



LOS ANGELES
JEWISH HOME

Connections to Care

October 6, 2017

BOARD OF DIRECTORS

Richard Bender
Andrew Berman
Leon Blankstein
Joyce Brandman
Vice Chair, Jewish Home Foundation
Joyce Eisenberg-Keefer
Jeffrey Glassman
Immediate Past Chair
Steven C. Good
Les Granow
Vice Chair, Budget & Finance Committee
Earl Greinetz
Joseph Held
Vice Chair, Building & Facilities Liaison to Subsidiary Boards
Michael Heslov
Robert Hirsch
Barbara Miller-Fox Abramoff
Vice Chair, Employment & Human Relations Committee & Secretary
Arnold Price
Pamela Rubin
Dr. Ed Schneider
David L. Swartz
Chair

CORPORATE OFFICERS

Molly Forrest
Chief Executive Officer & President
Sherri B. Cunningham
Chief Financial Officer
Sharon Z. Ginchansky
V.P. of Human Resources & Corporate Compliance
Noah Marco, MD
Chief Medical Officer
Arnold Possick
Chief Strategy Officer
Ira Schreck
Senior V.P., Jewish Home Foundation
Ilene Silberman
V.P. of Finance
Larissa Stepanians
Chief Operating Officer

CORPORATE OFFICE

7150 Tampa Avenue
Reseda, CA 91335
Tel: (818) 774-3000
Fax: (818) 774-3020
www.lajh.org

Mr. Evon Lenerd
State of California
Health and Human Services Agency
Department of Social Services
Continuing Care Contracts Branch
744 P Street
Sacramento, CA 95814

Dear Mr. Lenerd

This letter is to certify that our annual report for Fountainview at Eisenberg Village, LLC and any amendments to the annual report 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 of Social Services. As of August 31, 2016, Fountainview at Eisenberg Village, LLC, exceed the required reserves.

Sincerely,

Mary M. (Molly) Forrest,
CFO and President

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	129
[2]	Number at end of fiscal year	125
[3]	Total Lines 1 and 2	254
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	127
All Residents		
[6]	Number at beginning of fiscal year	129
[7]	Number at end of fiscal year	125
[8]	Total Lines 6 and 7	254
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	127
[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).	1.00

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$6,503,211
[a] Depreciation	\$86,522
[b] Debt Service (Interest Only)	\$0
[2] Subtotal (add Line 1a and 1b)	\$86,522
[3] Subtract Line 2 from Line 1 and enter result.	\$6,416,689
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$6,416,689
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	\$6,417

PROVIDER: FOUNTAINVIEW AT EISENBERG VILLAGE LLC
COMMUNITY: FOUNTAINVIEW AT EISENBERG VILLAGE LLC



Administrative Offices
301 E 4th Street
Cincinnati OH 45202-4201
513 369 5000 ph

203827

SP 00 01 (Ed. 04 12)

Policy No. SAA 4292874 01 00

CRIME PROTECTION POLICY DECLARATIONS

Item 1. NAMED INSURED AND ADDRESS:

Los Angeles Jewish Home for the
Aging
7150 Tampa Ave
Reseda, CA 91335

Item 2. POLICY PERIOD:

12:01 A.M. Standard Time at the
address of the Named Insured
shown at left
From 05/01/2016 To 05/01/2017

Insurance is afforded by:

Great American Insurance Company

(a capital stock corporation, hereinafter called the Company)

Item 3. INSURING AGREEMENTS, LIMITS OF INSURANCE AND DEDUCTIBLES

Insuring Agreement	Limits of Insurance Per Occurrence	Deductible Amount Per Occurrence
1. Employee Dishonesty	\$ 2,000,000	\$ 25,000
2. Forgery or Alteration	\$ 2,000,000	\$ 25,000
3. Inside the Premises	\$ 2,000,000	\$ 25,000
4. Outside the Premises	\$ 2,000,000	\$ 25,000
5. Computer Fraud	\$ 2,000,000	\$ 25,000
6. Money Orders and Counterfeit Paper Currency	\$ 2,000,000	\$ 25,000
If added by Endorsement, Insuring Agreement(s):		
7. Clients' Property	\$ 2,000,000	\$ 25,000
8. Funds Transfer Fraud	\$ 2,000,000	\$ 25,000
9. Fraudulently Induced Transfer	\$ 250,000	\$ 50,000

If "Not Covered" is inserted above opposite any specified Insuring Agreement, or if no amount is inserted, such Insuring Agreement and any other reference thereto in this Policy shall be deemed to be deleted.


Item 4. ENDORSEMENTS FORMING PART OF THIS POLICY WHEN ISSUED

See Form IL8801

Item 5. CANCELLATION OF PRIOR INSURANCE

By acceptance of this Policy you give us notice cancelling prior policy Nos.

SAA 4292874 00



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information for

Los Angeles Jewish Home
for the Aging

August 31, 2016 and 2015

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

CONTENTS

	PAGE
REPORT OF INDEPENDENT AUDITORS	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3
Consolidated statements of activities	4-5
Consolidated statements of cash flows	6-7
Notes to consolidated financial statements	8-30
SUPPLEMENTARY INFORMATION	
Consolidating schedule – Statement of financial position information as of August 31, 2016	31-32
Consolidating schedule – Statement of activities information for the year ended August 31, 2016	33
Consolidating schedule – Statement of cash flows information for the year ended August 31, 2016	34-35

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Los Angeles Jewish Home for the Aging

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Los Angeles Jewish Home for the Aging (the Home), which comprise the consolidated statements of financial position as of August 31, 2016 and 2015, and the related consolidated statements of activities 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Los Angeles Jewish Home for the Aging as of August 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MOSS ADAMS LLP***Other Matter****Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary consolidating schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of the Home's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
December 20, 2016

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IN THOUSANDS)
AS OF AUGUST 31, 2016 AND 2015

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 15,270	\$ 13,723
Assets limited as to use, required for payment of current liabilities (Note 5)	16,260	8,256
Accounts receivable, net of allowance for doubtful accounts of \$160 and \$417 in 2016 and 2015, respectively (Note 2)	14,647	13,248
Contributions receivable, net (Note 6)	4,434	4,610
Prepaid and other current assets	1,551	1,815
Total current assets	52,162	41,652
Assets limited as to use, net of current portion (Note 5)	23,572	96,038
Investments (Notes 3 and 4)	9,702	10,467
Contributions receivable, net (Note 6)	19,652	21,990
Assets held in trust for residents (Note 7)	428	512
Interest in net assets of The Guardians (Note 2)	-	157
Property, plant and equipment, net (Note 8)	288,427	224,483
Deferred costs, net (Note 9)	14,979	15,281
Escrow deposits and other assets (Note 10)	16,458	16,113
Total assets	<u>\$ 425,380</u>	<u>\$ 426,693</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 14,009	\$ 8,367
Accrued interest expense	1,468	1,501
Accrued compensation and related liabilities	6,717	6,833
Accrued construction costs	5,351	-
Lines of credit (Note 11)	5,900	5,315
Current portion due to third party payers	1,163	550
Refundable entrance fees payable (Note 13)	1,212	2,345
Current portion of annuity obligations	281	260
Current portion of long-term debt (Note 11)	3,654	3,534
Total current liabilities	39,755	28,705
Fountainview deposits (Note 12)	15,074	14,913
Refundable advance fees liability (Note 14)	51,875	50,184
Deferred revenue from advance fees (Note 15)	2,426	2,657
Accrued compensation and related liabilities, less current portion (Note 16)	1,900	1,700
Accrued construction costs	-	4,652
Due to third party payers, less current portion	-	5,159
Annuity obligations, less current portion	930	940
Asset retirement obligation (Note 16)	727	728
Resident funds (Note 7)	428	512
Long-term debt, less current portion (Note 11)	230,417	234,070
Total liabilities	343,532	344,220
Net assets:		
Unrestricted	44,108	41,991
Temporarily restricted (Note 17)	27,245	30,072
Permanently restricted (Note 18)	10,495	10,410
Total net assets	81,848	82,473
Commitments and contingencies (Note 16)		
Total liabilities and net assets	<u>\$ 425,380</u>	<u>\$ 426,693</u>

