

FISCAL YEAR ENDED:
10/31/2016

ANNUAL REPORT CHECKLIST

PROVIDER(S): VILLA MARIN HOMEOWNERS ASSOCIATION

CCRC(S): VILLA MARIN HOMEOWNERS ASSOCIATION RECEIVED
FEB 15 2017

PROVIDER CONTACT PERSON: Milay J. Havel, CFO
TELEPHONE NO.: (415) 492-2658 EMAIL: mhavel@villa-marina.com

CONTINUING CARE
CONTRACTS BRANCH

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

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$ 11,753
 - If applicable, late fee in the amount of: \$ 0
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required *liquid* reserves and, *when applicable*, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- "Continuing Care Retirement Community Disclosure Statement" for *each* community.
- Form 7-1, "Report on CCRC Monthly Service Fees" for *each* community.

Form 8-1
Key Indicators included
2/13/17

N/A Form 9-1, "Calculation of Refund Reserve Amount", if applicable.

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



VILLA MARIN

100 Thorndale Drive • San Rafael, California 94903

RECEIVED
FEB 15 2017

CONTINUING CARE
CONTRACTS BRANCH

To: Department of Social Services

I certify to the best of my knowledge that Villa Marin Homeowners' Association's Annual Reserve Report for the fiscal year ended October 31, 2016 is correct.

I also certify that each continuing care contract form in use or offered to new residents has been approved by the Department of Social Services, and the provider had the required liquid reserve and refund reserve as of October 31, 2016.

Signed: 
Chief Executive Officer

Date: 2-9-17

Signed: 
Chief Financial Officer

Date: 2/9/2017



CERTIFICATE OF LIABILITY INSURANCE

VILLMAR-01 RROUNTREE

DATE (MM/DD/YYYY)

1/6/2016

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

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

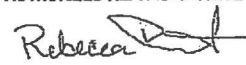
PRODUCER Vantreo Insurance Brokerage 100 Stony Point Rd, Suite 160 Santa Rosa, CA 95401	CONTACT NAME: CONTINUING CARE
	PHONE (A/C, No, Ext): (707) 546-2300 E-MAIL ADDRESS: CONTIN FAX TS (707) 546-2915 (A/C, NO)
INSURED Villa Marin Homeowners Association 100 Thorndale Drive San Rafael, CA 94903	INSURER(S) AFFORDING COVERAGE
	INSURER A: Travelers Casualty & Surety Company
	INSURER B:
	INSURER C:
	INSURER D:
	INSURER E:

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Crime (Includes Burg			105818640	08/01/2015	08/01/2016	Limit \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 RE: 100 Thorndale Dr, San Rafael, CA
 Fiduciary Liability also includes: \$100,000 Settlement Program; \$25,000 HIPPA; January 15 1999 Pending & Prior Proceeding and Continuity Date
 Crime Includes: \$500,000 Employee Theft (\$5,000 Ded); \$500,000 ERISA (\$0 Ded); \$500,000 Employee Theft of Client Property (\$10,000 Ded); \$500,000 Forgery or Alteration (\$5,000 Ded); On Premises and In Transit \$10,000 each (\$5,000 Ded each); Money Orders \$50,000 (\$5,000 Ded); Computer Fraud \$500,000 (\$5,000 Ded); Claim Expense \$5,000 (\$0 Ded)

CERTIFICATE HOLDER State of California Continuing Care Contracts Branch 744 P St., MS10-90 Sacramento, CA 95814	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

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VILLMAR-01

TGREER

CERTIFICATE OF LIABILITY INSURANCE

RECEIVED
DATE (MM/DD/YYYY)
01/25/2017

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PRODUCER Vantreo Insurance Brokerage 100 Stony Point Rd, Suite 160 Santa Rosa, CA 95401	CONTACT NAME: Rebecca Rountree
	PHONE (A/C, No, Ext): (707) 546-2300 233
E-MAIL ADDRESS: rroundtree@vantreo.com	FAX (A/C, No):
INSURER(S) AFFORDING COVERAGE	
INSURER A: Travelers Casualty & Surety Company	NAIC # 19038
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

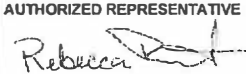
INSURED Villa Marin Homeowners Association 100 Thorndale Drive San Rafael, CA 94903

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INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$	
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$	
A	Crime (Includes Burg			105818540	08/01/2016	08/01/2017	\$1,000 Ded; Limit	1,000,000
A	Crime (Includes Burg			105818540	08/01/2016	08/01/2017	see description	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
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FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	279
[2]	Number at end of fiscal year	258
[3]	Total Lines 1 and 2	537
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	268.5
All Residents		
[6]	Number at beginning of fiscal year	281
[7]	Number at end of fiscal year	260
[8]	Total Lines 6 and 7	541
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	270.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.99

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$12,139,079
[a] Depreciation	\$298,827
[b] Debt Service (Interest Only)	
[2] Subtotal (add Line 1a and 1b)	\$298,827
[3] Subtract Line 2 from Line 1 and enter result.	\$11,840,252
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	99%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$11,752,709
[6] Total Amount Due (multiply Line 5 by .001)	x .001 \$11,753

PROVIDER Villa Marin Homeowners Association
 COMMUN Villa Marin Homeowners Association

See independent auditor's report and accompanying notes to schedules.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

YEARS ENDED OCTOBER 31, 2016 AND 2015

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

VILLA MARIN HOMEOWNERS' ASSOCIATION

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **Villa Marin Homeowners' Association** (the Association), which comprise the balance sheets as of October 31, 2016 and 2015, and the related statements of revenues, expenses, and changes in fund balances and cash flows, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Villa Marin Homeowners' Association** as of October 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Future Major Repairs and Replacements

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

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

Disclaimer of Opinion on Required Supplementary Information

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

Levy, Erlanger & Company

December 2, 2016

VILLA MARIN HOMEOWNERS' ASSOCIATION

**BALANCE SHEET
OCTOBER 31, 2016**

	Operations	General	Property	Gifts &	Total
	Fund	Reserve	Replacement	Bequests	Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS					
Cash and cash equivalents (Note 2)	\$ 761,827	\$ 169,947	\$ 904,054	\$ 11,736	1,847,564
Investment in certificates of deposit (Note 2)		501,382	1,202,486	70,000	1,773,868
Assessments receivable (Note 2)	39,974				39,974
Healthcare accounts receivable, less allowance for doubtful accounts of \$20,000	121,459				121,459
Interest receivable	3,693		1,590	123	5,406
Prepaid insurance	163,767				163,767
Prepaid expenses	170,804				170,804
Other assets	6,683				6,683
Due from general reserve fund	10,263				10,263
Furniture, equipment, vehicles and artwork, net of accumulated depreciation of \$3,619,649	<u>1,763,044</u>				<u>1,763,044</u>
 Total assets	<u>\$ 3,041,514</u>	<u>\$ 671,329</u>	<u>\$ 2,108,130</u>	<u>\$ 81,859</u>	<u>\$ 5,902,832</u>
LIABILITIES					
Accounts payable	\$ 304,325	\$ -	\$ 57,559	\$ -	\$ 361,884
Income taxes payable	108		219	7	334
Accrued salaries and benefits payable	675,705				675,705
Due to operations fund		10,263			10,263
Future major repairs and replacements (Note 3)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	<u>980,138</u>	<u>10,263</u>	<u>57,778</u>	<u>7</u>	<u>1,048,186</u>
COMMITMENTS (NOTE 4)					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE (DEFICIT)	<u>2,061,376</u>	<u>661,066</u>	<u>2,050,352</u>	<u>81,852</u>	<u>4,854,646</u>
 Total liabilities and fund balance	<u>\$ 3,041,514</u>	<u>\$ 671,329</u>	<u>\$ 2,108,130</u>	<u>\$ 81,859</u>	<u>\$ 5,902,832</u>

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**BALANCE SHEET
OCTOBER 31, 2015**

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

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2016**

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
REVENUES					
Assessments	\$ 9,030,390	\$ -	\$ 800,000	\$ -	\$ 9,830,390
Resident medical income	1,840,295				1,840,295
Nonresident services	242,700				242,700
License fee revenue	216,780				216,780
Interest income (Note 2)	6,689		13,560	419	20,668
Other revenue	271,285			7,900	279,185
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Total revenues	11,608,139	-	813,560	8,319	12,430,018
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENSES					
<u>Administration</u>					
Bad debt expense	27,869	-	-	-	27,869
General administration	1,064,405				1,064,405
Human resources	273,860				273,860
Income tax provision (Note 2)	1,045		2,115	64	3,224
Insurance	239,567				239,567
Marketing	86,718				86,718
Workers' compensation insurance	181,150				181,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total administration	1,874,614	-	2,115	64	1,876,793
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Maintenance and operations</u>					
Activities	162,710	-	-	-	162,710
Depreciation expense	298,827				298,827
Housekeeping	1,366,132				1,366,132
Maintenance services	761,210				761,210
Meals and food preparation	2,599,907				2,599,907
Medical	3,596,823				3,596,823
Reception	264,599				264,599
Security services	171,171				171,171
Transportation	236,426				236,426
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total maintenance and operations	9,457,805	-	-	-	9,457,805
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Utilities</u>					
Cable television	104,315	-	-	-	104,315
Garbage collection	75,653				75,653
Gas and electricity	422,744				422,744
Telephone	147,780				147,780
Water and sewer	56,168				56,168
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total utilities	806,660	-	-	-	806,660
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
YEAR ENDED OCTOBER 31, 2016**

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
EXPENSES (CONTINUED)					
<u>Major repairs and replacements</u>					
Deck repairs	\$ -	\$ -	\$ 19,172	\$ -	\$ 19,172
Elevator			111,719		111,719
Concrete			13,430		13,430
Pool			6,650		6,650
Other major repairs and replacements			92,774		92,774
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total major repairs and replacements	-	-	243,745	-	243,745
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	12,139,079	-	245,860	64	12,385,003
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(530,940)	-	567,700	8,255	45,015
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	391,310	-	(367,246)	(24,064)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<hr/> 2,201,006	<hr/> 661,066	<hr/> 1,849,898	<hr/> 97,661	<hr/> 4,809,631
FUND BALANCE (DEFICIT), END OF YEAR	<hr/> <u>\$ 2,061,376</u>	<hr/> <u>\$ 661,066</u>	<hr/> <u>\$ 2,050,352</u>	<hr/> <u>\$ 81,852</u>	<hr/> <u>\$ 4,854,646</u>

