (+add'l 90%)	

SCHEDULE OF CURRENT FEES FOR ASSISTED LIVING UNITS

<u>Type of Unit</u>	Daily Fee	Fee
	<u>Contracted Residents</u>	<u>Non-Contracted Residents</u>
Quail Creek Assisted Living	144.00	168.00
Laurel Creek Assisted Living	144.00	222.00

SCHEDULE OF CURRENT FEES FOR SKILLED NURSING-LAUREL CREEK

<u>Type of Unit</u>	Daily Rate	Daily Rate
	<u>Contracted Residents</u>	<u>Non-Contracted Residents</u>
Laurel Creek Private Room	144.00	354
Laurel Creek Sem-Private Room	144.00	294

As of 12/31/2016, the resident mix by refund plan was as follows:

<u>Entrance Fee</u>		
<u>Refund Plan</u>	<u>Contracts</u>	<u>Residents</u>
Plan 0	344	482
Plan 50	10	15
Plan 95	8	12

Series 2016

Residential Living Turnover

Fiscal Year Ended December 31,

	<u>2016</u>
Total Vacated Units	39
Total Move-Ins	25
Turnover Percent	156%
Entrance Fees Received	\$ 8,168,666
Entrance Fees Refunded	-474,780
Net Entrance Fees	\$ 7,693,886

Series 2016, 2013, 2005

Historical Utilization

Fiscal Year Ended	Residential	Assisted	Skilled
<u>December 31,</u>	<u>Living</u>	<u>Living</u>	<u>Nursing</u>
2016	92%	86%	91%

Series 2013, 2005

Sources of Revenue for the SNF

Fiscal Year Ended December 31, 2016

	<u>2016</u>
Non-Resident Private Pay	102,130
Resident Private Pay	2,018,790
Medicare	1,562,035
HMO / Other	54,343
Total	3,737,298

Series 2013, 2005

Capitalization

As of December 31, 2016

Actual

Series 2005 Bonds	-
Series 2013 Bonds	26,230,000
Series 2016 Bonds	22,080,000
Total Long-Term Debt	48,310,000
Less: Unamortized Debt Discount	(1,894,186)
Less: Current Portion of Long-Term Debt	(2,640,000)
Net Long-Term Debt	43,775,814
Unrestricted Net Assets	22,481,596
Total Capitalization	66,257,410
Net Long-Term Debt as a Percentage of Total Capitalization	66%

Series 2013, 2005

The Number of Employees and Full-time Equivalent Employees and the Number of Volunteers of the Corporation for the Most Recently Completed Fiscal Year

Fiscal Year Ended December 31, 2016

Total number of employees 2016	491
FTE 2016	275.27
Volunteers	12

Series 2016

SUMMARY FINANCIAL INFORMATION

Fiscal Year Ended December 31, 2016

Total Operating Revenue	33,935,440
Total Expenses	31,077,072
Income from Operations	2,858,368

Series 2016

Summary Statement of Revenues and Expenses

Fiscal Year Ended December 31

	<u>2016</u>
REVENUES:	
Residential care services	16,260,672
Health care services	5,905,331
Amortization of entrance fees	7,613,701
Investment income	3,145,542
Contributions	
Other income	885,503
Net assets released from restriction	124,691
TOTAL UNRESTRICTED REVENUES:	33,935,440
EXPENSES:	
Residential care services	6,042,666
Utilities	2,056,077
Dining services	5,216,890
Health services	6,985,059
General and administrative	5,389,245
Depreciation	3,761,264
Interest	1,292,920
Other expenses	332,950
TOTAL EXPENSES:	31,077,072

Income from operations	<u>2,858,368</u>
Unrealized change in value of investments	819,720
Loss on refinance of revenue bonds	<u>(1,081,118)</u>
Change in unrestricted net assets	<u>2,596,970</u>
Change in temporarily restricted net assets:	
Temporarily restricted contributions	<u>149,203</u>
Net assets released	<u>(124,691)</u>
Other	<u>123,403</u>
Change in temporarily restricted net assets	<u>147,915</u>
Change in total net assets	<u>2,744,885</u>