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATED STATEMENT OF ACTIVITIES (IN THOUSANDS)
YEAR ENDED AUGUST 31, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue, gains and other support:				
In-residence revenue (Note 19)	\$ 85,692	\$ -	\$ -	\$ 85,692
Community based services revenue (Note 19)	22,165	-	-	22,165
Amortization of deferred revenue from advance fees	993	-	-	993
Contributions	10,632	1,397	5	12,034
Investment income (loss) (Note 3)	303	9	3	315
Other revenue	783	-	-	783
Net assets released from restriction - used for operations	4,011	(4,011)	-	-
Change in value of split-interest agreements	-	(81)	77	(4)
Change in interest in net assets of The Guardians	-	(76)	-	(76)
Total revenue, gains and other support	124,579	(2,762)	85	121,902
Expenses:				
Nursing	38,448	-	-	38,448
Plant operations, housekeeping, and laundry	11,398	-	-	11,398
Dietary	10,530	-	-	10,530
Ancillary	7,661	-	-	7,661
Social services	5,088	-	-	5,088
Outside medical services	6,784	-	-	6,784
Medical services	1,425	-	-	1,425
Personal care services	1,526	-	-	1,526
General and administrative	20,836	-	-	20,836
Depreciation and amortization	7,633	-	-	7,633
Debt financing costs	4,091	-	-	4,091
Employee-related insurance	2,512	-	-	2,512
Fund-raising	2,552	-	-	2,552
Marketing	1,575	-	-	1,575
Insurance and taxes	660	-	-	660
Other	(991)	-	-	(991)
Provision for bad debts	799	-	-	799
Total expenses	122,527	-	-	122,527
Revenue in excess of (less than) expenses	2,052	(2,762)	85	(625)
Net assets released from restriction - used for capital expenditures	65	(65)	-	-
Change in net assets	2,117	(2,827)	85	(625)
Net assets at beginning of year	41,991	30,072	10,410	82,473
Net assets at end of year	\$ 44,108	\$ 27,245	\$ 10,495	\$ 81,848

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATED STATEMENT OF ACTIVITIES (IN THOUSANDS)
YEAR ENDED AUGUST 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenue, gains and other support:				
In-residence revenue (Note 19)	\$ 75,910	\$ -	\$ -	\$ 75,910
Community based services revenue (Note 19)	17,224	-	-	17,224
Amortization of deferred revenue from advance fees	1,108	-	-	1,108
Contributions	8,572	13,078	26	21,676
Investment income (loss) (Note 3)	(433)	14	4	(415)
Other revenue	777	-	-	777
Net assets released from restriction - used for operations	7,815	(7,815)	-	-
Change in value of split-interest agreements	-	(207)	(65)	(272)
Change in interest in net assets of The Guardians	-	196	-	196
Total revenue, gains and other support	<u>110,973</u>	<u>5,266</u>	<u>(35)</u>	<u>116,204</u>
Expenses:				
Nursing	36,344	-	-	36,344
Plant operations, housekeeping, and laundry	11,579	-	-	11,579
Dietary	10,340	-	-	10,340
Ancillary	8,060	-	-	8,060
Social services	5,274	-	-	5,274
Outside medical services	4,086	-	-	4,086
Medical services	1,309	-	-	1,309
Personal care services	1,186	-	-	1,186
General and administrative	20,516	-	-	20,516
Depreciation and amortization	7,532	-	-	7,532
Debt financing costs	4,139	-	-	4,139
Employee-related insurance	2,372	-	-	2,372
Fund-raising	2,263	-	-	2,263
Marketing	1,465	-	-	1,465
Insurance and taxes	726	-	-	726
Other	298	-	-	298
Provision for bad debts	538	-	-	538
Total expenses	<u>118,027</u>	<u>-</u>	<u>-</u>	<u>118,027</u>
Revenue in excess of (less than) expenses	(7,054)	5,266	(35)	(1,823)
Net assets released from restriction - used for capital expenditures	<u>316</u>	<u>(316)</u>	<u>-</u>	<u>-</u>
Change in net assets	(6,738)	4,950	(35)	(1,823)
Net assets at beginning of year	<u>48,729</u>	<u>25,122</u>	<u>10,445</u>	<u>84,296</u>
Net assets at end of year	<u>\$ 41,991</u>	<u>\$ 30,072</u>	<u>\$ 10,410</u>	<u>\$ 82,473</u>

See accompanying notes.

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
YEARS ENDED AUGUST 31, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Cash received from residents and third party payers	\$ 102,222	\$ 92,559
Proceeds from advance fees received	6,486	2,534
Other receipts from operations	783	777
Unrestricted contributions received	13,391	10,300
Unrestricted investment income received	95	164
Cash paid to suppliers and employees	(111,321)	(99,840)
Cash paid for interest on long-term debt	(4,329)	(3,925)
Net cash provided by operating activities	7,327	2,569
Cash flows from investing activities:		
Capital expenditures	(67,156)	(54,330)
Proceeds from sale of trading investments	8,817	1,938
Purchase of trading investments	(7,831)	(1,659)
Proceeds from sale of property	2,613	-
Assets limited as to use	64,462	47,303
Net cash provided by (used in) investing activities	905	(6,748)
Cash flows from financing activities:		
Advances on lines of credit	41,427	41,795
Repayments of lines of credit	(40,842)	(39,125)
Principal payments on long-term debt	(2,969)	(2,860)
Payment of deferred costs	(340)	(540)
Payment of refundable entrance fees	(5,166)	(2,048)
Payment of obligation for SNF care	(40)	-
Change in interest in net assets of The Guardians	157	554
Proceeds from restricted and conditional contributions and investment income	1,088	6,881
Net cash (used in) provided by financing activities	(6,685)	4,657
Net increase in cash and cash equivalents	1,547	478
Cash and cash equivalents at beginning of year	13,723	13,245
Cash and cash equivalents at end of year	\$ 15,270	\$ 13,723

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS)
YEARS ENDED AUGUST 31, 2016 AND 2015 (CONTINUED)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (625)	\$ (1,823)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Advance refundable fees received	5,724	1,904
Advance non-refundable fees received	762	630
Depreciation and amortization	7,633	7,532
Amortization of bond issuance costs	326	338
Amortization of deferred marketing costs	316	316
Amortization of deferred revenues from advance fees	(993)	(1,108)
Amortization of bond premium	(564)	(525)
Provision for bad debts	799	538
Gain on sale of property	(1,023)	-
Restricted contributions and investment income received	(17)	(7,685)
Net realized and unrealized losses (gains) on investments	(221)	579
(Increase) decrease in operating assets:		
Accounts receivable	(2,198)	(2,570)
Prepaid and other current assets	1,201	(113)
Contributions receivable	1,443	(3,556)
Other assets	(494)	(1,154)
Increase (decrease) in operating liabilities:		
Accounts payable, accrued expenses, and accrued compensation	(484)	7,467
Accrued interest expense	(33)	401
Fountainview deposits	310	1,402
Due to third party payers	(4,546)	55
Annuity obligations	11	(59)
Net cash provided by operating activities	<u>\$ 7,327</u>	<u>\$ 2,569</u>
Supplemental disclosures of cash flow information		
Accrued capital expenditures	<u>\$ 6,012</u>	<u>\$ -</u>

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization

Los Angeles Jewish Home for the Aging (JHA), a tax exempt corporation located in Reseda, California, was founded in 1912 and organized in 1979 to operate three separate tax-exempt corporations – Eisenberg Village of the Los Angeles Jewish Home for the Aging (Eisenberg Village), licensed to operate 271 residential (board and care) beds and 166 skilled nursing beds; Grancell Village of the Los Angeles Jewish Home for the Aging (Grancell Village), licensed to operate 105 skilled nursing beds and an acute psychiatric hospital consisting of 10 acute beds and supplemental service of 239 distinct part skilled nursing beds; and JHA Geriatric Services, Inc., established to provide outpatient services to the residents of Eisenberg and Grancell Village and seniors in the surrounding community.