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

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

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

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

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

	Operations Fund	General Reserve Fund	Property Replacement Fund	Gifts & Bequests Fund	Total Funds
EXPENSES (CONTINUED)					
<u>Major repairs and replacements</u>					
Pool	\$ -	\$ -	\$ 81,259	\$ -	\$ 81,259
Painting			3,000		3,000
Deck repairs			114,222		114,222
Garage and pool leak project			67,849		67,849
Other major repairs and replacements			110,642		110,642
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total major repairs and replacements	-	-	376,972	-	376,972
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	11,453,141	-	378,615	40	11,831,796
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(218,179)	-	432,334	4,513	218,668
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	186,360	1,381	(187,481)	(260)	-
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<hr/> 2,232,825	<hr/> 659,685	<hr/> 1,605,045	<hr/> 93,408	<hr/> 4,590,963
FUND BALANCE (DEFICIT), END OF YEAR	<hr/> <u>\$ 2,201,006</u>	<hr/> <u>\$ 661,066</u>	<hr/> <u>\$ 1,849,898</u>	<hr/> <u>\$ 97,661</u>	<hr/> <u>\$ 4,809,631</u>

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2016**

	<u>Operations Fund</u>	<u>General Reserve Fund</u>	<u>Property Replacement Fund</u>	<u>Gifts & Bequests Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ (530,940)	\$ -	\$ 567,700	\$ 8,255	\$ 45,015
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:					
Bad debt expense	27,869	-	-	-	27,869
Depreciation expense	298,827				298,827
Decrease (increase) in assets:					
Assessments receivable	(6,323)				(6,323)
Healthcare accounts receivable	(107,178)				(107,178)
Interest receivable	(493)		26,898	(24)	26,381
Prepaid insurance	(2,979)				(2,979)
Prepaid expenses	43,185				43,185
Other assets	2,415				2,415
Due from general reserve fund	(5,734)				(5,734)
Increase (decrease) in liabilities:					
Accounts payable	47,398		55,436		102,834
Accrued salaries and other expenses	30,648				30,648
Due to operations fund		5,734			5,734
Income taxes payable	(495)		(621)	(13)	(1,129)
Total adjustments	327,140	5,734	81,713	(37)	414,550
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(203,800)	5,734	649,413	8,218	459,565
INVESTING ACTIVITIES					
Net (purchase) sale of certificates of deposit	-	140,000	(122,486)	-	17,514
Net (purchase) sale of fixed assets	(398,379)				(398,379)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(398,379)	140,000	(122,486)	-	(380,865)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(602,179)	145,734	526,927	8,218	78,700
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS	391,310	-	(367,246)	(24,064)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	972,696	24,213	744,373	27,582	1,768,864
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 761,827	\$ 169,947	\$ 904,054	\$ 11,736	\$ 1,847,564

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2016**

	<u>Operations Fund</u>	<u>General Reserve Fund</u>	<u>Property Replacement Fund</u>	<u>Gifts & Bequests Fund</u>	<u>Total Funds</u>
<u>Supplemental Disclosures</u>					
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ 1,540</u>	<u>\$ -</u>	<u>\$ 2,736</u>	<u>\$ 77</u>	<u>\$ 4,353</u>

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

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

	<u>Operations Fund</u>	<u>General Reserve Fund</u>	<u>Property Replacement Fund</u>	<u>Gifts & Bequests Fund</u>	<u>Total Funds</u>
OPERATING ACTIVITIES					
Excess (deficiency) of revenues over expenses	\$ (218,179)	\$ -	\$ 432,334	\$ 4,513	\$ 218,668
Adjustments to reconcile excess (deficiency) of revenues over expenses to net cash provided by operating activities:					
Bad debt expense	27,362	-	-	-	27,362
Depreciation expense	316,551				316,551
Decrease (increase) in assets:					
Assessments receivable	(49,965)				(49,965)
Healthcare accounts receivable	51,980				51,980
Interest receivable	(914)		(457)	(4)	(1,375)
Prepaid insurance	(5,701)				(5,701)
Prepaid expenses	(114,785)				(114,785)
Prepaid income taxes	1,958		2,425	280	4,663
Deposits	43,554				43,554
Other assets	(8,551)				(8,551)
Due from general reserve fund	(4,524)				(4,524)
Increase (decrease) in liabilities:					
Accounts payable	48,109		(21,337)		26,772
Income taxes payable	603		840	20	1,463
Accrued salaries and other expenses	(9,791)				(9,791)
Due to operations fund		4,524			4,524
Total adjustments	295,886	4,524	(18,529)	296	282,177
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	77,707	4,524	413,805	4,809	500,845
INVESTING ACTIVITIES					
Net (purchase) sale of certificates of deposit	-	(15,382)	(300,000)	-	(315,382)
Net (purchase) sale of fixed assets	(438,727)				(438,727)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(438,727)	(15,382)	(300,000)	-	(754,109)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(361,020)	(10,858)	113,805	4,809	(253,264)
BOARD-APPROVED INTERFUND RECLASSIFICATIONS AND TRANSFERS					
	186,360	1,381	(187,481)	(260)	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,147,356	33,690	818,049	23,033	2,022,128
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 972,696	\$ 24,213	\$ 744,373	\$ 27,582	\$ 1,768,864

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

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

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

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2016 AND 2015

1. THE ASSOCIATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED OCTOBER 31, 2016 AND 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Concentrations of credit risk. Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Association maintains its financial instruments with what management believes to be high credit quality financial institutions and limits the amount of credit exposure to any one particular institution. Cash, cash equivalents and investments in excess of federal deposit insurance (FDIC) coverage limits as of October 31, 2016 totaled approximately \$1,262,000.

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

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

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015**

3. FUTURE MAJOR REPAIRS AND REPLACEMENTS

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

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

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

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

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

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015**

4. COMMITMENTS

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

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

5. FURNITURE, EQUIPMENT, VEHICLES AND ARTWORK

Furniture, equipment, vehicles and artwork as of October 31, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 1,885,673	\$ 1,729,141
Equipment	3,089,662	2,963,887
Vehicles and artwork	<u>407,358</u>	<u>324,589</u>
	5,382,693	5,017,617
Accumulated depreciation	<u>(3,619,649)</u>	<u>(3,354,125)</u>
Net furniture and equipment	<u>\$ 1,763,044</u>	<u>\$ 1,663,492</u>

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015**

6. BANK LINES OF CREDIT

The Association has a \$500,000 unused line of credit with Bank of Marin which is limited to the amount(s) the Association has in its cash account(s) with Bank of Marin. Such limitation as of October 31, 2016 was approximately \$500,000. Any advances under the line of credit are secured by an interest in a Bank of Marin bank account(s). Interest on amounts borrowed is payable monthly at prime. The Association also has a \$500,000 unused line of credit with Westamerica Bank. Any advances under the line of credit are secured by an interest in the Association's equipment. Interest on amounts borrowed is payable monthly at the rate of prime plus 1-1/4% per annum.

7. EMPLOYEE PENSION PLAN

The Association has established a 401(k) retirement plan (the Plan). The Plan covers full-time employees over the age of 21 who have at least one year of service. Employee salary deferrals are allowed. The Board annually determines the contribution rate which currently is 4% of compensation. The contribution expense for the years ended October 31, 2016 and 2015 was \$188,152 and \$166,329, respectively.

8. CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

The Association is required to have 75 days of operating liquidity in accordance with California Department of Social Services regulations. For the years ended October 31, 2016 and 2015, the Association has been in compliance with this regulation.

9. RELATED PARTIES AND CONCENTRATION OF VENDORS

The Association has a contract with an outside party to provide food and the related personnel oversight of the food preparation. The contract renews annually and requires a fixed payment per week. For the years ended October 31, 2016 and 2015, the vendor was paid \$1,055,095 and \$1,051,130, respectively.

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED OCTOBER 31, 2016 AND 2015**

10. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through December 2, 2016, the date that the financial statements were available to be issued.

See independent auditor's report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2016
(UNAUDITED)**

The following information on common area major components was compiled by Reserve Analysis Consulting, L.L.C. of Sausalito, California as of August 2016 and has served as the basis for the current estimates of replacement reserve funding:

