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March 7, 2018

California Department of Social Services  
Community Care Licensing division  
Continuing Care Contracts Branch  
744 "P" Street, M.S. 10-90  
Sacramento, CA 95814

Re: Certification by Chief Executive Officer

To Whom It May Concern,

This letter is to certify the following,

- The annual report and any amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the department.
- Sierra View Homes maintains the required liquid reserve.

Sincerely,

A handwritten signature in black ink, appearing to read "Vito J Genna", with a long, sweeping horizontal line extending to the right.

Vito J Genna  
Chief Executive Officer

rl

ANNUAL REPORT CHECKLIST

PROVIDER(S): Sierra View Homes

CCRC(S): Sierra View Homes

PROVIDER CONTACT PERSON: Ro Linscheid

TELEPHONE NO.: (559) 638 9226 EMAIL: rlinscheid@sierraview.org

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

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$4,221.
  - If applicable, late fee in the amount of: \$ \_\_\_\_\_
- 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 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.

*Not Applicable* →

**FORM 1-1**  
**RESIDENT POPULATION**

<u>Line</u>	<b>Continuing Care Residents</b>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	137
[2]	Number at end of fiscal year	153
[3]	Total Lines 1 and 2	290
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	145
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	234
[7]	Number at end of fiscal year	233
[8]	Total Lines 6 and 7	467
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	233.5
[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).	0.62

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$7,855,294
[a] Depreciation	\$671,806
[b] Debt Service (Interest Only)	\$386,003
[2] Subtotal (add Line 1a and 1b)	\$1,057,809
[3] Subtract Line 2 from Line 1 and enter result.	\$6,797,485
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	62%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$4,221,136
	x .001
[6] <b>Total Amount Due</b> (multiply Line 5 by .001)	<b>\$4,221</b>

PROVIDE SIERRA VIEW HOMES (December 31, 2017)  
COMMUN SIERRA VIEW HOMES (December 31, 2017)

**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)	<u>0</u>	<u>3400</u>	<u>6,780</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>0</u>	<u>2%</u>	<u>2%</u>

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: 1-1-2018  
(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: Sierra View Homes  
COMMUNITY: Sierra View Homes

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

Date Prepared: 3/6/2018

FACILITY NAME: Sierra View Homes  
 ADDRESS: 1155 E Springfield Ave, Reedley, CA ZIP CODE: 93654 PHONE: (559) 638-9226  
 PROVIDER NAME: Sierra View Homes FACILITY OPERATOR: Vito Genna  
 RELATED FACILITIES: None RELIGIOUS AFFILIATION: Mennonite  
 YEAR OPENED: 1968 # OF ACRES: 13  SINGLE STORY  MULTI-STORY  OTHER: \_\_\_\_\_  
 MILES TO SHOPPING CTR: 0.5  
 MILES TO HOSPITAL: 2

**NUMBER OF UNITS:**

<b>RESIDENTIAL LIVING</b>	<b>HEALTH CARE</b>
APARTMENTS — STUDIO: <u>2</u>	ASSISTED LIVING: <u>78</u>
APARTMENTS — 1 BDRM: <u>64</u>	SKILLED NURSING: <u>59</u>
APARTMENTS — 2 BDRM: <u>49</u>	SPECIAL CARE: <u>0</u>
COTTAGES/HOUSES: <u>0</u>	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: _____	> _____

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: Care Fee is refunded 100% if the resident uses AL or SNF

RANGE OF ENTRANCE FEES: \$ \_\_\_\_\_ - \$ \_\_\_\_\_ LONG-TERM CARE INSURANCE REQUIRED?  YES  NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Care Fee is used to offset cost of Assisted Living or Skilled Nursing with a 5% discount of current rate

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: \_\_\_\_\_ OTHER: \_\_\_\_\_

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' roles):  
 > Several residents are members of the strategic planning committee.  
 > One resident board member with full voting rights

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 type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS ( <u>3</u> /DAY)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>			
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

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

PROVIDER NAME: Sierra View Homes

**OTHER CCRCs**

**LOCATION (City, State)**

**PHONE (with area code)**

None

**MULTI-LEVEL RETIREMENT COMMUNITIES**

**LOCATION (City, State)**

**PHONE (with area code)**

**FREE-STANDING SKILLED NURSING**

**LOCATION (City, State)**

**PHONE (with area code)**

**SUBSIDIZED SENIOR HOUSING**

**LOCATION (City, State)**

**PHONE (with area code)**

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>INCOME FROM ONGOING OPERATIONS</b>				
<b>OPERATING INCOME</b> (Excluding amortization of entrance fee income)	7,533,523	7,558,941	7,795,722	8,500,027
<b>LESS OPERATING EXPENSES</b> (Excluding depreciation, amortization, and interest)	6,103,420	6,200,901	6,486,079	6,797,485
<b>NET INCOME FROM OPERATIONS</b>	1,403,103	1,358,040	1,309,643	1,702,542
<b>LESS INTEREST EXPENSE</b>	610,544	599,688	481,105	386,003
<b>PLUS CONTRIBUTIONS</b>	75,811	71,350	74,246	29,940
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b> (excluding extraordinary items)	143,923	34,414	84,195	27,594
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>	683,920	870,116	986,979	1,374,073
<b>NET CASH FLOW FROM ENTRANCE FEES</b> (Total Deposits Less Refunds)	42,936	29,200	29,490	22,618