In 2006, JHA established Fountainview at Eisenberg Village LLC for the purpose of operating a continuing care retirement community known as Fountainview at Eisenberg Village. Fountainview at Eisenberg Village opened in February 2010 and has 108 apartments licensed for 216 residents.

In 2008, JHA opened the Annenberg School of Nursing. The school offers training programs for licensed vocational nurses, certified nursing assistants and home health aides.

In 2009, JHA created Brandman Centers for Senior Care, Inc. (BCSC) for the purpose of operating PACE sites (Program of All-Inclusive Care for the Elderly) in the Los Angeles area. BCSC opened the first PACE site on February 1, 2013 at Grancell Village.

In 2009, JHA created JHA West 16, LLC (JHA West 16), a limited liability company. JHA West 16 purchased land in September 2012 in Playa Vista, California for the construction of a continuing care retirement community, Fountainview at Gonda Westside on the Gonda Healthy Aging Center campus. Construction began in 2014 with estimated completion in early 2017.

In 2012, JHA organized the Jewish Home Foundation (the Foundation) to engage in charitable and educational activities on behalf of JHA. No financial transactions were recorded by the Foundation for the years ended August 31, 2016 and 2015.

JHA is the sole corporate member of Eisenberg Village, Grancell Village, the Annenberg School of Nursing, BCSC, JHA West 16 and the Foundation. JHA is not the sole corporate member of JHA Geriatric Services, Inc., but elects all of the members of its board of directors. Eisenberg Village of the Los Angeles Jewish Home for the Aging is the sole member of Fountainview at Eisenberg Village LLC.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization (continued)

In July 2013, JHA formed Los Angeles Jewish Home, IPA (IPA), a for profit professional corporation, for the purpose of operating an independent physician's association in the surrounding community. The IPA is not currently active.

JHA and all related organizations are collectively referred to as "the Home."

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The consolidated financial statements include the accounts of the related organizations described above. All significant intercompany accounts and transactions have been eliminated.

Use of estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation allowances for accounts and contributions receivable; liabilities for self-insured workers' compensation and unemployment risks; and valuation of split-interest agreements. Actual results could differ from those estimates.

Cash and cash equivalents – Investments with original maturities of three months or less are considered to be cash equivalents. As of August 31, 2016 and 2015 cash equivalents are comprised of money market funds.

Interest in net assets of The Guardians – The Guardians is a not-for-profit corporation established for the charitable purpose of promoting and supporting the work of the Home. Prior to the year ended August 31, 2016, the Guardians had a separate board of directors over which the Home did not exercise majority control and, therefore, the operations of The Guardians were not included in the accompanying consolidated financial statements. The Guardians was established to operate exclusively for the benefit of the Home and, upon dissolution, the net assets of The Guardians were to be transferred to the Home. Donors do not grant The Guardians variance power to redirect the use of the assets. The Home recognized its interest in the net assets of The Guardians in accordance with Accounting Standards Codification ("ASC") 958 which requires that a specified beneficiary recognize its rights to assets held by a recipient organization as an asset, unless the donor has explicitly granted the recipient organization variance power, that is, the unilateral power to redirect the use of the assets.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

In August 2013, the Guardians and the Home entered into an agreement for the Home to provide management and operational support for the Guardians for a two year period during which the Guardians would retain their non-profit status as a separate 501(c)(3) organization. At the conclusion of this period, if the Guardians and the Home were in agreement, the Guardians would cease to exist as a separate organization and would become a support group within the Home. The Guardians board and general membership approved the dissolution of the organization and as of September 1, 2015, the Guardians net assets were transferred to the Home. The Home began consolidating the operations of the Guardians during the year ending August 2016. This consolidation did not have a material impact on the accompanying financial statements.

Assets limited as to use – Assets limited as to use include contributions received that are restricted by the donor to investment in property and equipment or a specific program and funds held by the trustee under debt agreements for payment of debt service and are classified as available-for-sale. Assets limited as to use that are available for the payment of current liabilities are classified as current assets. Unrealized holding gains and losses of available-for-sale securities, if any, are reported below revenue in excess of (less than) expenses. Realized gains and losses from the sale of available-for-sale securities, if any, are included above revenue in excess of (less than) expenses on a specific-identification basis.

Investments – The Home records investments in equity securities with readily determinable fair values and all investments in debt securities at fair value. Realized and unrealized gains and losses from these trading securities are included in the consolidated statements of activities as unrestricted unless the income or loss is restricted by donor or California state law (note 18). Interest income that is restricted by the donor or law is recorded as an increase in temporarily or permanently restricted net assets.

Deferred costs – Deferred costs for the years ended August 31, 2016 and 2015 include debt issuance costs incurred in connection with the issuance of California Statewide Communities Development Authority (CSCDA) Insured Health Facility Revenue Bonds (Los Angeles Jewish Home for the Aging) Series 2008, CSCDA Insured Health Facility Refunding Revenue Bonds (Los Angeles Jewish Home for the Aging) Series 2013, CSCDA Insured Senior Living Health Facility Revenue Bonds (Los Angeles Jewish Home for the Aging – Fountainview at Gonda) Series 2014 and CSCDA Senior Living Health Facility Revenue Bonds (Los Angeles Jewish Home for the Aging – Fountainview at Gonda), issued in February 2008, December 2013 and August 2014 (Note 11), respectively.

The costs for the tax-exempt financing are being amortized over the terms of the financing agreements using the effective interest method. Deferred costs also include direct response advertising costs incurred in connection with acquiring initial continuing care contracts. The costs for direct response advertising for Fountainview at Eisenberg Village are being amortized on a straight-line basis over the average expected remaining lives of the residents under the contracts. The costs for direct response advertising for Fountainview at Gonda Westside will not be amortized until the building is available for occupancy.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Property and equipment – Property and equipment are stated at cost at the date of purchase or fair market value at the date of donation. Expenditures for maintenance and repairs are charged to expense. Improvements and major renewals are capitalized. The cost and related accumulated depreciation of properties sold or otherwise disposed of are removed from the accounts and any gains or losses on disposition are included in operating gains or losses. Interest cost incurred during the period of construction of capital assets is capitalized as a component of the cost of constructing those assets, net of investment income on unspent proceeds of tax-exempt borrowings restricted for use in construction.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Land improvements	12 to 30 years
Buildings and improvements	10 to 40 years
Equipment	2 to 10 years

Impairment of long-lived assets is recognized whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Measurement of the amount of impairment may be based on market values of similar assets or estimates of future discounted cash flows resulting from use and ultimate disposition of the assets.

Goodwill – Management evaluates goodwill on an annual basis and whenever events and changes in circumstances suggest that the carrying amount may not be recoverable. Goodwill totaling \$600,000 at August 31, 2016 and 2015 is included in Escrow deposits and other assets on the Statement of Financial Position. No impairment of goodwill was recognized during the periods presented.

Accrued construction costs – The 4.71% retainage amount incurred for the Fountainview at Gonda Westside construction contract is recorded as accrued construction costs. Payment of the retainage amount is due upon the completion of the project.

Net assets – Temporarily restricted net assets are those whose use by the Home has been restricted by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity.

Revenue in excess of (less than) expenses – The consolidated statements of activities include revenue in excess of (less than) expenses. Changes in unrestricted net assets, which are excluded from revenue in excess of (less than) expenses, include net assets released from restriction used for capital expenditures.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

In-residence and community based services revenue – In-residence and community based services revenue are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

A significant portion of in-residence and community based services revenue are derived from residents covered under the California Medi-Cal and federal Medicare programs. These programs are highly regulated and are subject to state and federal budgetary and other constraints. Medi-Cal programs represented 51% and 49% of net accounts receivable at August 31, 2016 and 2015, respectively. Medicare programs represented 32% and 33% of net accounts receivable at August 31, 2016 and 2015, respectively. Revenue from these programs represented 73% of in-residence and community based services revenue for the years ended August 31, 2016 and 2015.

The Home has provided for the difference between established charges for services provided to residents and the estimated amounts realizable under the reimbursement principles of the programs in order to determine net patient service revenue. While the Home's cash flow could be adversely affected by periodic government program funding delays or shortfalls, management does not believe there is any significant credit risk associated with these government programs.