Component Description	2015/16 Bldg Req'd in Bank	Year New	Useful Life	Reimg (16/17)	Current Cost	Annual Allocation
1.000 ROOFING						
1.001 Built Up Roofing - Metacrylic over Tar & Gravel System	\$128,000	2011	10	5	\$320,000	\$32,000
1.002 Skylights - North & South	\$12,978	2001	20	5	\$18,540	\$927
1.010 Metal Flashing & Parapet Repair & Replacement	\$10,242	1984	50	18	\$16,520	\$330
1.012 Little Villa Skylight	\$267	2011	30	25	\$2,000	\$67
Category/Sub-Total:	\$151,487				\$357,060	\$33,324
2.000 BUILDING EXTERIOR						
2.001 Exterior Caulking - Base	\$34,000	2007	20	11	\$85,000	\$4,250
2.002 Wall Joint Tape, Awnings & Professional Services	\$224,000	2001	25	10	\$400,000	\$16,000
2.003 Exterior & Interior Structural Repair Allowance	\$50,000	2015	1	0	\$50,000	\$50,000
2.019 Railing Wall Repair & Concrete Work Allowance	\$4,500	2004	12	0	\$5,000	\$417
2.023 Exterior Painting - Unit 100 / Little Villa	\$4,375	2010	20	14	\$17,500	\$875
2.024 Front 1/2 Main Building Exterior - Paint/Waterproofing	\$73,000	2012	15	11	\$365,000	\$24,333
2.025 Back 1/2 Main Building Exterior - Paint/Waterproofing	\$48,667	2013	15	12	\$365,000	\$24,333
2.026 Back Walls Under Promenade Deck - Painting/Waterproofing	\$88,571	1984	35	3	\$100,000	\$2,857
Category/Sub-Total:	\$527,113				\$1,387,500	\$123,065
3.000 CONCRETE BLOCKS						
3.002 Concrete Garage "Ventilation Block" Replace	\$2,143	2009	7	0	\$2,500	\$357
Category/Sub-Total:	\$2,143				\$2,500	\$357
4.000 AWNINGS & WINDOWS						
4.001 Blue Awnings (6)	\$1,800	2012	10	6	\$6,000	\$600
4.007 Window Replacement Allowance	\$10,000	2015	1	0	\$10,000	\$10,000
4.008 Yellow Awnings Front 1/2 Building (153)	\$18,360	2012	10	6	\$61,200	\$6,120
4.011 Yellow Awnings Back 1/2 Building (193)	\$15,440	2013	10	7	\$77,200	\$7,720
4.012 Yellow Awnings Back 1/2 Main Building (168)	\$33,600	2010	10	4	\$67,200	\$6,720
4.013 Yellow Awnings- Recurring Repair/Replace Allowance	\$5,000	2014	1	-1	\$5,000	\$5,000
Category/Sub-Total:	\$84,200				\$226,600	\$36,160
5. ELECTRIC GATES						
5.001 Garage Gates (4) -Repair/Replace Allowance	\$5,000	2015	1	0	\$5,000	\$5,000
5.005 Garage Gates Controllers (4) - Repair/Replace Allowance	\$5,300	2015	1	0	\$5,300	\$5,300
5.009 Loading Dock Door & Controller	\$960	2009	25	18	\$4,000	\$160
5.010 Central Trash Controller & Door	\$2,000	2012	6	2	\$4,000	\$667
5.011 Card Access System	\$20,250	2006	20	10	\$45,000	\$2,250
5.012 Garage Pedestrian Doors - Lower Level (Non Electric)	\$5,890	1984	50	18	\$9,500	\$190
5.013 Security Cameras - System Upgrade/Replacement	\$85,228	2002	20	6	\$131,120	\$6,556
Category/Sub-Total:	\$124,628				\$203,920	\$20,123
6.000 PAINTING - INTERIOR						
6.009 Health Care Painting Allowance	\$3,000	2015	1	0	\$3,000	\$3,000
6.010 Common Area Painting Allowance	\$5,000	2015	1	0	\$5,000	\$5,000
Category/Sub-Total:	\$8,000				\$8,000	\$8,000
7.000 ELEVATORS						
7.012 Condo Gym Door Automatic Opener	\$1,200	2011	20	15	\$6,000	\$300
7.014 Elevator Pit Sump Pumps (5) - Replacement Allowance	\$1,100	2015	1	0	\$1,100	\$1,100
7.021 Elevator - South #1	\$0	2015	30	29	\$135,000	\$4,500
7.022 Elevator - Central #2	\$0	2015	30	29	\$135,000	\$4,500
7.023 Elevator - Freight #3	\$126,818	1984	33	1	\$135,000	\$4,091
7.024 Elevator - North #4	\$0	2015	30	29	\$135,000	\$4,500
7.025 Elevator - Kitchen #5	\$126,818	1984	33	1	\$135,000	\$4,091
7.031 Elevator Cab Interior - South #1	\$0	2015	30	29	\$25,000	\$833
7.032 Elevator Cab Interior - Central #2	\$0	2015	30	29	\$25,000	\$833
7.033 Elevator Cab Interior - Freight #3	\$23,485	1984	33	1	\$25,000	\$758
7.034 Elevator Cab Interior - North #4	\$0	2015	33	32	\$25,000	\$758
7.035 Elevator Cab Interior - Kitchen #5	\$23,485	1984	33	1	\$25,000	\$758
Category/Sub-Total:	\$302,906				\$807,100	\$27,021
8.000 ROAD AREA REPLACEMENT						
8.01 Seal Coat, Stripe @ South Fire Access & Tennis Court	\$4,286	2011	7	2	\$7,500	\$1,071
8.02 Sealing @ South Fire Access	\$54,928	1984	40	8	\$70,875	\$1,772
8.003 Striping & Repair Thorndale Drive	\$4,860	2012	10	6	\$16,200	\$1,620

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

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(UNAUDITED)**

Component #	Component Description	2015/16 End Req'd in Bank	Year New	Useful Life	Remaining (06/17)	Current Cost	Annual Allocation
8.004	Overlay @ Thorndale Drive - 50% Responsibility	\$0	2015	30	29	\$90,000	\$3,000
8.005	Repair Thorndale Drive/Sidewalk & Curb	\$5,200	2011	5	0	\$6,500	\$1,300
8.006	Concrete	\$5,000	2015	1	0	\$5,000	\$5,000
8.007	Renovation @ South Fire Access & Tennis Court	\$16,250	2005	20	9	\$32,500	\$1,625
8.008	Asphalt Replacement - South Fire Road	\$27,464	1984	80	48	\$70,875	\$886
8.009	Asphalt Base Replacement - Thorndale Drive - 50% Responsibility	\$57,172	1984	61	29	\$112,500	\$1,844
8.010	Roadway Guard Rail Repair & Replace Allowance	\$600	2013	10	7	\$3,000	\$300
Category Sub-Total:		\$175,760				\$414,950	\$18,419
9.000	MECHANICAL						
9.001	Boiler System - Domestic Hot Water - Roof (6) (large-750k btu)	\$116,250	1984	40	8	\$150,000	\$3,750
9.004	Boiler System - Heating Water - Roof (2) (Small)	\$31,000	1984	40	8	\$40,000	\$1,000
9.006	Boiler Systems SNF- Domestic Water & Heating - (2lg)(2sm)	\$155,000	1984	40	8	\$200,000	\$5,000
9.007	Air Handlers (4 Roof, 2 LL, 2 Return Air)	\$70,857	1984	35	3	\$80,000	\$2,286
9.008	Variable Volume Controllers (60)-Replacement Allowance	\$2,000	2015	1	0	\$2,000	\$2,000
9.010	Fan Coils (4)	\$6,667	2010	30	24	\$40,000	\$1,333
9.011	A/C Unit - DX @ SNF	\$0	2015	30	29	\$325,000	\$10,833
9.013	Domestic Water Booster System (3) Variable Speed Pumps	\$10,800	2009	25	18	\$45,000	\$1,800
9.014	PCU Laundry Exhaust Fan	\$7,800	2000	25	9	\$13,000	\$520
9.015	Return Air Fan (1) & Exhaust Fan (1) @ SNF	\$17,714	1984	35	3	\$20,000	\$571
9.016	Package A/C Units - (3) Roof & (1) Garage	\$53,143	1984	35	3	\$60,000	\$1,714
9.018	Kitchen Range - Exhaust Fan (Roof)	\$22,143	1984	35	3	\$25,000	\$714
9.019	A/C Unit - Ambulatory Care (2)	\$30,114	1984	35	3	\$34,000	\$971
9.020	A/C Unit / Heater - Pool Room	\$833	2014	30	28	\$25,000	\$833
9.021	Filtration System Beauty Shop	\$1,929	1988	28	0	\$2,000	\$71
9.023	Fuel Transfer Pumps (2)	\$0	2015	30	29	\$2,000	\$67
9.025	Exhaust Fans - Smoke (2) Roof (2) Garage	\$49,600	1984	35	3	\$55,000	\$1,600
9.026	Residential Thermostats/Fan Coils - Replacement Allowance	\$10,000	2015	1	0	\$10,000	\$10,000
1	Residential Heat Pumps - Roof - Replacement Allowance	\$40,000	2015	1	0	\$40,000	\$40,000
1	Liquid Chiller	\$50,750	2008	20	12	\$145,000	\$7,250
1	Return Air Heating Pump - Kitchen	\$4,000	2007	20	11	\$16,000	\$500
9.037	Water Backflow Valve - SNF	\$1,333	2011	30	25	\$10,000	\$333
9.039	Water Backflow Valve - Common Area	\$1,200	2011	30	25	\$9,000	\$300
9.040	Portable Generators (3)	\$656	2013	16	13	\$5,250	\$328
9.041	Kitchen Supply Air Handler	\$22,143	1984	35	3	\$25,000	\$714
9.042	Kitchen Dishwasher Exhaust	\$3,333	2010	15	9	\$10,000	\$667
9.043	Hot Water Storage Tank (3) Roof & (1) SNF	\$93,000	1984	40	8	\$120,000	\$3,000
9.044	Chiller Motors/Pumps (Air Handler Room)	\$17,714	1984	35	3	\$20,000	\$571
9.045	Pump/Motor/Fan Replacement Allowance	\$2,000	2015	1	0	\$2,000	\$2,000
Category Sub-Total:		\$821,980				\$1,525,250	\$100,725
11.000	CONCRETE (EXPANSION JOINTS)						
11.001	Seismic Joints - Front North	\$40,170	2006	30	20	\$133,900	\$4,463
11.002	Vertical Seismic Joints - Front North	\$20,000	2007	40	31	\$100,000	\$2,500
11.003	Horizontal Seismic Joint - Gym (60")	\$10,197	2006	30	20	\$33,990	\$1,133
11.004	Horizontal Seismic Joint Beauty Shop (40')	\$4,844	2006	30	20	\$16,480	\$549
11.005	Vertical Systems Joint Repair	\$14,667	2008	30	22	\$50,000	\$1,667
11.006	Horizontal Seismic Joint over PLV - North	\$14,000	2008	30	22	\$60,000	\$2,000
11.007	Vertical Seismic Joint - South Rear	\$5,000	2009	30	23	\$25,000	\$833
11.008	Vertical Seismic Joints - Front North	\$5,333	2007	30	21	\$20,000	\$667
11.009	Vertical Seismic Joints - Front South	\$6,000	2006	30	20	\$20,000	\$667
11.010	Vertical Seismic Joints - Back North	\$5,000	2006	30	20	\$20,000	\$667
11.011	Vertical Seismic Joints - Back South	\$3,333	2010	30	24	\$20,000	\$667
11.012	Horizontal Seismic Joint - Front North	\$6,300	2006	30	20	\$21,000	\$700
11.013	Horizontal Seismic Joint - Back North	\$9,333	2008	30	22	\$40,000	\$1,333
11.014	Horizontal Seismic Joint - Front South	\$2,100	2008	30	22	\$9,000	\$300
11.015	Horizontal Seismic Joint - Back South	\$18,667	2008	30	22	\$80,000	\$2,667
11.016	Horizontal Seismic Joint - Back South	\$16,667	2010	30	24	\$100,000	\$3,333
11.018	Horizontal Seismic Joint - Back South	\$9,800	2008	30	22	\$42,000	\$1,400
11.019	Horizontal Seismic Joint - Back South	\$9,333	2011	30	25	\$70,000	\$2,333
11.019	Horizontal Seismic Joint - Back South	\$833	2014	30	28	\$25,000	\$833