Series 2016

Summary Balance Sheet

Fiscal Year Ended December 31

	<u>2016</u>
Assets	
Cash and cash equivalents	<u>2,903,233</u>
Accounts receivable	<u>661,220</u>
Entrance fees receivable	<u>1,293,000</u>
Assets whose use is limited	<u>19,081,964</u>
Investments	<u>40,718,821</u>
Prepaid expenses & Inventory	<u>1,485,310</u>
Pledges receivable	<u>80,000</u>
Deposits	
Property and equipment, net	<u>75,061,106</u>
Other	<u>674,541</u>
Total assets	<u>141,959,195</u>
Liabilities	
Accounts Payable and accrued expenses	<u>2,866,852</u>
Accrued personnel expenses	<u>993,962</u>
Accrued compensated annual leave	<u>64,826</u>
Accrued interest	<u>636,650</u>
Other accrued liabilities	<u>1,060,764</u>
Revenue bonds	<u>48,772,767</u>
Charitable remainder annuity trust	<u>179,649</u>
Refundable entrance fees	<u>7,180,618</u>
Unearned entrance fees	<u>56,002,702</u>
Total liabilities	<u>117,758,790</u>
Net Assets	
Unrestricted	<u>22,467,016</u>
Temporarily restricted	<u>1,733,389</u>
Total net assets	<u>24,200,405</u>
Total liabilities and net assets	<u>141,959,195</u>

Series 2016

Debt Service Coverage

Fiscal Year Ended December 31

	<u>2,016</u>
Revenues	
Operating Revenue	<u>33,935,440</u>
Plus Entrance Fees Received	<u>8,168,666</u>
Less Entrance Fees Refunded	<u>(474,780)</u>
Less Earned Entrance Fees	<u>(7,388,701)</u>
(A) Total Revenues available for debt service	<u>34,240,625</u>
Operating Expenses	
Total Operating Expenses	<u>29,451,994</u>

Less Depreciation	<u>(3,761,264)</u>
Less Provision for Uncollectible Accounts	<u>-</u>
Less Interest Expense	<u>(1,183,498)</u>
(B) Total Operating Expenses	<u>24,507,232</u>
 (C) Income Available for Debt Service (A)-(B)	 <u>9,733,393</u>
 (D) Historical Maximum Debt Service	 <u>4,610,331</u>
 Debt Service Coverage (C)/(D)	 <u>2.11</u>

Series 2016

Days Cash on Hand

Fiscal Year Ended December 31

	<u>2016</u>
Unrestricted Cash and Investments	
Cash	<u>1,186,316</u>
Investments	<u>40,718,821</u>
Assets Limited as to Use – Board Designated	<u>410,189</u>
(A) Total Unrestricted Cash and Investments	<u>42,315,326</u>
 Cash Operating Expenses	
Total Operating Expenses	<u>31,077,072</u>
Less Depreciation	<u>(3,761,265)</u>
Less Provision for Uncollectible Accounts	<u>-</u>
Less Interest	<u>(1,292,920)</u>
(B) Total Cash Operating Expenses	<u>26,022,887</u>
 (C) Number of Days in Year	 <u>365</u>
 Daily Cash Expenses	 <u>71,296</u>
 Days Cash-on-Hand	 <u>594</u>

Series 2016

Borrower's calculations of the Borrower's Debt Service Coverage Ratio for such fiscal year, of the Borrower's Current Ratio as of the last day of such fiscal year and of the Borrower's Days Cash on Hand as of the last day of such fiscal year

Fiscal Year Ended December 31, 2016

Debt Service Coverage Ratio	2.11
Current Ratio	8.59
Days Cash on Hand	594