The Home is reimbursed by Medicare prospectively according to resident care classifications, with each class assigned a fixed reimbursement rate. In July 2012, the state of California passed the Coordinated Care Initiative. Effective July 2014, the initiative requires that beneficiaries who qualify for both Medicare and Medi-Cal (dual eligible beneficiaries) must enroll in a Medi-Cal managed care plan to receive their Medi-Cal benefits. As of August 31, 2016 approximately 75% of the Home's Medi-Cal residents are dual eligible. The Home is reimbursed by Medi-Cal and the Medi-Cal managed care plans at a fixed daily rate, which does not vary with the acuity level of the resident. The reimbursement is the same amount for traditional and managed care residents, however payment time frames are longer for Medi-Cal managed care.

Revenue under third-party payer agreements is subject to audit and retroactive adjustment by third-party payers. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued at interim and final settlements are reported in operations in the year of settlement. The Home's cost reports have been audited by the fiscal intermediary through August 31, 2014.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Premium revenue – BCSC is at full risk for all PACE contractual services. BCSC's PACE program provides all health, medical and social services needed by their enrollees, without limits on dollars or duration of services, including preventive, rehabilitative, curative and supportive services in day health centers, homes, hospitals and nursing homes. BCSC receives premium revenue in the form of capitation payments from Medicare, Medi-Cal and private pay clients as payments for all covered benefits under its PACE program. The Medi-Cal and private payments are not affected by the type, intensity, or duration of the services required. The Medicare payments are risk adjusted for the specific participant. As of August 31, 2016 and 2015, BCSC had 193 and 143 participants, respectively, enrolled under the PACE program. Premiums are recognized as revenue in the month in which participants are entitled to care. For the years ended August 31, 2016 and 2015 premium revenues amounted to \$14,798,000 and \$8,680,000, respectively and have been included in Community based services revenues on the accompanying consolidated statements of activities.

Claims payable – BCSC contracts with various providers, including physicians and hospitals, to provide certain healthcare products and services to enrolled Medi-Cal and Medicare beneficiaries. The cost of the healthcare products and services provided or contracted for is accrued by means of an estimate of the cost of services that have been incurred but not yet reported ("IBNR"). The estimated for IBNR is based on projections of hospital and other costs using historical studies of claims paid. Estimates are monitored and reviewed and, as settlements are made or estimates adjusted, differences are reflected in current operations. Such estimates are subject to the impact of changes in the regulatory environment and economic conditions. Approximately \$2,341,000 and \$582,000 of claims payable have been recorded at August 31, 2016 and 2015, respectively, and have been included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

Concentrations of credit risk – Financial instruments that potentially subject the Home to concentrations of credit risk consist primarily of investments and accounts receivable. The investment portfolio is managed within the guidelines established by the Board of Directors, which, as a matter of policy, limit the amounts that may be invested in any one issuer. A significant portion of the Home's accounts receivable is concentrated in government programs, in which the Home does not believe there is any undue credit risk. The Home has cash balances in financial institutions that are in excess of FDIC limits. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Contributions – Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, net of any estimated allowance. Unconditional promises to give that are expected to be received in future years are recorded at the present value of estimated future payments. Conditional promises to give are not recorded until the conditions are met.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

The Home provides many services to its residents that are not reimbursed by government programs or residents. The Home is able to operate in such a manner because the community at large supports the need and the cost for such services. Therefore, the Home includes unrestricted contributions received as a component of unrestricted revenue and support.

Contributions are reported as either temporarily restricted or permanently restricted support if they are received with donor stipulations limiting the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restriction. However, if the restriction is fulfilled in the same time period in which the contribution is received, the Home reports the support as unrestricted.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Split-interest agreements – The Home enters into split-interest agreements with donors who make gifts to the Home and require periodic payments for the remainder of their life. The Home has recorded amounts receivable and amounts held by the Home in trust under split-interest agreements of approximately \$404,000 and \$1,859,000 respectively, during 2016 and \$399,000 and \$1,857,000, respectively, during 2015. The amounts held in trust are included in investments in the consolidated statements of financial position. The rate of return to the donor is stated in the agreement and currently ranges from 4% to 10% of the fair value of the trust assets at the inception of the trust. The Home has recorded a liability equal to the present value of the amounts expected to be paid to the donors calculated at a rate applicable to the year in which the agreement is initially recorded. The difference between the assets held in trust and the present value of the annuity obligation is reported as an increase/decrease in temporarily or permanently restricted net assets as stipulated by the donor.

Income taxes – With the exception of the IPA, the Home is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code and is generally not subject to federal or state income taxes. However, the Home is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the consolidated financial statements taken as a whole. The Home recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no uncertain tax positions as of August 31, 2016 or 2015.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

Asset retirement obligation – The Home accounts for asset retirement obligations in accordance with ASC 410, and accrues for cost related to legal obligations to perform certain activities in connection with retirement, disposal and abandonment of assets. The Home has identified asbestos abatement as a retirement obligation. Asbestos abatement is estimated based upon historical removal cost per square foot applied to assets identified requiring asbestos abatement.

Obligation to provide future services – The Home annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents of Fountainview and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and the use of facilities) with the corresponding charge to income. As of August 31, 2016 and 2015, no liability was recorded as the deferred revenue from advance fees exceeds the present value of the net cost of future services and the use of facilities.

Advance fees – The Residence and Care Agreements between the Home and the residents of Fountainview at Eisenberg Village provide for the payment of an advance fee. 90% of the advance fee is refundable to the resident upon re-occupancy of the unit and is recorded as a refundable advance fees liability. 10% of the advance fee is nonrefundable and is amortized to income using the straight-line method over the remaining life expectancy of the resident. The life expectancy of each resident is updated annually, based on annuity tables. The amount is recorded as deferred revenue from advance fees.

Recent accounting pronouncements – In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03). ASU 2015-03 amends current presentation guidance by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as an asset in the balance sheet. The adoption of ASU 2015-03 will not materially impact the Home's consolidated financial position, results of operations or cash flows.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (ASU 2014-09), which created ASC Topic 606, *Revenue from Contracts with Customers*, and supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 2 – Summary of Significant Accounting Policies (continued)

The standard is effective for the annual periods beginning after December 15, 2017 using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with an option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Management is currently evaluating the impact of the pending adoption of ASU 2014-09 on the Home's consolidated financial statements and have not yet determined the impact of the adoption on the consolidated financial statements nor determined the method by which the Home will adopt the standard.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU No. 2016-02 on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-04, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), which improves the current net asset classification requirements and the information presented in financial statements and notes about an entity's liquidity, financial performance, and cash flows. The update removes the requirement to present three classes of net assets with two classes, net assets with donor restrictions and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows as well as added several additional enhanced disclosures to the notes. The amendments in this update are effective for fiscal years beginning after December 15, 2017, with application to interim financial statements permitted but not required in the initial year of application. Management is currently evaluating the impact of the provisions of ASU No. 2016-04 on the consolidated financial statements.

Note 3 – Investments

Investments, stated at fair value, consist of the following at August 31, 2016 and 2015 (in thousands):

	2016	2015
Fixed-income securities, U.S. government and agency issues	\$ 162	\$ 990
Fixed-income securities, corporate issues	2,737	1,811
Domestic marketable equity securities	4,797	3,479
International mutual funds - marketable equity securities	-	2,008
International mutual funds - fixed income securities	-	173
State of Israel bonds	2,006	2,006
	<u>\$ 9,702</u>	<u>\$ 10,467</u>

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 3 - Investments (continued)

Included in investments at August 31, 2016 and 2015 are \$0 and \$962,000, respectively, of amounts designated by the board for operations over which the board retains control.

Investment income consists of the following for the years ended August 31, 2016 and 2015 (in thousands):

	<u>2016</u>	<u>2015</u>
Investment income (loss), net:		
Interest and dividend income	\$ 95	\$ 164
Realized gains on sale of investments	(27)	42
Unrealized gains (losses) on trading investments	248	(621)
	<u>\$ 316</u>	<u>\$ (415)</u>

The Home is required to file an Annual Reserve Report with the Department of Social Services, Continuing Care Contracts Branch in accordance with the requirements of 1790(a)(3) of the California Health & Safety Code. Such requirements include the demonstration that JHA and Fountainview at Eisenberg Village, as co-providers, have sufficient liquid reserves to meet the needs of the Fountainview at Eisenberg Village continuing care retirement community by providing a source of funds to fund debt service and to otherwise meet its obligations as they become due in periods of reduced entrance or monthly fee revenue. As of August 31, 2016 and 2015, the amount of qualifying assets available to fund such reserves exceeds the liquid reserves required by the Code of \$19,853,000 and \$24,788,000, respectively.