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Component Description	2015/16 End Reg'd in Bank	Year New	Useful Life	Remaining (16/17)	Current Cost	Annual Allocation
11.020 Horizontal Seismic Joint - Back South	\$65,263	1984	39	6	\$80,000	\$2,105
Category/Sub-Total	\$65,263				\$80,000	\$2,105
12.000 LIFE SAFETY	\$264,941				\$966,370	\$30,818
12.001 Life Safety System - Phase 1	\$84,500	2002	30	16	\$195,000	\$6,500
12.002 Life Safety System - Phase 2	\$78,000	2003	30	17	\$195,000	\$6,500
12.003 Life Safety System - Phase 3	\$65,000	2005	30	19	\$195,000	\$6,500
12.005 Patient Wander System - All Medical Units	\$12,000	2009	20	13	\$40,000	\$2,000
12.006 Emergency Generator - Rebuild	\$44,286	1984	35	3	\$50,000	\$1,429
12.007 Transfer Switches @ Emergency Generator Room	\$8,857	1984	35	3	\$10,000	\$286
12.008 Transfer Switches @ SNF Battery Room	\$8,857	1984	35	3	\$10,000	\$286
12.009 Tamper Switches (#51)	\$2,500	2013	2	-1	\$2,500	\$1,250
12.010 SNF Emergency Lighting and Power	\$4,800	2009	25	18	\$20,000	\$800
12.011 SNF Emergency Batteries	\$2,500	2010	15	9	\$7,500	\$500
12.014 Two Way Emergency Radios & Base Station	\$1,000	2015	1	0	\$1,000	\$1,000
12.015 Telephone System UPS Batteries	\$2,100	2012	5	1	\$3,500	\$700
12.016 Emergency Fire Pump @ Garden Area - LL Garage	\$88,571	1984	35	3	\$100,000	\$2,857
12.017 Auxiliary Fire Jockey Pump @ Fire Pump Room	\$4,875	2002	20	6	\$7,500	\$375
12.018 Fire Extinguishers - Allowance (80 - Total)	\$500	2015	1	0	\$500	\$500
12.020 Emergency Generator - Allowance	\$2,000	2015	1	0	\$2,000	\$2,000
12.021 Reception Intercom System	\$8,250	2004	20	8	\$15,000	\$750
12.022 Emergency Generator - 500 Gl. Diesel Tank (@Front)	\$9,000	2000	50	34	\$30,000	\$600
Category/Sub-Total	\$477,526				\$884,500	\$34,832
14.000 SWIMMING POOL						
14.001 Swimming Pool & Spa Area Refurb	\$5,333	2014	15	13	\$80,000	\$5,333
14.005 Pool Heater	\$400	2014	10	8	\$4,000	\$400
14.006 Gas Duct Heater	\$6,600	2004	15	3	\$9,000	\$600
14.007 Return Air Handler	\$7,971	1984	35	3	\$9,000	\$257
14 Supply Air Handler	\$300	2014	30	28	\$9,000	\$300
14 Pool Filter	\$125	2014	20	18	\$2,500	\$125
14.010 Pool Pump	\$150	2014	10	8	\$1,500	\$150
14.012 Pool Lift	\$1,125	2012	20	16	\$7,500	\$375
14.013 Pool Salt Cell	\$250	2014	10	8	\$2,500	\$250
14.014 Pool Room Exhaust Fans	\$1,200	2006	15	5	\$2,000	\$133
14.015 Pool Solar	\$5,000	2010	20	14	\$20,000	\$1,000
14.016 Pool / Gym Equipment Replacement Allowance	\$1,000	2015	1	0	\$1,000	\$1,000
14.017 Swimming Pool & Spa Area Major Structural Rehab	\$5,000	2014	100	98	\$500,000	\$5,000
Category/Sub-Total	\$34,455				\$648,000	\$34,924
15.000 SPA						
15.004 Spa Heater	\$400	2014	10	8	\$4,000	\$400
15.005 Spa Filter	\$125	2014	20	18	\$2,500	\$125
15.008 Jet Blower Fan	\$200	2014	10	8	\$2,000	\$200
Category/Sub-Total	\$725				\$8,500	\$725
16.000 FENCES/GATES/RAILS						
16.001 Fencing @ SE Corner by Paddle Tennis Court	\$4,485	2005	20	9	\$8,970	\$449
16.002 Redwood Fence - North Promenade	\$3,720	1984	35	3	\$4,200	\$120
16.003 Promenade Steel Gates	\$3,488	1984	40	8	\$4,500	\$113
16.004 Bottom Vineyard Fencing - Metal	\$675	2012	40	36	\$9,000	\$225
Category/Sub-Total	\$12,368				\$26,670	\$907
17.000 DOORS						
17.001 Bi-Fold Doors	\$8,220	1984	33	1	\$8,750	\$265
17.002 Accordion Doors - Auditorium (Rear)	\$5,667	1998	18	0	\$6,000	\$333
17.003 Accordion Doors - Auditorium (Front)	\$0	2015	18	17	\$6,000	\$333
17.004 Trash Chute Doors (incl. Kitchen)	\$10,850	1984	40	8	\$14,000	\$350
17.005 Lower Level Garage Entry Door	\$900	1997	30	11	\$1,500	\$50
17.006 Promenade North & South - Automatic (4)	\$24,000	1995	25	4	\$30,000	\$1,200
17.007 LL Clinic - Automatic - Garage	\$0	2015	20	19	\$7,500	\$375
7.C 7CU - Automatic - Garden Area	\$6,000	1995	25	4	\$7,500	\$300
7.G Double Slider - Closet - SNF	\$0	2015	10	9	\$15,000	\$1,500
7.010 Accordion - Closet - SNF	\$1,500	2012	10	6	\$5,000	\$500

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Component Description	2015/16 End Req'd in Bank	Year New	Useful Life	Remaining (6/17)	Current Cost	Annual Allocation
17.011 Accordion - Bath - SNF	\$4,600	2012	10	6	\$16,000	\$1,600
17.012 Double Slider - Closet - PCU	\$0	2015	10	9	\$12,000	\$1,200
17.013 Accordion - Closet - PCU	\$10,833	2005	12	1	\$13,000	\$1,083
17.014 Accordion - Bath - PCU	\$12,500	2005	12	1	\$15,000	\$1,250
17.015 Interior & Exterior Steel Doors	\$0	2015	5	4	\$6,000	\$1,200
17.017 Door Lock Sets Repair & Replacement Allowance	\$6,000	2015	1	0	\$6,000	\$6,000
17.018 Door Locks - Health Center	\$1,000	2014	30	28	\$30,000	\$1,000
17.019 Sliding Doors @ Main lobby	\$0	2015	20	19	\$25,000	\$1,250
Category/Sub-Total	\$92,870				\$224,250	\$19,790
18.000 LANDSCAPING						
18.003 Lined Flower Beds adjoining Building	\$1,500	2012	20	16	\$10,000	\$500
18.009 Common Area Exterior Personal Property	\$2,400	2011	5	0	\$3,000	\$600
18.016 Tree Removal & Replacement Allowance	\$5,000	2015	1	0	\$5,000	\$5,000
18.017 Upgrade Grounds Allowance	\$3,600	2009	25	18	\$15,000	\$600
Category/Sub-Total	\$12,500				\$33,000	\$6,700
19.000 VEHICLES						
19.002 Forklift - Kamatsu	\$10,000	2005	15	4	\$15,000	\$1,000
19.004 Ford Large Bus	\$6,500	2014	20	18	\$130,000	\$6,500
19.006 Honda Van	\$28,000	2005	11	0	\$30,900	\$2,800
19.008 Grounds Cart	\$7,200	1997	20	1	\$8,000	\$400
19.009 Ford Small Bus	\$4,750	2014	20	18	\$95,000	\$4,750
19.010 Ford Flex Crossover	\$17,500	2010	10	4	\$35,000	\$3,500
19.011 Wheel Chair Van - Small	\$0	2015	10	9	\$40,000	\$4,000
19.012 Scissor Lift	\$0	2015	10	9	\$15,000	\$1,500
Category/Sub-Total	\$74,000				\$368,900	\$24,450
20.000 FLOOR COVERINGS						
20.001 Dining Room Refurbishment	\$78,750	2008	20	12	\$225,000	\$11,250
20.002 Carpeting - 2/3 1st Floor Refurbish	\$16,790	2013	8	5	\$67,160	\$8,395
20.003 Carpeting - 1/3 1st Floor Corridors Refurbish	\$14,667	2011	15	10	\$55,000	\$3,667
20.004 Carpeting - Administration	\$0	2015	10	9	\$8,250	\$825
20.005 Flooring - SNF Common Area	\$6,000	2012	10	6	\$20,000	\$2,000
20.006 SNF Patient Rooms - Replacement Allowance	\$4,000	2015	1	0	\$4,000	\$4,000
20.007 Carpeting - 2nd Floor & Landing Refurbishment	\$29,333	2011	15	10	\$110,000	\$7,333
20.008 PCU Patient Rooms Replacement Allowance	\$4,000	2015	1	0	\$4,000	\$4,000
20.009 Flooring - PCU Common Area	\$5,250	2012	10	6	\$17,500	\$1,750
20.010 Carpeting - Other Common Areas	\$27,000	2006	10	0	\$30,000	\$3,000
20.011 Lobby - Refurbishment	\$50,000	2010	15	9	\$150,000	\$10,000
20.012 Carpeting - Auditorium	\$1,350	2013	12	9	\$8,100	\$675
20.013 Card Room & Gift Shop Refurbishment	\$4,167	2010	15	9	\$12,500	\$833
20.014 Kitchen Flooring	\$14,686	1984	60	28	\$28,425	\$474
20.015 Kitchen Flooring Base & Wall	\$9,688	1984	32	0	\$10,000	\$313
20.018 Flooring @ Lunchroom/Corridors	\$0	2015	20	19	\$7,815	\$391
20.019 Sheet Vinyl Flooring @ Locker Rooms	\$3,362	1997	20	1	\$3,735	\$187
20.020 Vinyl Tile Flooring @ All Areas	\$5,720	2004	20	8	\$10,400	\$520
20.021 Stair Treads - Art Corridor to OPS	\$400	2013	15	12	\$3,000	\$200
20.022 Floor Covering - 1st Floor Ramps	\$4,900	2001	20	5	\$7,000	\$350
20.023 Baseboard Refurbishing	\$5,667	2005	15	4	\$8,500	\$567
20.024 Beauty Shop Refurbishment	\$3,000	2007	20	11	\$7,500	\$375
20.025 Auditorium - Wood Floor & Baseboard	\$1,000	2013	15	12	\$7,500	\$500
20.026 Carpeting - 3rd Floor refurbish	\$75,000	2006	12	2	\$100,000	\$8,333
20.027 Carpeting 4th Floor Refurbish	\$86,364	2005	11	0	\$95,000	\$8,636
20.028 Library Refurbish	\$18,000	2006	25	15	\$50,000	\$2,000
20.029 PCU Nursing Station Floor	\$7,000	2008	15	7	\$15,000	\$1,000
Category/Sub-Total	\$476,092				\$1,065,385	\$81,573
21.000 WINDOW COVERINGS						
21.003 Window Coverings - Lobby	\$3,333	2010	15	9	\$10,000	\$667
21.004 Mini Blinds @ Common Area	\$714	2005	21	10	\$1,500	\$71
21.005 Sun Block Shades	\$2,933	2007	15	6	\$5,500	\$367
21.006 Auditorium Blinds/Dividers	\$500	2013	20	17	\$5,000	\$250