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

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
Bank of New York Mellon - Cert. Debt - Series A	9,750,000	2.98	2016	2040	24
Bank of New York Mellon - Cert. Debt - Series B	1,815,000	2.08	2016	2023	7
California Health Facilities Financing Authority	313,312	3.00	2009	2024	15

\*\*\*\*\*  
**FINANCIAL RATIOS** (see next page for ratio formulas)

	<b>2015 CCAC Medians 50<sup>th</sup> Percentile</b> <i>(optional)</i>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>DEBT TO ASSET RATIO</b>		0.6135	0.6676	0.6339
<b>OPERATING RATIO</b>		0.8865	0.8215	0.7942
<b>DEBT SERVICE COVERAGE RATIO</b>		1.5080	1.5982	2.0320
<b>DAYS CASH ON HAND RATIO</b>		177.188	211.464	244.827

\*\*\*\*\*  
**HISTORICAL MONTHLY SERVICE FEES** (Average Fee and Change Percentage)

	<u>2014</u>	<u>%</u>	<u>2015</u>	<u>%</u>	<u>2016</u>	<u>%</u>	<u>2017</u>
STUDIO	750	4	780	2	796	2	812
ONE BEDROOM	732	2	750	2	796	2	872
TWO BEDROOM	787	2	800	2	816	2	832
COTTAGE/HOUSE	0	0	0	0	0	0	0
ASSISTED LIVING	3150	2	3200	2	3264	2	3345
SKILLED NURSING	206	2	211	2	215	2	220
SPECIAL CARE							

\*\*\*\*\*  
**COMMENTS FROM PROVIDER:** > The CCRC consists of only Assisted Living and Skilled Nursing.

> The apartment tenants sign a CCRC agreement when they sign the apartment contract.

> The apartments are under Sierra View Residences, LLC and are wholly owned by the Sierra View Homes Corporation.

**Jeffrey L. Carter**  
Certified Public Accountant  
1355 11<sup>th</sup> Street  
Reedley, California 93654  
Telephone (559) 637-1675

## **Independent Auditor's Report**

To the Board of Directors, Sierra View Homes  
Reedley, California

### **Report on the Continuing Care Reserve Report**

I have audited the accompanying continuing care reserve report (Report) of Sierra View Homes, which comprises the continuing care liquid reserve schedules (Forms 5-1 through 5-5 and related supporting schedules) as of and for the year ended December 31, 2017.

### **Management's Responsibility for the Report**

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on the Report based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.



To the Board of Directors, Sierra View Homes  
Reedley, California  
Page 2

### **Opinion**

In my opinion, the Report referred to above presents fairly, in all material respects, the liquid reserve requirements of Sierra View Homes as of and for the year ended December 31, 2017, in conformity with the report preparation provisions of California Health and Safety Code 1792.

### **Basis of Accounting**

I draw attention to the basis of accounting used to prepare the Report. The Report is prepared on the basis of the liquid reserve requirements of California Health and Safety Code 1792 and also in accordance with the *Annual Report Instructions (January 1, 2007)* issued by the State of California Department of Social Services. This is a basis of accounting other than accounting principles generally accepted in the United States of America, and it is used to meet the requirements of California Health and Safety Code Section 1792. My opinion is not modified with respect to this matter.

### **Restriction on Use**

My report is intended solely for the information and use of the board of directors and management of Sierra View Homes and the California Department of Social Services. It is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'Jeffrey H.', written in a cursive style.

January 29, 2018

**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	06/01/09	\$48,523	\$11,558	\$0	\$60,081
2	06/09/16	\$370,000	\$377,314	\$0	\$747,314
3					
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>			\$388,872	\$0	\$807,395

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

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

**PROVIDER:** SIERRA VIEW HOMES (December 31, 2017)

**SIERRA VIEW HOMES**

**December 31, 2017 Annual Report for the California Department of Social Services  
Support Schedule for Form 5-1 Interest Paid (two-way reconciliation)**

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Interest expense on the Statement of Activities and Changes in Net Assets from  
the audited financial statement (accrual basis) \$386,003

*Adjustments to convert from accrual expense to total paid amount:*

Add accrued interest payable at the beginning of the year	125,781
Deduct accrued interest payable at the end of the year	(124,457)
Add back debt issuance premium amortization in interest expense	38,211
Deduct debt issuance cost amortization in interest expense	(36,666)
<b>TOTAL INTEREST PAID ON LONG-TERM DEBT (NOTE 1 below)</b>	<b>388,872</b>

**NOTE 1:** This amount agrees to the audited financial statement, statement of cash flows, *cash flows from operating activities* section of the cash flow statement.

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

	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
Long-Term Debt Obligation					
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>		\$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: SIERRA VIEW HOMES (December 31, 2017)**

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

Line	TOTAL
1 Total from Form 5-1 bottom of Column (e)	\$807,395
2 Total from Form 5-2 bottom of Column (e)	\$0
3 Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$0
4 <b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<b>\$807,395</b>

**PROVIDER: SIERRA VIEW HOMES (December 31, 2017)**