Note 4 - Fair Value Measurement of Financial Instruments

The Home records its investments in accordance with ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value as the amount that would be received upon sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The authoritative guidance establishes a fair value hierarchy which prioritizes the types of inputs to valuation techniques that companies may use to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1). The next highest priority is given to inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2). The lowest priority is given to unobservable inputs in which there is little or no market data available and which require the reporting entity to develop its own assumptions (Level 3).

The carrying amounts of the Home's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities, approximate fair value because of their generally short maturities. The carrying amount of long term debt approximates fair value as the interest rates approximate market rates.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 4 – Fair Value Measurement of Financial Instruments (continued)

All of the Home's investments accounted for at fair value are considered to be Level 1 with the exception of \$2,006,000 of State of Israel bonds at August 31, 2016 and 2015. State of Israel bonds are considered to be Level 2 and their carrying amount approximates fair value as of August 31, 2016 and 2015. Estimated fair values for the State of Israel bonds are based on discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

Note 5 – Assets Limited as to Use

Assets limited as to use are limited to the following purposes at August 31, 2016 and 2015 (in thousands):

	2016	2015
Held by trustee under indenture agreement for project and debt service funds	\$ 37,025	\$ 101,375
Contributions received restricted to programs and investment in property and equipment	2,807	2,919
	39,832	104,294
Less amounts required to pay for current liabilities	(16,260)	(8,256)
	<u>\$ 23,572</u>	<u>\$ 96,038</u>
	2016	2015
Fixed-income securities	\$ 18,326	\$ 71,143
Cash and cash equivalents	21,506	33,151
	<u>\$ 39,832</u>	<u>\$ 104,294</u>

Approximately \$18.3 million of the funds held by the trustee under the 2015 Bonds agreements (Note 11) were invested in fixed-income securities as of August 31, 2016.

LOS ANGELES JEWISH HOME FOR THE AGING
NOTES TO FINANCIAL STATEMENTS

Note 6 – Contributions Receivable

Included in contributions receivable are the following unconditional promises to give at August 31, 2016 and 2015 (in thousands):

	<u>2016</u>	<u>2015</u>
Unconditional promises to give before unamortized discount and allowance for uncollectibles	\$ 25,670	\$ 28,190
Less allowance for uncollectibles	(464)	(396)
	25,206	27,794
Less unamortized discount	(1,120)	(1,194)
Net unconditional promises to give	24,086	26,600
Less amounts classified as current	(4,434)	(4,610)
Noncurrent contributions receivable	<u>\$ 19,652</u>	<u>\$ 21,990</u>
Amounts due in:		
Less than one year	\$ 4,434	\$ 4,610
One to five years	18,732	19,637
Greater than five years	2,040	3,547
	<u>\$ 25,206</u>	<u>\$ 27,794</u>

Contributions receivable have been discounted at rates ranging from 0.47% to 1.89% for the years ended August 31, 2016 and 2015.

Note 7 – Assets Held in Trust for Residents

Residents can deposit personal-use funds into trust accounts maintained by the Home. These funds are maintained strictly for use by the residents for their personal expenses, including monthly charges for personal and nursing care at agreed-upon rates. If a resident leaves the Home, the balance remaining in the fund is returned.

As these funds do not represent assets of the Home, a corresponding trust account liability, amounting to \$428,000 and \$512,000 as of August 31, 2016 and 2015, respectively, is included in the accompanying consolidated statements of financial position.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 8 – Property and Equipment

Property and equipment, net is comprised of the following at August 31, 2016 and 2015 (in thousands):

	2016	2015
Land and improvements	\$ 24,565	\$ 25,245
Buildings and improvements	183,804	185,242
Equipment	22,663	22,151
	<u>231,032</u>	<u>232,638</u>
Less accumulated depreciation	(74,643)	(67,756)
	<u>156,389</u>	<u>164,882</u>
Construction in progress	132,038	59,601
Net property and equipment	<u>\$ 288,427</u>	<u>\$ 224,483</u>

Note 9 – Deferred Costs

Deferred costs, net, is comprised of the following at August 31, 2016 and 2015 (in thousands):

	2016	2015
Debt issuance costs	\$ 16,226	\$ 16,226
Less accumulated amortization	(5,806)	(4,744)
Debt issuance costs, net	<u>10,420</u>	<u>11,482</u>
Direct advertising costs	6,615	5,539
Less accumulated amortization	(2,056)	(1,740)
Direct advertising costs, net	<u>4,559</u>	<u>3,799</u>
Deferred costs, net	<u>\$ 14,979</u>	<u>\$ 15,281</u>

Note 10 – Escrow Deposits and Other Assets

In September 2012, the Home purchased land in Playa Vista, California, for the purpose of constructing Fountainview at Gonda Westside. The facility will be licensed by the California Department of Social Services as a continuing care retirement community. The total purchase price of the land was approximately \$16,900,000 including Mello-Roos property tax fees. Construction of the facility began in 2015 with estimated completion in January 2017. The cost of construction is \$119,457,000 at August 31, 2016. Outstanding commitments for completion of the facility are \$10,677,000 at August 31, 2016.

The Home has received Department of Social Services approval for the project. As of August 31, 2016, the Home has presold 175 apartments. The Home collected refundable deposits totaling \$15,015,000 and \$14,705,000, respectively, at August 31, 2016 and 2015, which are included in escrow deposits and other assets in the consolidated statements of financial position.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 10 – Escrow Deposits and Other Assets (continued)

On December 9, 2013, the Home purchased certain assets of Primary Plus Home Health, Inc. (Home Health) for a purchase price of \$600,000. The purchase allows the Home to offer home health care and home care services to seniors in the surrounding communities. The acquisition was accounted for under the acquisition method of accounting. The identifiable assets acquired were nominal in value. The Home recognized \$600,000 of goodwill, which is included in escrow deposits and other assets in the consolidated statements of financial position as of August 31, 2016 and 2015.

Note 11 – Long-Term Debt and Lines of Credit

Long-term debt – Long-term debt is comprised of the following at August 31, 2016 and 2015 (in thousands):

	<u>2016</u>	<u>2015</u>
California Statewide Communities Development Authority Senior Living Health Facility Revenue Bonds (Los Angeles Jewish Home for the Aging) Series 2014A, B, C (Insured) and Series 2014D (Uninsured), principal due in varying annual installments ranging from \$100,000 to \$67,250,000 due August 1, 2019 through August 1, 2044, interest due semiannually at fixed rates ranging from 2.50% – 5.00%, including unamortized premium of \$4,387,000 and \$5,485,000 at August 2016 and 2015, respectively	\$ 149,042	\$ 149,590
California Statewide Communities Development Authority Insured Health Facility Refunding Revenue Bonds (Los Angeles Jewish Home for the Aging) Series 2013, principal due in varying annual installments ranging from \$2,500,000 to \$5,010,000 through November 15, 2033, interest due semiannually at fixed rate of 3.86%	66,250	68,750
California Statewide Communities Development Authority Insured Health Facility Revenue Bonds (Los Angeles Jewish Home for the Aging) Series 2008, principal due in varying annual installments ranging from \$470,000 to \$1,345,000 through November 15, 2037, interest due semiannually at fixed rates ranging from 3.75% – 5.00% (3.75% at August 31, 2016), including unamortized premium of \$170,000 and \$199,000 at August 31, 2016 and 2015, respectively	18,779	19,264
	234,071	237,604
	(3,654)	(3,534)
Less current maturities	<u>\$ 230,417</u>	<u>\$ 234,070</u>

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 11 – Long-Term Debt and Lines of Credit (continued)

Principal payments on long-term debt, including mandatory sinking fund payments, for future fiscal years are as follows (in thousands):

2017	\$	3,654
2018		3,773
2019		4,003
2020		71,562
2021		47,184
Thereafter		103,895
	\$	<u>234,071</u>

On August 27, 2014, the Home issued \$115,245,000 of fixed-rate California Statewide Communities Development Authority Insured Senior Living Health Facility Revenue Bonds and \$28,500,000 of fixed-rate California Statewide Communities Development Authority Uninsured Health Facility Revenue Bonds (2014 Bonds). The proceeds of the 2014 Bonds were utilized to (a) finance the cost of a continuing care retirement facility on the Gonda Healthy Aging Center campus, (b) fund debt service costs, (c) fund interest costs, and (d) pay certain costs of issuance of the Bonds. The Bonds are payable in varying annual installments ranging from \$100,000 to \$67,520,000 due August 1, 2019 through August 1, 2044, with interest at fixed rates ranging from 2.50% to 5.00%, payable semiannually on the 1st day of each February and August.