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Component Description	2015/16 End. Req'd in Bank	Year New	Useful Life	Remng. (16/17)	Current Cost	Annual Allocation
21.007 PCU Patient Room Mini Blinds	\$6,632	1997	19	0	\$7,000	\$368
21.008 PCU Room Cube Curtains, Window Treatments & Bedding	\$2,100	2013	20	17	\$21,000	\$1,050
21.009 SNF Patient Room Mini Blinds	\$7,579	1997	19	0	\$8,000	\$421
21.010 SNF Patient Room Window Curtains	\$9,960	2001	20	5	\$12,800	\$640
21.011 Mini Blinds - Dining Room	\$1,000	2007	20	11	\$2,500	\$125
Category/Sub-Total	\$33,751				\$73,300	\$3,959
22.000 DOOR CLOSERS						
22.001 Door Closers, Hydraulic - Various Locations - Allowance	\$2,000	2015	1	0	\$2,000	\$2,000
22.002 Electric Door Operators (6)	\$20,160	1994	25	3	\$24,000	\$960
22.003 Electric Fire Door Releaser Allowance	\$2,000	2015	1	0	\$2,000	\$2,000
22.005 Front Door - Electric Opener	\$1,000	2013	20	17	\$10,000	\$500
Category/Sub-Total	\$25,160				\$38,000	\$5,460
23.000 HOUSEKEEPING TOOLS & EQUIPMENT						
23.001 Washer - HC Laundry Room	\$880	2007	10	1	\$1,100	\$110
23.003 PCU - HD Washing Machine	\$5,170	1999	17	0	\$5,500	\$324
23.004 Common Area Washers & Dryers Replacement Allowance	\$1,500	2015	1	0	\$1,500	\$1,500
23.005 Dryer - HC Laundry Room	\$3,053	2002	15	1	\$3,500	\$233
23.008 Teri-Towel System Repair & Replacement Allowance	\$1,000	2015	1	0	\$1,000	\$1,000
23.009 Standard Vacuum Cleaners (#17) - Replacement Allowance	\$2,000	2015	1	0	\$2,000	\$2,000
23.012 Steam Machine	\$3,667	2005	15	4	\$5,500	\$367
23.013 Pullman Holt 19" Scrubber	\$120	2013	25	22	\$1,500	\$60
23.014 Steamer - Housekeeping	\$0	2015	31	30	\$1,650	\$53
23.015 Buffer	\$2,320	1986	30	0	\$2,400	\$80
23.016 Pullman Holt 17" Buffer	\$672	2004	18	6	\$1,100	\$61
23.018 Housekeeping Carts (#16) Replacement Allowance	\$1,100	2015	1	0	\$1,100	\$1,100
23.022 Wet or Dry Vacuums	\$1,600	2005	10	-1	\$1,600	\$160
Category/Sub-Total	\$23,069				\$29,450	\$7,048
24.000 PCU FURNITURE & EQUIPMENT						
24.001 Swimming Pool/Gymnasium Equipment Replace Allowance	\$1,250	2015	1	0	\$1,250	\$1,250
24.002 PCU Common Area Replacement Allowance	\$4,500	2015	1	0	\$4,500	\$4,500
24.004 3rd Floor Housekeeping Bathrooms Remodel (Unisex)	\$3,333	2010	30	24	\$20,000	\$667
24.006 1st Floor Art Hall - Bathroom Remodel & ADA	\$3,333	2014	30	28	\$100,000	\$3,333
24.007 Pool Bathroom Remodel	\$1,333	2014	15	13	\$20,000	\$1,333
24.008 Dining Room Area Bathroom Remodel (Unisex)	\$9,333	2008	15	7	\$20,000	\$1,333
24.009 Employee Break Room & Bathrooms Remodel (Men/Women)	\$0	2015	30	29	\$12,000	\$400
24.010 Medical Unit Hospital Beds & Mattresses (#59) Allowance	\$4,000	2015	1	0	\$4,000	\$4,000
24.020 PCU Overbed Tables	\$3,920	2007	20	11	\$9,800	\$490
24.030 PCU Bathroom Cabinets	\$1,120	2007	20	11	\$2,800	\$140
24.050 PCU Side Chairs	\$3,520	2007	20	11	\$8,800	\$440
24.060 PCU Side Tables	\$6,720	2007	20	11	\$16,800	\$840
24.091 PCU Refrigerators	\$1,050	2009	10	3	\$1,750	\$175
24.092 PCU Nurses Station Refurbish	\$10,000	2007	20	11	\$25,000	\$1,250
24.093 PCU Cabinets & Countertops Replace/Refurb Allowance	\$17,714	1984	35	3	\$20,000	\$571
Category/Sub-Total	\$71,128				\$266,700	\$20,723
24.100 CLINIC EXAM ROOM #1						
24.101 Hewlett-Packard EKG	\$1,458	2008	24	16	\$5,000	\$208
24.102 Clinic Exam Table # 1	\$3,333	1995	30	9	\$5,000	\$167
24.103 Defibrillator & Battery Case	\$1,667	2005	12	1	\$2,000	\$167
Category/Sub-Total	\$6,458				\$12,000	\$542
24.110 CLINIC EXAM ROOM #2						
24.111 Clinic Exam Table #2	\$1,250	2010	20	14	\$5,000	\$250
Category/Sub-Total	\$1,250				\$5,000	\$250
24.120 PHYSICAL THERAPY						
24.130 X-RAY ROOM						
24.140 HSK LINEN ROOM						
24.141 Built In Shelving	\$1,590	2001	30	15	\$3,408	\$114
Category/Sub-Total	\$1,590				\$3,408	\$114
25.000 SNF FURNITURE & EQUIPMENT						
25.001 SNF Common Area Replacement Allowance	\$5,000	2015	1	0	\$5,000	\$5,000

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Item #	Component Description	2015/16 End- Req'd in Bill	Year New	Useful Life	Remng (d/17)	Current Cost	Annual Allocation
25.016	Arrow Low Bed - (Kneeling Bed)	\$5,833	2005	12	1	\$7,000	\$583
25.030	SNF Overbed Tables	\$6,300	2000	20	4	\$8,400	\$420
25.040	SNF Bathroom Cabinets	\$1,600	2005	20	9	\$3,200	\$160
25.060	SNF Suction Machines	\$720	2003	20	7	\$1,200	\$60
25.080	SNF Closet Organizers - SNF & PCU	\$1,050	2005	20	9	\$2,100	\$105
25.090	SNF Side Chairs	\$1,500	2012	15	11	\$7,600	\$507
25.100	SNF Bedside Stands	\$14,208	2000	18	2	\$17,050	\$947
25.120	SNF Patient Room Television Supports	\$0	2015	20	19	\$3,600	\$180
25.130	SNF Patient Room Divider Curtains	\$9,765	2001	20	5	\$13,950	\$698
25.140	Waste Baskets - Fire Resistant SNF & PCU	\$1,429	2011	7	2	\$2,500	\$357
25.150	Blanket Warmers	\$1,045	1996	20	0	\$1,100	\$55
25.160	Blankets & Bedspreads (50)	\$1,440	2013	2	-1	\$1,440	\$720
25.061	Dinamap Pro - HC SNF	\$0	2015	10	9	\$3,000	\$300
25.062	Dinamap - HC PCU	\$270	2014	10	8	\$2,200	\$220
25.162	Digital Chair Scale (#2)	\$2,215	2003	13	0	\$2,400	\$185
25.163	Golve Lift	\$6,214	2003	14	1	\$7,250	\$518
25.164	Alarm Mats (13)	\$0	2015	2	1	\$1,250	\$625
25.165	Enclosed Display Cases (2)	\$750	2003	20	7	\$1,250	\$63
25.166	SNF Refrigerators (2)	\$3,200	2007	10	1	\$4,000	\$400
25.167	SNF Cabinets & Countertops Replace/Refurb Allowance	\$13,286	1984	35	3	\$15,000	\$429
	Category Sub-Total:	\$75,906				\$110,490	\$12,530
25.200	SNF DINING ROOM						
25.201	Large Screen TV (2)	\$0	2015	10	9	\$4,000	\$400
25.202	SNF Piano	\$4,650	1984	40	8	\$6,000	\$150
25.203	All Medical Unit TV's (#59) Replacement Allowance	\$4,000	2013	2	-1	\$4,000	\$2,000
25.223	Nurses Station - SNF Refurbish	\$9,000	2006	25	15	\$25,000	\$1,000
25.226	Medical Cart	\$4,000	1999	20	3	\$5,000	\$250
7	Upper & Lower Cabinets - Nurses SNF	\$5,000	2005	20	9	\$10,000	\$500
25.228	Upper & Lower Cabinets - Clinic	\$1,600	2007	25	16	\$5,000	\$200
	Category Sub-Total:	\$28,250				\$59,000	\$1,500
25.250	SHOWER ROOM						
25.251	Whirlpool	\$17,100	1996	50	30	\$45,000	\$900
25.252	Blankets	\$2,250	2009	8	1	\$3,000	\$375
	Category Sub-Total:	\$19,350				\$48,000	\$1,275
26.000	FOOD SERV. EQUIP. & APPL. - GARDEN AREA						
26.010	Lower Level Walk-In Refrigerator Compressors (2)	\$3,600	2006	15	5	\$6,000	\$400
26.011	Lower Level Walk-In Freezer Compressor	\$3,300	2006	15	5	\$5,500	\$367
26.012	Kitchen Walk-In refrigerator Compressors	\$3,300	2006	15	5	\$5,500	\$367
	Category Sub-Total:	\$10,200				\$17,000	\$1,133
26.100	FOOD SERV. EQUIP. & APPL. - KITCHEN						
26.101	Grease Traps	\$2,600	2009	15	8	\$7,000	\$467
26.102	Gas Griddle & Oven FS Kitchen	\$1,500	2014	10	8	\$15,000	\$1,500
26.103	Gas Range 6 Burner, Oven, & Frig FS Kitchen	\$1,600	2014	10	8	\$16,000	\$1,600
26.104	Steam Tables - FS Kitchen	\$1,583	2010	30	24	\$9,500	\$317
26.105	Gas Charbroiler FS Kitchen	\$1,500	2014	10	8	\$15,000	\$1,500
26.106	Reach-In-Freezer - FS Kitchen	\$2,107	2010	15	9	\$6,500	\$433
26.107	Fryer - FS Kitchen	\$800	2014	10	8	\$8,000	\$800
26.108	Mixer - FS Kitchen	\$0	2015	20	19	\$9,000	\$450
26.109	Tilt Skillet	\$5,250	2005	20	9	\$10,500	\$525
26.110	Gas Convection Oven (Double) - FS Kitchen	\$16,000	1999	17	0	\$17,000	\$1,000
26.111	Food Warmers - FS Kitchen	\$4,333	2002	15	1	\$5,000	\$333
26.112	Ice Cream Freezer - FS Kitchen	\$750	2010	20	14	\$3,000	\$150
26.114	Steamer	\$0	2015	10	9	\$9,000	\$900
26.116	CO2 Hood Fire Extinguisher System - Kitchen	\$5,000	2000	30	14	\$10,000	\$333
26.117	Unitized Base Dispenser	\$3,850	2004	20	8	\$7,000	\$350
26.120	Slicer - Kitchen	\$2,250	2000	20	4	\$3,000	\$150
26.125	Stainless Steel Shelving Units - Kitchen	\$12,917	1984	60	28	\$25,000	\$417
26.125	Stainless Steel Work Tables - Kitchen	\$3,321	1984	70	38	\$7,500	\$107
26.126	Stainless Steel Serving Racks - Kitchen	\$533	2011	15	10	\$2,000	\$133

