



Phone: (559) 638-9226
Fax: (559) 638-6857
1155 E. Springfield Ave.
Reedley, CA 93654
www.sierraview.org

March 7, 2019

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. Please be reminded that Sierra View Homes is a hybrid with the unlicensed independent apartments in a LLC. The LLC, Sierra View Residences is wholly owned by Sierra View Homes.
The department has approved the Continuing Care Contract form in use or offered to new residents. Sierra View Homes maintains the required liquid reserves.

Sincerely,

A handwritten signature in blue ink, appearing to read "Vito Genna", is written over a horizontal line.

Vito Genna
Chief Executive Officer

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED:

12/31/2018

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: \$ 4,995
 - ☐ 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.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	153
[2]	Number at end of fiscal year	151
[3]	Total Lines 1 and 2	304
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	152
All Residents		
[6]	Number at beginning of fiscal year	233
[7]	Number at end of fiscal year	230
[8]	Total Lines 6 and 7	463
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	231.5
[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).	0.66

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$8,674,363
[a] Depreciation	\$684,769
[b] Debt Service (Interest Only)	\$381,852
[2] Subtotal (add Line 1a and 1b)	\$1,066,621
[3] Subtract Line 2 from Line 1 and enter result.	\$7,607,742
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	66%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$4,995,148
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	\$4,995

PROVIDER SIERRA VIEW HOMES (December 31, 2018)

COMMUNITY SIERRA VIEW HOMES (December 31, 2018)

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>849</u>	<u>3,400</u>	<u>6,780</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>2%</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. *Monthly Meetings*
 - ☒ 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. *The agenda stays the same for every meeting. The Ex Dir or the Assoc. ED. give a report on what is happening at Sierra View Homes; Q+A follows then a program and refreshments*
- [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

Date Prepared: 02/04/2019

FACILITY NAME: Sierra View Homes

ADDRESS: 1155 E Springfield

ZIP CODE: 93654

PHONE: 559 638-9226

PROVIDER NAME: Sierra View Homes

FACILITY OPERATOR: Vito Genna

RELATED FACILITIES: None

RELIGIOUS AFFILIATION: Mennonite

YEAR # OF ☒ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 0.5

OPENED: 1968 ACRES: 13 STORY STORY ☐ OTHER: _____

MILES TO HOSPITAL: 2

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 2
APARTMENTS — 1 BDRM: 64
APARTMENTS — 2 BDRM: 49
COTTAGES/HOUSES: 0

HEALTH CARE

ASSISTED LIVING: 78
SKILLED NURSING: 59
SPECIAL CARE: 0
DESCRIPTION: >

RLU OCCUPANCY (%) AT YEAR END: 100%

OVERALL CCRC OCCUPANCY (%) AT YEAR END: 97%

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)

☐ Refundable

☐ Repayable

☐ 90% ☐ 75% ☐ 50%

☐ OTHER: _____

RANGE OF ENTRANCE FEES: \$ _____ - \$ _____

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT:

ENTRY REQUIREMENTS: MIN. AGE: 60

PRIOR PROFESSION: _____

OTHER: _____

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

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD:

(briefly describe provider's compliance and residents' roles) > One Independent Living Resident sits on the board with full voting rights

> Several residents are members of the Strategic Planning Committee.

FACILITY SERVICES AND AMENITIES

<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (____ TIMES/MONTH)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (____/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"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input 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 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 type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input 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 type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<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

<u>OTHER CCRCs</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
None		

<u>MULTI-LEVEL RETIREMENT COMMUNITIES</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
None		

<u>FREE-STANDING SKILLED NURSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
None		

<u>SUBSIDIZED SENIOR HOUSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
None		

PROVIDER NAME: Sierra View Homes

	2015	2016	2017	2018
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	7,558,941	7,795,722	8,500,027	9,029,495
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	6,200,901	6,486,079	6,797,485	7,609,287
NET INCOME FROM OPERATIONS	1,358,040	1,309,643	1,702,542	1,420,208
LESS INTEREST EXPENSE	559,688	481,105	386,003	380,307
PLUS CONTRIBUTIONS	71,350	74,246	29,940	54,114
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	34,414	84,195	27,594	80,495
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	870,116	986,979	1,374,075	1,174,510
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	29,200	29,490	22,618	26,251

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
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	1,435,000	2.08	2016	2023	7
California Health Facilities Financing Authority	261,330	3.00	2009	2024	15

FINANCIAL RATIOS (see next page for ratio formulas)

	2017 CCAC Medians 50 th Percentile <i>(optional)</i>	2016	2017	2018
DEBT TO ASSET RATIO		0.6676	0.6339	0.5754
OPERATING RATIO		0.8215	0.7942	0.8303
DEBT SERVICE COVERAGE RATIO		1.5982	2.0320	1.7113
DAYS CASH ON HAND RATIO		211.464	244.827	247.728

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2015	%	2016	%	2017	%	2018
STUDIO	780	4	796	2	812	2	828
ONE BEDROOM	750	2	796	2	812	2	828
TWO BEDROOM	800	2	816	2	832	2	849
COTTAGE/HOUSE	0	0	0	0	0	0	0
ASSISTED LIVING	3200	2	3264	2	3345	2	3412
SKILLED NURSING	211 per day	2	215 per day	2	220 per day	2	224 Per day
SPECIAL CARE							

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

> The aptments 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 11th 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, 2018

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, 2018, 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.



January 28, 2019

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	\$49,884	\$10,196	\$0	\$60,080
2	06/09/16	\$375,000	\$373,327	\$0	\$748,327
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
		TOTAL:	\$383,523	\$0	\$808,407

(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, 2018)

SIERRA VIEW HOMES**December 31, 2018 Annual Report for the California Department of Social Services
Support Schedule for Form 5-1 Interest Paid (two-way reconciliation)**

Interest expense on the Statement of Activities and Changes in Net Assets from the audited financial statement (accrual basis)	\$380,307
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Adjustments to eliminate bond premium and loan cost amortization:

Add back debt issuance premium amortization in interest expense	38,211
Deduct debt issuance cost amortization in interest expense	<u>(36,666)</u>
Equals interest expense only (accrual basis)	381,852

Adjustments to convert from accrual expense to total paid amount:

Add accrued interest payable at the beginning of the year	124,457
Deduct accrued interest payable at the end of the year	<u>(122,786)</u>
TOTAL INTEREST PAID ON LONG-TERM DEBT (NOTE 1 below)	<u>\$383,523</u>

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)

Long-Term Debt Obligation	(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))
1					\$0
2					\$0
3					\$0
4		NONE THIS YEAR			\$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: SIERRA VIEW HOMES (December 31, 2018)

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$808,407
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	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$808,407

PROVIDER: SIERRA VIEW HOMES (December 31, 2018)