On December 17, 2003, the Home issued \$80,000,000 of fixed-rate California Statewide Communities Development Authority Insured Health Facility Revenue Bonds. The proceeds of the 2003 Bonds were utilized to (a) refinance the construction of a 96-bed skilled nursing facility, (b) finance the cost of a 10-bed acute psychiatric hospital with a supplemental service of 239 skilled nursing beds, (c) fund debt service costs, (d) fund interest costs, and (e) pay certain costs of issuance of the Bonds. On December 20, 2013, the Home issued \$71,155,000 of fixed-rate California Statewide Communities Development Authority Insured Health Facility Refunding Revenue Bonds (2013 Bonds). The proceeds of the 2013 Bonds were utilized to (a) refund the outstanding Series 2003 bonds, (b) fund debt service costs, (c) pay the premium on a contract of insurance for the bonds and (d) pay certain costs of issuance of the Bonds. The 2013 Bonds were offered privately and purchased by a publicly traded bank holding company. The Bonds are payable in varying annual installments ranging from \$2,600,000 to \$5,010,000 through November 15, 2033 at a fixed rate of 3.86%, payable semiannually on the 15th day of each May and November.

On February 14, 2008, the Home issued \$59,595,000 of fixed-rate California Statewide Communities Development Authority (the Authority) Insured Health Facility Revenue Bonds (2008 Bonds). The proceeds of the 2008 Bonds were utilized to (a) finance the cost of a continuing care retirement facility on the Eisenberg campus, (b) fund debt service costs, (c) fund interest costs, and (d) pay certain costs of issuance of the Bonds.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 11 – Long-Term Debt and Lines of Credit (continued)

Certain of the 2008 Bonds are subject to redemption at the option of the Authority prior to their stated maturity. The Serial Bonds maturing after November 15, 2018 are subject to redemption prior to their stated maturity from any source of available moneys. The Term Bonds maturing November 15, 2028 and the Term Bonds maturing November 15, 2037 are subject to mandatory redemption prior to their stated maturity from a Mandatory Sinking Account. Payments to the Mandatory Sinking Account are required to begin on November 15, 2020 and 2029 for the 2028 and 2037 maturities, respectively. The Bonds bear interest at a stated annual fixed rate that varies from 3.75% to 5.00% at maturity (4.00% at August 31, 2016), payable semiannually on the 15th day of each May and November.

The 2013 bond indenture agreement created Parity Debt that amended the 2008 bond regulatory agreement. The 2014 bond indenture agreement created Parity Debt that amended the 2013 bond regulatory agreement. Under the terms of the 2014 agreement, the 2013 Bonds and 2008 Bonds (the Bonds) are collectively collateralized by a security interest in certain real property (land) and the buildings, improvements, fixtures, and equipment located, installed, or affixed to the land. The terms of the indenture agreement include certain financial covenants applicable to the Bonds effective for the fiscal year beginning September 1, 2014. The Home is required to maintain net income available for debt service of 1.25 times aggregate debt service, a current ratio of 1.5 and fifty (50) days cash on hand at August 31, 2016, as defined in the indenture agreement. The Home did not meet the current ratio financial covenant as of August 31, 2016. In December 2016, the Authority deferred all action against the Home for the covenant violations.

The fair value of the Home's Series 2008 and Series 2014 long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Home for debt of the same remaining maturities. The fair value of the Series 2013 bonds, which were offered privately, approximates carrying value based on current market rates of instruments of same risk and maturities. The carrying amounts and fair values of the Home's long-term debt at August 31, 2016 are as follows:

Revenue Bonds	Carrying Amount	Fair Value
Series 2008	\$ 18,275,000	\$ 19,878,000
Series 2013	\$ 63,650,000	\$ 63,650,000
Series 2014	\$ 148,492,000	\$ 150,925,000

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 11 – Long-Term Debt and Lines of Credit (continued)

Lines of Credit – The Home has three lines of credit with the same bank. Outstanding balances on the lines of credit were as follows at August 31, 2016 and 2015 (in thousands):

	<u>2016</u>	<u>2015</u>
\$2,400,000 line of credit due January 31, 2017, interest due monthly at a rate of prime less 0.25% (3.00% at August 31, 2016 and 2015), secured by \$2,500,000 of money market funds and securities	\$ 2,400	\$ 2,400
\$4,750,000 line of credit due August 1, 2018, interest due monthly at prime less 0.25% (3.00% at August 31, 2016 and 2015) with a minimum rate of 2.50%, insured by the Cal-Mortgage Loan Insurance Program	3,500	2,915
\$2,360,000 line of credit due August 1, 2018, interest due monthly at prime (3.25% at August 31, 2016 and 2015) with a minimum rate of 2.50%, secured by several single family residences owned by the Home	-	-
	<u>\$ 5,900</u>	<u>\$ 5,315</u>

Note 12 – Fountainview Deposits

Fountainview at Eisenberg Village collected refundable deposits totaling \$59,000 and \$208,000 at August 31, 2016 and 2015, respectively, and are held in a cash account. In November 2012, the Home received Department of Social Services approval to collect deposits for Fountainview at Gonda Westside. Refundable deposits collected total \$15,015,000 and \$14,705,000 at August 31, 2016 and 2015, respectively, and are held in an escrow account.

Note 13 – Refundable Entrance Fees Payable

Entrance fee amounts due to residents who have terminated their contract with Fountainview at Eisenberg Village are recorded as refundable entrance fees and totaled \$1,212,000 and \$2,345,000 at August 31, 2016 and 2015, respectively.

Note 14 – Refundable Advance Fees Liability

The 90% refundable portion of entrance fees paid by residents of Fountainview at Eisenberg Village is recorded as refundable advance fees liability in the consolidated statements of financial position. At August 31, 2016 and 2015, refundable advance fees liability totaled \$51,875,000 and \$50,184,000, respectively.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 15 – Deferred Revenue from Advance Fees

The 10% non-refundable portion of advance fees paid by residents of Fountainview at Eisenberg Village is recorded as deferred revenue from advance fees in the consolidated statements of financial position and is amortized over the estimated life of the resident. The net deferred revenue from advance fees is \$2,426,000 and \$2,657,000 at August 31, 2016 and 2015, respectively.

Note 16 – Commitments and Contingencies

Self-insurance claims liability – The Home is self-insured for workers' compensation insurance and unemployment insurance. The Home is covered by a supplemental policy for excess workers' compensation coverage that pays all statutory benefits in excess of a retention limit of \$750,000. The Home is insured for employer's workers' compensation liability in the amount of \$50,000,000. Management believes that the Home has provided adequate reserves at August 31, 2016 and 2015 for its obligations resulting from claims, including losses incurred but not reported.

Amounts accrued, included in accrued compensation and related liabilities in the consolidated statements of financial position, were as follows at August 31, 2016 and 2015 (in thousands):

	<u>2016</u>	<u>2015</u>
Total workers' compensation	\$ 2,490	\$ 2,687
Less amounts classified as current	<u>(590)</u>	<u>(987)</u>
Noncurrent workers' compensation	<u>\$ 1,900</u>	<u>\$ 1,700</u>

The Home participates in the California Self-Insurers' Security Fund Alternative Composite Deposit in order to satisfy security deposit requirements for workers' compensation obligations.