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2016
(UNAUDITED)**

Component Description	2015/16 Budget Req'd in Bank	Year New	Useful Life	Remaining (6/6/17)	Current Cost	Annual Allocation
26.127 Stove - Small One Burner - Kitchen	\$1,771	1984	35	3	\$2,000	\$57
26.128 Dish Dolly & Racks	\$400	2011	15	10	\$1,500	\$100
26.129 Charcoal Grille - FS Kitchen	\$4,263	1984	40	8	\$5,500	\$138
26.130 Replacement Shelving - Lower Freezer (walk-in)	\$875	2010	20	14	\$3,500	\$175
26.131 Reach In Refrigerator # 1	\$1,200	2007	20	11	\$3,000	\$150
26.132 Reach In Refrigerator # 2	\$1,575	2006	20	10	\$3,500	\$175
26.133 Pellet Warmer	\$5,000	2005	20	9	\$10,000	\$500
26.134 Bread Warmers (2)	\$600	2013	10	7	\$3,000	\$300
26.135 Kitchen Suspended Ceiling & Lights	\$3,500	2014	10	8	\$35,000	\$3,500
26.136 Cabinets & Wait Station Servers	\$607	2014	15	13	\$10,000	\$607
Category/Sub-Total:	\$86,005				\$262,000	\$17,227
26.200 FOOD SERV. EQUIP. & APPL. - DINING ROOM						
26.202 Soup Warmers - Dining Room	\$4,200	1987	30	1	\$4,500	\$150
26.203 Faucets - Kitchen & Dining Room	\$3,911	2007	9	0	\$4,400	\$489
26.204 Buffet Table w/ Guard (Hot & Cold)	\$15,600	2003	20	7	\$26,000	\$1,300
26.205 Tables & Chairs	\$26,400	2009	25	18	\$110,000	\$4,400
26.206 Cabinets/Countertops - South Wait Station	\$2,400	2007	20	11	\$6,000	\$300
26.207 Cabinets/Countertops - Other	\$1,125	2012	8	4	\$3,000	\$375
26.208 Plate Warmers	\$1,750	2010	10	4	\$3,500	\$350
Category/Sub-Total:	\$55,986				\$157,400	\$7,964
26.300 FOOD SERV. EQUIP. & APPL. - ROOF						
26.301 Hood Exhaust Fan Motor - Roof	\$80	2014	25	23	\$2,000	\$80
Category/Sub-Total:	\$80				\$2,000	\$80
26.400 FOOD SERV. EQUIP. & APPL. - LOADING DOCK						
26.401 Ice Machine - LL Freight Dock	\$3,000	2009	12	5	\$6,000	\$500
26.402 Steel Lockers	\$1,063	1984	70	38	\$2,400	\$34
26.403 Lower Level Walk-In Freezer and Refrigerator	\$8,000	2011	25	20	\$50,000	\$2,000
26.404 Wait Station Ice Cream Freezer (Dip-In)	\$1,333	2007	15	6	\$2,500	\$167
26.405 2 CU Ice Maker (HC)	\$1,400	2007	20	11	\$3,500	\$175
26.406 Walk In Fridge Kitchen - Total Replace	\$1,800	2012	25	21	\$15,000	\$600
Category/Sub-Total:	\$16,596				\$79,400	\$3,876
27.000 OFFICE						
27.001 Administration Office Furniture & Cabinets	\$0	2015	7	6	\$8,000	\$1,143
27.002 Computer - Hard Duty (9) & Computers	\$4,500	2014	3	1	\$13,500	\$4,500
27.008 Computer - Medium/Hard Duty (9) & Computers	\$13,500	2012	3	-1	\$13,500	\$4,500
27.009 Computer - Medium Duty (9) Memo	\$0	2013	3	0	\$0	\$0
27.010 Computer - Light Duty (9) Memo	\$0	2013	3	0	\$0	\$0
27.028 Software - Medical/ Keane - Re-Occurring Allowance	\$5,000	2015	1	0	\$5,000	\$5,000
27.029 Software - Financial - Re-Occurring Allowance	\$4,000	2015	1	0	\$4,000	\$4,000
27.030 Operating System Software, etc.	\$2,833	2014	6	4	\$17,000	\$2,833
27.031 Time Clocks & Programming	\$1,333	2011	12	7	\$4,000	\$333
27.032 File Server	\$16,000	2011	5	0	\$20,000	\$4,000
27.033 Network Cable	\$571	2013	7	4	\$2,000	\$286
27.034 In-House Network Back Up System	\$3,900	2012	5	1	\$5,000	\$1,000
27.037 Computer Switches (2)	\$3,500	2008	8	0	\$4,000	\$500
27.038 Computer Hub (2)	\$1,750	2008	8	0	\$2,000	\$250
27.039 Computer/Telephone Room Improvements	\$900	2006	10	0	\$1,000	\$100
27.040 HP Printer 4000 TN Network	\$643	2012	7	3	\$1,500	\$214
27.043 Laptop Art Committee Computer	\$1,000	2011	6	1	\$1,500	\$250
27.044 Software - GL, PS, AP	\$51,000	1998	20	2	\$60,000	\$3,000
27.045 Software - Healthcare	\$37,778	1998	18	0	\$40,000	\$2,222
27.047 Mac Laptop Computer & Printer	\$1,250	2012	6	2	\$2,500	\$417
27.048 Offsite Network Backup	\$3,750	2012	8	4	\$10,000	\$1,250
27.049 Community WiFi System	\$14,286	2013	7	4	\$50,000	\$7,143
27.050 Phone System	\$127,500	2018	20	2	\$150,000	\$7,500
Category/Sub-Total:	\$294,094				\$414,500	\$50,441
0.1 COMMON AREAS						
0.6 Mail Boxes	\$12,880	1992	60	36	\$33,600	\$560
0.002 Common Area Furniture Replacement Allowance	\$16,578	2015	1	0	\$16,578	\$16,578

See independent auditor's report and accompanying notes.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**SUPPLEMENTARY INFORMATION ON FUTURE
MAJOR REPAIRS AND REPLACEMENTS
OCTOBER 31, 2016
(UNAUDITED)**

Item #	Component Description	2015/16 End Req'd in Bal.	Year New	Useful Life (Yr)	Remaining Life (Yr)	Current Cost	Annual Allocation
30.003	Piping & Fixtures & Painting Allowance	\$15,000	2015	1	0	\$15,000	\$15,000
30.007	Server Room Fire Suppression System	\$19,375	1984	32	0	\$20,000	\$625
	Category/Sub-Total:	\$63,835				\$85,178	\$32,763
30.010	LOBBY						
30.014	Main Lobby Holiday Trees	\$1,000	2011	10	5	\$2,500	\$250
	Category/Sub-Total:	\$1,000				\$2,500	\$250
30.020	AUDITORIUM						
30.021	Auditorium Sound System	\$20,000	2005	15	4	\$30,000	\$2,000
30.022	Grand Piano/Bench	\$9,521	1984	70	38	\$21,500	\$307
30.023	Auditorium Chairs & Walls	\$6,000	2012	15	11	\$30,000	\$2,000
30.024	Auditorium Projection Equipment	\$1,250	2013	8	5	\$5,000	\$625
30.025	Hearing Loop	\$0	2015	15	14	\$7,500	\$500
	Category/Sub-Total:	\$36,771				\$94,000	\$5,432
30.030	LIBRARY						
30.031	Furniture	\$1,333	2007	30	21	\$5,000	\$167
	Category/Sub-Total:	\$1,333				\$5,000	\$167
30.040	FIRST FLOOR ATRIUM NORTH						
30.041	Grand Piano/Bench	\$9,521	1984	70	38	\$21,500	\$307
	Category/Sub-Total:	\$9,521				\$21,500	\$307
30.050	THIRD FLOOR CENTRAL LOUNGE						
30.051	Upright Piano	\$2,657	1984	70	38	\$6,000	\$86
	Category/Sub-Total:	\$2,657				\$6,000	\$86
30.060	HOUSEKEEPING MANAGERS OFFICE						
30.061	Built In File Cabinet	\$1,067	1995	60	39	\$3,200	\$53
	Category/Sub-Total:	\$1,067				\$3,200	\$53
30.070	MAINTENANCE MANAGERS OFFICE						
31.000	PA SYSTEM						
01	PA System & Associated Cabinets & Microphones	\$16,250	2005	20	9	\$32,500	\$1,625
02	Two Channel Portable Sound System	\$500	2011	10	5	\$1,250	\$125
31.003	Auditorium Podium with Amplification System	\$800	2011	10	5	\$2,000	\$200
31.100	Health Center Portable Sound	\$375	2010	20	14	\$1,500	\$75
31.101	PA System for Card Room	\$450	2012	10	6	\$1,500	\$150
	Category/Sub-Total:	\$18,375				\$38,750	\$1,175
33.000	LIGHTING & ELECTRICAL						
33.001	Interior Lighting Replacement Allowance	\$3,300	2015	1	0	\$3,300	\$3,300
33.003	Fire Alarm/Exit Lights/Etc. Replacement Allowance	\$1,500	2015	1	0	\$1,500	\$1,500
33.004	Exterior Lighting Replacement	\$18,400	2007	25	16	\$97,500	\$2,300
33.005	Load Centers & Panel Boards Replacement Allowance	\$1,250	2015	1	0	\$1,250	\$1,250
33.006	Circuit Breakers - Disconnects Replacement Allowance	\$3,000	2015	1	0	\$3,000	\$3,000
	Category/Sub-Total:	\$27,450				\$66,550	\$11,350
	Total Value of Components:					\$11,058,781	
	Annual Straight-Line Allocation:						\$770,630
	2015/16 End						
	Total Dollars Necessary to be 100% Funded:						\$4,503,460

The Association has conducted a study to estimate the useful and remaining lives and current replacement costs of common property major components. Funding requirements consider an estimated **before-tax interest rate** of **2-1/4%** on replacement fund cash balances and an annual **inflation rate** of **1-1/2%** on major component replacement costs. The replacement fund **cash** and investment balances at October 31, 2016 totaled **\$2,106,540**. The estimated **liability** for major repairs and replacements at this date totaled approximately **\$4,503,000**. The portion of **2017 regular assessments** budgeted to be allocated to the replacement fund totals **\$840,000**.