Malpractice insurance – The Home maintains a claims-based professional malpractice insurance policy limited to \$10,000,000 per incident, with a \$20,000,000 aggregate limit. Management believes that this coverage is adequate for its operations.

Asset retirement obligations – The Home has asset retirement obligations (AROs) arising from regulatory requirements to perform certain asset retirement activities at the time that certain buildings are disposed of. The liability was initially measured at fair value and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the assets useful life. Accretion (income)/ expense amounted to (\$1,000) and \$4,000 in 2016 and 2015, respectively. As of August 31, 2016 and 2015, the Home's asset retirement obligations totaled \$727,000 and \$728,000, respectively.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 16 – Commitments and Contingencies (continued)

Leases – The Home has three non-cancelable operating leases for rented office spaces, of which two expire in September 2018 and one expires in March 2022. Future minimum rentals to be paid under this lease are as follows (in thousands):

2017	\$	292
2018		303
2019		90
2020		72
2021		74
Total	\$	<u>831</u>

Rent expense for the years ended August 31, 2016 and 2015 amounted to \$265,000 and \$346,000, respectively.

Note 17 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at August 31, 2016 and 2015 (in thousands):

	<u>2016</u>	<u>2015</u>
Amounts to be received in future periods, available to fund construction projects or support the operation of the Home's buildings	\$ 18,620	\$ 20,622
Amounts to be received in future periods, available to support operations	6,333	7,077
Capital improvements	2,017	2,131
Operation of a licensed vocational nursing school and nursing scholarships for students	135	111
Special projects for residents	140	131
	<u>\$ 27,245</u>	<u>\$ 30,072</u>

LOS ANGELES JEWISH HOME FOR THE AGING
NOTES TO FINANCIAL STATEMENTS

Note 17 – Temporarily Restricted Net Assets (continued)

For the years ended August 31, 2016 and 2015, net assets released from donor restrictions by satisfying conditions specified by the donors are as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Used for Operations		
Amounts received to fund construction projects or support the operation of the Home's buildings	\$ 2,005	\$ 5,255
Amounts received to support operations	1,931	2,402
Operation of Program of All-inclusive Care for the Elderly	-	90
Operation of a licensed vocational nursing school and nursing scholarships for students	53	38
Special projects for residents	22	30
	<u>\$ 4,011</u>	<u>\$ 7,815</u>
Used for Capital Expenditures		
Capital improvements	\$ 65	\$ 316
	<u>\$ 65</u>	<u>\$ 316</u>

Note 18 – Endowments

At August 31, 2016 and 2015, permanently restricted net assets consist of the following endowment funds (in thousands):

	<u>2016</u>	<u>2015</u>
Earnings to be used to support operations	\$ 9,528	\$ 9,443
Earnings to be used to support the Skirball Director of Spiritual Life Program	467	467
Earnings to be used to provide scholarships for the Annenberg School of Nursing	500	500
	<u>\$ 10,495</u>	<u>\$ 10,410</u>

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 18 – Endowments (continued)

The Board of Directors has interpreted the California Prudent Management of Institutional Funds Act (CPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Home classifies as permanently restricted net assets at (a) the original values of gifts donated to the permanent endowment, (b) the original values of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Home in a manner consistent with the standard of prudence prescribed by CPMIFA. In accordance with CPMIFA, the Home considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purposes of the Home and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effect of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Home

At August 31, 2016 and 2015, the fair value of the endowments exceeded the original gift amount.

Note 19 – In-Residence and Community Based Services Revenue

In-residence and community based services revenue and the related contractual write-offs and allowances as of August 31, 2016 and 2015 were as follows (in thousands):

	<u>2016</u>	<u>2015</u>
In-residence revenue	\$ 106,626	\$ 104,538
Contractual write-offs and allowances	(20,934)	(28,628)
Net in-residence revenue	<u>\$ 85,692</u>	<u>\$ 75,910</u>
Community based services revenue	\$ 26,549	\$ 21,705
Contractual write-offs and allowances	(4,384)	(4,481)
Net community based services revenue	<u>\$ 22,165</u>	<u>\$ 17,224</u>

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 19 – In-Residence and Community Based Services Revenue (continued)

Included in due to third party payers at August 31, 2015 is \$5,628,000, of amounts due to the Medi-Cal program. Amounts due represented payments received from the Medi-Cal program for services provided for the distinct part skilled nursing beds prior to the Medi-Cal program's establishment of the final rate for the appropriate year. Amounts are also due as a result of California Assembly Bill 97 requiring Department of Health Care services to reduce the reimbursement to distinct part skilled facilities by 10% for services rendered June 1, 2011 and thereafter. The reduction ended in September 2013. The Home recognized the anticipated amount due back to the Medi-Cal program as a reduction in net patient service revenue during the years ended August 31, 2013 and 2012. The portion anticipated to be due in fiscal 2017 and beyond totaling approximately \$5,159,000 at August 31, 2015 is classified as a non-current liability on the consolidated statements of financial position. In 2016, the Medi-Cal program determined that repayment was not due and the liability was written off with a corresponding amount being recorded as an increase to net patient service revenue during the year ended August 31, 2016.

Note 20 – Employee Retirement Plan

The Home has a 403(b) retirement accumulation plan in which all employees who have completed 90 days of service and meet certain criteria, as defined, are eligible to participate. The plan provides for employer contributions up to 3% of gross pay after one year of service to the extent permitted by law. Participants are 100% vested in their own and employer contributions at all times. Contributions are invested in flexible premium deferred annuity contracts.

Upon the normal retirement age of 65, participants may elect a lump-sum distribution or an annuity distribution. The annuity distribution options include: a life annuity, which provides payments for the life of the participant; a guaranteed life annuity, which provides for guaranteed payments over 120, 180, or 240 months; a cash refund annuity, which provides monthly payments to the participant, and upon the participant's death, the cash value of the contract is paid to the participants' beneficiary; and the joint and survivor annuity, which provides an annuity for the lifetime of a beneficiary as well as the participant.

The Home serves as administrator of the plan. Total contributions to the plan were approximately \$884,000 and \$837,000 during 2016 and 2015, respectively.

LOS ANGELES JEWISH HOME FOR THE AGING

NOTES TO FINANCIAL STATEMENTS

Note 21 – Functional Expenses

The Home provides care to its residents within their geographic location. Expenses related to providing these services are as follows (in thousands):

	<u>2016</u>	<u>2015</u>
Patient and resident care services	\$ 114,980	\$ 111,098
General and administrative	4,996	4,666
Fund-raising	2,552	2,263
	<u>\$ 122,528</u>	<u>\$ 118,027</u>

Note 22 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Home recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Home's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the consolidated financial statements are issued.

The Home has evaluated subsequent events through December 20, 2016, which is the date the consolidated financial statements were issued, and concluded that there were no additional events or transactions that need to be disclosed.

SUPPLEMENTARY INFORMATION

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATING SCHEDULE – STATEMENT OF FINANCIAL POSITION INFORMATION (IN THOUSANDS)
AUGUST 31, 2016

	Los Angeles Jewish Home for the Aging	Fountainview at Eisenberg Village, LLC	Eliminations	Total Co- Providers	Brandman Centers for Senior Care	Other Consolidating Organizations	Eliminations	Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 3,094	\$ 11,633	\$ -	\$ 14,727	\$ 235	\$ 308	\$ -	\$ 15,270
Assets limited as to use, required for payment of current liabilities	16,260	-	-	16,260	-	-	-	16,260
Accounts receivable, net of allowance for doubtful accounts	-	56	-	56	1,083	13,508	-	14,647
Contributions receivable, net	4,434	-	-	4,434	-	-	-	4,434
Prepaid and other current assets	(31)	13	-	(18)	31	1,766	(228)	1,551
Total current assets	23,757	11,702	-	35,459	1,349	15,582	(228)	52,162
Assets limited as to use, net of current portion								
Investments	23,572	-	-	23,572	-	-	-	23,572
Contributions receivable, net	9,202	-	-	9,202	-	500	-	9,702
Assets held in trust for residents	19,652	-	-	19,652	-	-	-	19,652
Interest in net assets of The Guardians	-	-	-	-	-	428	-	428
Property, plant and equipment, net	23,835	376	-	24,211	2,232	261,984	-	288,427
Deferred costs, net	10,420	475	-	10,895	-	4,084	-	14,979
Escrow deposits and other assets	1,123	3	-	1,126	-	15,332	-	16,458
Total assets	\$ 111,561	\$ 12,556	\$ -	\$ 124,117	\$ 3,581	\$ 297,910	\$ (228)	\$ 425,380

See accompanying report of independent auditors.