See independent auditor's report and accompanying notes.

LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

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FEB 15 2017

CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying continuing care reserve report schedules, Forms 1-1 through 5-5 (including Form 5-5 Attachments) (the Schedules) of **Villa Marin Homeowners' Association** (the Association) as of October 31, 2016. These Schedules are the responsibility of the Association's management. Our responsibility is to express an opinion on these Schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the Schedules referred to above present fairly, in all material respects, the liquid reserve requirements of **Villa Marin Homeowners' Association** as of October 31, 2016 in conformity with accounting principles generally accepted in the United States of America and the report preparation provision of California Health and Safety Code Section 1790(a).

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

Levy Erlanger & Company

December 2, 2016

R E C E I V E D **D**
FEB 15 2017

CONTINUING CARE
CONTRACTS BRANCH

VILLA MARIN HOMEOWNERS' ASSOCIATION

**INDEPENDENT AUDITOR'S REPORT AND CONTINUING CARE
RESERVE REPORT SCHEDULES**

YEAR ENDED OCTOBER 31, 2016

VILLA MARIN HOMEOWNERS' ASSOCIATION

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YEAR ENDED OCTOBER 31, 2016**

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LEVY, ERLANGER & COMPANY
Certified Public Accountants

290 King Street, Suite 12
San Francisco, CA 94107

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FEB 15 2017

CONTINUING CARE
CONTRACTS BRANCH

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying continuing care reserve report schedules, Forms 1-1 through 5-5 (including Form 5-5 Attachments) (the Schedules) of **Villa Marin Homeowners' Association** (the Association) as of October 31, 2016. These Schedules are the responsibility of the Association's management. Our responsibility is to express an opinion on these Schedules based on our audit.

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Levy Erlanger & Company

December 2, 2016

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

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

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

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

PROVIDER: Villa Marin Homeowners Association

3 See independent auditor's report and accompanying notes to schedules.

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

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	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
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0	0	\$0

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

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

PROVIDER: Villa Marin Homeowners Association

See independent auditor's report and accompanying notes to schedules.

4

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

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

See independent auditor's report and accompanying notes to schedules.

5

PROVIDER: Villa Marin Homeowners Association

**FORM 5-4
CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$12,139,079</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u> </u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u> </u>	
	c. Depreciation	<u>\$298,827</u>	
	d. Amortization	<u> </u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$242,700</u>	
	f. Extraordinary expenses approved by the Department	<u> </u>	
3	Total Deductions		<u>\$541,527</u>
4	Net Operating Expenses		<u>\$11,597,552</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$31,774</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>\$2,383,059</u></u>

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

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Villa Marin Homeowners Association
 Fiscal Year Ended: 10/31/2016

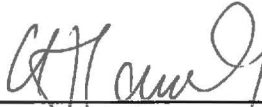
We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 10/31/2016 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$0
[2] Operating Expense Reserve Amount	\$2,383,059
[3] Total Liquid Reserve Amount:	\$2,383,059

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount (market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$943,510
[5] Investment Securities		\$571,382
[6] Equity Securities		
[7] Unused/Available Lines of Credit		\$1,000,000
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other:		
<u>(describe qualifying asset)</u>		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$0 [12]	\$2,514,892
Reserve Obligation Amount: [13]	\$0 [14]	\$2,383,059
Surplus/(Deficiency): [15]	\$0 [16]	\$131,833

Signature: 
 (Authorized Representative)
CFO
 (Title)

Date: 2/9/2017

Villa Marin
 Department of Social Services
 Detail of Reserves - Operating
 Health & Safety Code Section 1790(a)(2)
 Attachment to Form 5-5
 Fiscal Year Ended 10-31-2016

QUALIFYING ASSET DESCRIPTION - OPERATING ACCOUNT LIQUIDITY:

		Operating Liquidity	Operating Investments	Total Operating Liquidity
Cash	WestAmerica Banks	\$583,009		\$583,009
Cash on Hand - Petty	Cash on Hand	\$1,500		\$1,500
Cash in Savings	Bank of Marin	\$177,318		\$177,318
Cash in Savings	Morgan Stanley CD & MM, etc.	\$11,736	\$70,000	\$81,736
Cash in General Reserve Account	Morgan Stanley CD's, MM, etc.	\$169,947	\$501,382	\$671,329
TOTALS		\$943,510	\$571,382	\$1,514,892

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

PER CAPITA COSTS OF OPERATIONS:

Total Annual Operating Expenses (Per Form 5-4 Line 4)	\$11,597,552
Less: Medicare Revenue	(\$681,167)
Less: Interest Income Operating	(\$6,689)
Total Annual Operating Expenses less other Non Resident Revenue	\$10,909,696
Divided by Average Number of Continuing Care Residents (Per Form 1-1 Line 5)	269
Average Per Capita Costs Annual	\$40,556
Divided by Days Per Year	365
Average Per Capita Costs Daily	\$111

See independent auditor's report and accompanying notes to schedules.

Villa Marin
Department of Social Services
Detail of Reserves - Property
Health & Safety Code Section 1790(a)(2)
Attachment to Form 5-5
Fiscal Year Ended 10-31-2016

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

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

Property
Reserves
Liquidity
\$2,106,540

See independent auditor's report and accompanying notes to schedules.

9

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO CONTINUING CARE RESERVE REPORT SCHEDULES
YEAR ENDED OCTOBER 31, 2016**

NOTE 1 - THE ASSOCIATION

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

NOTE 2 - CONTINUING CARE RESERVE REPORT SCHEDULES

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

NOTE 3 - EVIDENCE OF FIDELITY BOND

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

See independent auditors' report.

VILLA MARIN HOMEOWNERS' ASSOCIATION

**NOTES TO CONTINUING CARE RESERVE REPORT SCHEDULES
YEAR ENDED OCTOBER 31, 2016
(CONTINUED)**

NOTE 4 - PROPERTY RESERVE DISCLOSURES

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

Cash and investments in property reserve fund at October 31, 2016 were \$2,106,540.

The Association maintains a property reserve fund for the purposes of maintaining and/or replacing its fixed assets in compliance with the Association's non-profit mutual benefit corporation status. All property reserve amount are designated for future projects consistent with the Association's non-profit mutual benefit corporation status. An annual study is performed projecting cash requirements and project expenditures over an ongoing 30 year basis. The Association utilizes a threshold funding method to project adequate property reserve funding be available each year over the next 30 years. The current property reserve study dated August 11, 2016 by Reserve Analysis Consulting, LLC shows adequate property reserve funding over each of the next 30 years with projected annual deposits, disbursements, rate of inflation, and return on investments to meet the threshold funding requirements of the next 30 years.

The following are the Association's major property reserve fund projects designated to be performed during the year ending October 31, 2017 as permitted by and in accordance with the Association's non-profit mutual benefit corporation status:

SNF HVAC	\$200,000
Elevators	150,000
Carpeting 4 th floor	95,000
Heating and air conditioners replacement	50,000
Software replacement	40,000
Exterior structural repairs	50,000
Decks	50,000
Unscheduled replacement items	40,000
Server room fire suppression system upgrade	20,000

See independent auditors' report.

Villa Marin
Department of Social Services
Detail of Reserves - Operating
Health & Safety Code Section 1790(a)(2)
Attachment to Form 5-5
Fiscal Year Ended 10-31-2016

QUALIFYING ASSET DESCRIPTION - OPERATING ACCOUNT LIQUIDITY:

		Operating Liquidity	Operating Investments	Total Operating Liquidity
Cash	WestAmerica Banks	\$583,009		\$583,009
Cash on Hand - Petty	Cash on Hand	\$1,500		\$1,500
Cash in Savings	Bank of Marin	\$177,318		\$177,318
Cash in Savings	Morgan Stanley CD & MM, etc.	\$11,736	\$70,000	\$81,736
Cash in General Reserve Account	Morgan Stanley CD's, MM, etc.	\$169,947	\$501,381	\$671,328
TOTALS		\$943,510	\$571,381	\$1,514,891

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

PER CAPITA COSTS OF OPERATIONS:

Total Annual Operating Expenses (Per Form 5-4 Line 4)	\$11,597,552
Less: Medicare Revenue	(\$681,167)
Less: Interest Income Operating	(\$6,689)
Total Annual Operating Expenses less other Non Resident Revenue	\$10,909,696
Divided by Average Number of Continuing Care Residents (Per Form 1-1 Line 5)	269
Average Per Capita Costs Annual	\$40,556
Divided by Days Per Year	365
Average Per Capita Costs Daily	\$111

**Villa Marin
Department of Social Services
Detail of Reserves - Property
Health & Safety Code Section 1790(a)(2)
Attachment to Form 5-5
Fiscal Year Ended 10-31-2016**

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

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

Property
Reserves
Liquidity

\$2,106,540

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

Date Prepared: 1/26/2017
RECEIVED
FEB 15 2017

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

NUMBER OF UNITS:

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

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

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

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

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

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: _____

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

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

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

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

PROVIDER NAME: Villa Marin Homeowners Association

<u>OTHER CCRCs</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>MULTI-LEVEL RETIREMENT COMMUNITIES</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>FREE-STANDING SKILLED NURSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>SUBSIDIZED SENIOR HOUSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

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

PROVIDER NAME: Villa Marin Homeowners Association

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	\$10,626,655	\$11,092,367	\$11,239,515	\$11,616,458
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	\$10,633,828	\$10,938,067	\$11,136,630	\$11,840,316
NET INCOME FROM OPERATIONS	\$(7,173)	\$156,300	\$102,885	\$(223,858)
LESS INTEREST EXPENSE				
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)				
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$(7,173)	\$156,300	\$102,885	\$(223,858)
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	0.00	0.00	0.00	0.00

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

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

.....
FINANCIAL RATIOS (see next page for ratio formulas)

2013 CCAC Medians
50th Percentile
(optional)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
DEBT TO ASSET RATIO	N/A	N/A	N/A
OPERATING RATIO	0.99	0.99	1.02
DEBT SERVICE COVERAGE RATIO	N/A	N/A	N/A
DAYS CASH ON HAND RATIO	63.42	56.89	46.70

.....
HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2013</u>	%	<u>2014</u>	%	<u>2015</u>	%	<u>2016</u>
STUDIO	\$2,644	2.9	\$2,618	2.5	\$2,683	4.1	\$2,794
ONE BEDROOM	\$2,706	2.8	\$2,782	2.6	\$2,854	4.1	\$2,972
TWO BEDROOM	\$3,399	2.4	\$3,482	2.9	\$3,584	4.1	\$3,732
COTTAGE/HOUSE	\$6,108	1.8	\$6,216	3.5	\$6,433	4.1	\$6,698
ASSISTED LIVING	\$3,132	2.6	\$3,212	2.8	\$3,304	4.1	\$3,441
SKILLED NURSING	\$3,132	2.6	\$3,212	2.8	\$3,304	4.1	\$3,441
SPECIAL CARE							

.....
COMMENTS FROM PROVIDER: >

> _____
> _____
> _____

PROVIDER NAME: Villa Marin Homeowners Association

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

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

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

For Fiscal Year Ending 10-31-2016, Villa Marin HOA Fees increased an average of from 4.1% to 4.1%. FYE 10-31-2016 Monthly Homeowners' fees range from \$2,794 to \$6,698 depending on size of condo owned. These fees were increased to accommodate increase in operational fees including but not limited to labor increases, utility increases, food cost increases, Health Care cost increases, building maintenance, insurance, etc.



Milan J. Havel, CFO

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$ 2,794 To \$ 6,698	Same	Same
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.1% To 4.1%	Same	Same

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

[3] Indicate the date the fee increase was implemented: 11-1-2016
 (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: Villa Marin Homeowners Association
 COMMUNITY: Villa Marin Homeowners Association

Villa Marin HOA
Form 8-1 (lines 1 & 2)
FYE 10-31-2016

Line 1:

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

	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018	fye 2019	fye 2020	fye 2021
	2011	2012	2013	2014	2015	2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
Line 2:											
RESIDENT REVENUE:											
Operating Revenue per Audit	\$10,544,583	\$10,907,864	\$10,626,655	\$11,092,367	\$11,239,515	\$11,616,458	\$11,964,952	\$12,323,900	\$12,693,617	\$13,074,426	\$13,466,659
Less Interest income	(\$29,742)	(\$18,482)	(\$13,235)	(\$6,633)	(\$8,117)	(\$7,108)	(\$7,321)	(\$7,541)	(\$7,767)	(\$8,000)	(\$8,240)
Total Operating Revenue per DSS	\$10,514,841	\$10,889,382	\$10,613,420	\$11,085,734	\$11,231,398	\$11,609,350	\$11,957,631	\$12,316,359	\$12,685,850	\$13,066,426	\$13,458,418
Less Non-Resident Revenue	(\$227,590)	(\$207,625)	(\$200,750)	(\$220,800)	(\$219,000)	(\$242,700)	(\$249,981)	(\$257,480)	(\$265,205)	(\$273,161)	(\$281,356)
Resident Revenue	\$10,287,251	\$10,681,757	\$10,412,670	\$10,864,934	\$11,012,398	\$11,366,650	\$11,707,650	\$12,058,880	\$12,420,646	\$12,793,266	\$13,177,063
RESIDENT EXPENSE:											
Operating Expense per Audit (before inc tax)	\$10,646,355	\$10,892,327	\$10,953,627	\$11,251,996	\$11,453,181	\$12,139,143	\$12,227,095	\$12,593,908	\$12,971,725	\$13,360,877	\$13,761,703
Less Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
less Depreciation Expense	(\$309,483)	(\$327,232)	(\$323,152)	(\$316,588)	(\$316,551)	(\$298,827)	(\$307,792)	(\$317,026)	(\$326,536)	(\$336,332)	(\$346,422)
Total Operating Expense	\$10,336,872	\$10,565,095	\$10,630,475	\$10,935,408	\$11,136,630	\$11,840,316	\$11,919,303	\$12,276,883	\$12,645,189	\$13,024,545	\$13,415,281
Less Non-Resident Expenses	(\$209,745)	(\$176,671)	(\$173,944)	(\$166,586)	(\$184,306)	(\$205,489)	(\$211,653)	(\$218,003)	(\$224,543)	(\$231,279)	(\$238,218)
Resident Expenses	\$10,127,127	\$10,388,424	\$10,456,531	\$10,768,822	\$10,952,324	\$11,634,827	\$11,707,650	\$12,058,880	\$12,420,646	\$12,793,266	\$13,177,063

ANSWER:

	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018	fye 2019	fye 2020	fye 2021
	2011	2012	2013	2014	2015	2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
Resident Revenue - Resident Expenses	\$160,124	\$293,333	(\$43,861)	\$96,112	\$60,074	(\$268,177)	\$0	\$0	\$0	\$0	(\$1)
divided by Resident Revenue	\$10,287,251	\$10,681,757	\$10,412,670	\$10,864,934	\$11,012,398	\$11,366,650	\$11,707,650	\$12,058,880	\$12,420,646	\$12,793,266	\$13,177,063
Result - Net Operating Margin	1.56%	2.75%	-0.42%	0.88%	0.55%	-2.36%	0.00%	0.00%	0.00%	0.00%	0.00%
NON RESIDENTS EXPENSES:											
Medical Expenses	3,405,315	3,462,475	3,353,245	3,394,927	3,429,863	3,596,823	3,704,728	3,815,870	3,930,346	4,048,256	4,169,704
divided by Total Health Center Days	13,443	14,836	13,880	14,877	13,585	13,968	14,387	14,819	15,263	15,721	16,193
Cost per Patient Days	253	233	242	228	252	258	258	258	258	258	258
Times Number of Non Resident Days	828	757	720	730	730	798	822	847	872	898	925
Non Resident Expenses	209,745	176,671	173,944	166,586	184,306	205,489	211,653	218,003	224,543	231,279	238,218

Villa Marin HOA
Form 8-1 (lines 3,4 & 5)
FYE 10-31-2016

Line 3:

Net Operating Margin - Adjusted %

	fye 2011	fye 2012	fye 2013	fye 2014	fye 2015	fye 2016	fye 2017	fye 2018	fye 2019	fye 2020	fye 2021
	2011	2012	2013	2014	2015	2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
Resident Revenue - Resident Expenses	\$160,124	\$293,333	(\$43,861)	\$96,112	\$60,074	(\$268,177)	\$0	\$0	\$0	\$0	(\$1)
Resident Revenue	\$10,287,251	\$10,681,757	\$10,412,670	\$10,864,934	\$11,012,398	\$11,366,650	\$11,707,650	\$12,058,880	\$12,420,646	\$12,793,266	\$13,177,063
ANSWER:											
Net Operating Margin %	1.56%	2.75%	-0.42%	0.88%	0.55%	-2.36%	0.00%	0.00%	0.00%	0.00%	0.00%

Line 4:

Unrestricted Cash & Investments

Cash All Funds (per Allison @ DSS)	\$1,157,570	\$1,582,005	\$1,514,092	\$2,022,128	\$2,082,792	\$2,145,276	\$2,209,634	\$2,275,923	\$2,344,201	\$2,414,527	\$2,486,962
Investments - Current	\$889,000	\$1,218,000	\$1,065,000	\$1,136,000	\$1,170,080	\$1,205,182	\$1,241,338	\$1,278,578	\$1,316,935	\$1,356,443	\$1,397,137
Investments - Non Current	\$1,583,000	\$947,000	\$866,000	\$340,000	\$350,200	\$360,706	\$371,527	\$382,673	\$394,153	\$405,978	\$418,157

ANSWER:

Total Unrestricted Cash & Investments	\$3,629,570	\$3,747,005	\$3,445,092	\$3,498,128	\$3,603,072	\$3,711,164	\$3,822,499	\$3,937,174	\$4,055,289	\$4,176,948	\$4,302,256
Unrestricted Cash & Invest's (\$000)	\$3,630	\$3,747	\$3,445	\$3,498	\$3,603	\$3,711	\$3,822	\$3,937	\$4,055	\$4,177	\$4,302

Line 5:

Operating Expenses less depr/inc taxes divided by Number of days per year	\$10,336,872 365	\$10,565,095 365	\$10,630,475 365	\$10,935,408 365	\$11,136,630 365	\$11,840,316 365	\$11,919,303 365	\$12,276,883 365	\$12,645,189 365	\$13,024,545 365	\$13,415,281 365
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= denominator

	\$28,320.20	\$28,945.47	\$29,124.59	\$29,960.02	\$30,511.32	\$32,439.22	\$32,655.63	\$33,635.29	\$34,644.35	\$35,683.68	\$36,754.19
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Unrestricted Cash & Investments divided by denominator	\$3,629,570 \$28,320.20	\$3,747,005 \$28,945.47	\$3,445,092 \$29,124.59	\$3,498,128 \$29,960.02	\$3,603,072 \$30,511.32	\$3,711,164 \$32,439.22	\$3,822,499 \$32,655.63	\$3,937,174 \$33,635.29	\$4,055,289 \$34,644.35	\$4,176,948 \$35,683.68	\$4,302,256 \$36,754.19
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ANSWER:

Days Cash on Hand	128.16	129.45	118.29	116.76	118.09	114.40	117.05	117.05	117.05	117.05	117.05
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Villa Marin
Residents at 10-31-2016

Continuing Care Residents - @ 10-31-2016

Description:	# Condos
Total # of Condos	224
2nd Residents	31
Less Double Units	(6)
Permanent Patients in SNF who don't own a Condo or aren't listed above	3
Permanent Patients in PCU who don't own a Condo or aren't listed above	9
TOTAL CONTINUING CARE RESIDENTS Form 1-1 Line 2	261

All Residents - @ 10-31-2016

Same # as Above	261
Add Private Patient	2
TOTAL ALL RESIDENTS Form 1-1 Line 7	263

**Villa Marin HOA
TOTAL HC Patients Days
FYE 10-31-2016**

Month / YR	SNF							PCU				TOTAL DAYS
	Med A Days	HMO Days	Perm Days	Exclus. Days	Private Days	Temp Days	Total SNF Days	Perm Days	Exclus. Days	Temp Days	Total PCU Days	
Nov. 15	57	0	262	60	60	74	513	329	30	77	436	949
Dec. 15	132	0	267	62	62	156	679	372	31	86	489	1,168
Jan. 16	91	29	279	62	62	186	709	355	31	168	554	1,263
Feb. 16	92	0	261	58	58	177	646	319	29	72	420	1,066
Mar. 16	79	25	265	62	62	592	1085	353	31	471	855	1,940
Apr. 16	121	8	237	60	60	258	744	300	30	61	391	1,135
May 16	107	0	248	62	62	240	719	333	31	63	427	1,146
Jun. 16	8	4	218	60	60	174	524	330	30	68	428	952
July 16	38	29	217	37	62	259	642	342	31	120	493	1,135
Aug. 16	111	0	224	31	67	309	742	224	31	110	365	1,107
Sep. 16	97	0	231	30	90	258	706	314	30	87	431	1,137
Oct. 16	38	0	217	31	93	99	478	362	31	99	492	970
TOTALS	971	95	2,926	615	798	2,782	8,187	3,933	366	1,482	5,781	13,968