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATING SCHEDULE – STATEMENT OF FINANCIAL POSITION INFORMATION (IN THOUSANDS)
AUGUST 31, 2016 (CONTINUED)

	Los Angeles Jewish Home for the Aging	Fountainview at Eisenberg Village, LLC	Eliminations	Total Co- Providers	Brandman Centers for Senior Care	Other Consolidating Organizations	Eliminations	Total
Liabilities and Net Assets								
Current liabilities:								
Accounts payable and accrued expenses	\$ 10,170	\$ 530	\$ -	\$ 10,700	\$ 2,401	\$ 1,136	\$ (228)	\$ 14,009
Accrued interest expense	1,468	-	-	1,468	-	-	-	1,468
Accrued compensation and related liabilities	1,333	-	-	1,333	230	5,154	-	6,717
Accrued construction	-	-	-	-	-	5,351	-	5,351
Lines of credit	5,900	-	-	5,900	-	-	-	5,900
Current portion due to third party payers	-	-	-	-	138	1,025	-	1,163
Refundable entrance fees payable	-	1,212	-	1,212	-	-	-	1,212
Current portion of annuity obligations	281	-	-	281	-	-	-	281
Current portion of long-term debt	3,654	-	-	3,654	-	-	-	3,654
Total current liabilities	22,806	1,742	-	24,548	2,769	12,666	(228)	39,755
Fountainview deposits	-	59	-	59	-	15,015	-	15,074
Refundable advance fees liability	-	\$1,875	-	\$1,875	-	-	-	\$1,875
Deferred revenue from advance fees	-	2,426	-	2,426	-	-	-	2,426
Accrued compensation and related liabilities, less current portion	1,900	-	-	1,900	-	-	-	1,900
Accrued construction	-	-	-	-	-	-	-	-
Due to third party payers, less current portion	-	-	-	-	-	-	-	-
Annuity obligations, less current portion	930	-	-	930	-	-	-	930
Asset retirement obligation	-	-	-	-	-	727	-	727
Resident funds	-	-	-	-	-	428	-	428
Long-term debt, less current portion	230,417	-	-	230,417	-	-	-	230,417
Total liabilities	256,053	56,102	-	312,155	2,769	28,836	(228)	343,532
Net assets:								
Unrestricted	(181,598)	(43,546)	-	(225,144)	812	268,439	-	44,108
Temporarily restricted	27,111	-	-	27,111	-	135	-	27,245
Permanently restricted	9,995	-	-	9,995	-	500	-	10,495
Total net assets	(144,492)	(43,546)	-	(188,038)	812	269,074	-	81,848
Total liabilities and net assets	\$ 111,561	\$ 12,556	\$ -	\$ 124,117	\$ 3,581	\$ 297,910	\$ (228)	\$ 425,380

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATING SCHEDULE – STATEMENT OF ACTIVITIES (IN THOUSANDS)
FOR THE YEAR ENDED AUGUST 31, 2016

	Los Angeles Jewish Home for the Aging	Fountainview at Eisenberg Village, LLC	Eliminations	Total Co- Providers	Brandman Centers for Senior Care	Other Consolidating Organizations	Eliminations	Total
Revenue, gains and other support:								
In-residence revenue	\$ -	\$ 5,012	\$ -	\$ 5,012	\$ -	\$ 80,680	\$ -	\$ 85,692
Community based services revenue	-	-	-	-	14,798	10,312	(2,945)	22,165
Amortization of deferred revenue from advanced fees	-	993	-	993	-	-	-	993
Contributions	11,962	-	-	11,962	-	72	-	12,034
Investment income	306	4	-	310	-	5	-	315
Other revenue	2,011	613	-	2,624	-	391	(2,232)	783
Change in value of split-interest agreements	(4)	-	-	(4)	-	-	-	(4)
Change in interest in net assets of The Guardians	(76)	-	-	(76)	-	-	-	(76)
Total revenue, gains and other support	14,199	6,622	-	20,821	14,798	91,460	(5,177)	121,902
Expenses:								
Nursing	-	504	-	504	1,503	36,441	-	38,448
Plant operations, housekeeping, and laundry	542	1,405	-	1,947	824	9,326	(699)	11,398
Dietary	-	2,098	-	2,098	352	8,310	(230)	10,530
Ancillary	-	-	-	-	-	7,661	-	7,661
Social services	-	368	-	368	366	4,354	-	5,088
Outside medical services	-	-	-	-	6,952	2,531	(2,699)	6,784
Medical services	-	-	-	-	551	874	-	1,425
Personal care services	-	-	-	-	1,116	410	-	1,526
General and administrative	-	-	-	-	2,535	7,908	(2,374)	20,836
Depreciation and amortization	1,824	87	-	1,911	355	5,367	-	7,633
Debt financing costs	4,091	-	-	4,091	-	-	-	4,091
Employee-related insurance	435	143	-	578	72	1,862	-	2,512
Fund-raising	2,552	-	-	2,552	-	-	-	2,552
Marketing	900	87	-	987	441	147	-	1,575
Insurance and taxes	26	-	-	26	33	601	-	660
Other	666	316	-	982	(17)	(2,781)	825	(991)
Provision for bad debts	-	-	-	-	248	551	-	799
Total expenses	22,531	6,280	-	28,811	15,331	83,562	(5,177)	122,527
Revenue in excess of (less than) expenses	(8,332)	342	-	(7,990)	(533)	7,898	-	(625)
Funding from (to) related organizations	(57,591)	(223)	-	(57,814)	-	57,814	-	-
Change in net assets	(65,923)	119	-	(65,804)	(533)	65,712	-	(625)
Net assets at beginning of year	(78,569)	(43,665)	-	(122,234)	1,345	203,362	-	82,473
Net assets at end of year	\$ (144,492)	\$ (43,546)	\$ -	\$ (188,038)	\$ 812	\$ 269,074	\$ -	\$ 81,848

See accompanying report of independent auditors.


LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATING SCHEDULE - STATEMENT OF CASH FLOWS INFORMATION (IN THOUSANDS)
FOR THE YEAR ENDED AUGUST 31, 2016

	Los Angeles Jewish Home for the Aging	Fountainview at Eisenberg Village, LLC	Eliminations	Total Co- Providers	Brandman Centers for Senior	Other Consolidating Organizations	Eliminations	Total
Cash flows from operating activities:								
Cash received from residents and third party payers	\$ -	\$ 5,018	\$ -	\$ 5,018	\$ 14,873	\$ 85,276	\$ (2,945)	\$ 102,222
Proceeds from advance fees received	-	6,486	-	-	-	-	-	6,486
Other receipts from operations	2,011	613	-	2,624	-	391	(2,232)	783
Unrestricted contributions received	13,386	-	-	13,386	-	5	-	13,391
Unrestricted investment income received	85	5	-	90	-	5	-	95
Cash paid to suppliers and employees	(11,553)	(6,064)	-	(17,617)	(14,552)	(84,329)	5,177	(111,321)
Cash paid for interest on long-term debt	(4,329)	-	-	(4,329)	-	-	-	(4,329)
Net cash provided by (used in) operating activities	(400)	6,058	-	5,658	321	1,348	-	7,327
Cash flows from investing activities:								
Capital expenditures	(6,582)	-	-	(6,582)	-	(60,574)	-	(67,156)
Proceeds from sale of property	-	-	-	-	-	2,613	-	2,613
Transfer of property to subsidiary organization	-	-	-	-	-	-	-	-
Proceeds from sale of trading investments	8,817	-	-	8,817	-	-	-	8,817
Purchase of trading investments	(7,831)	-	-	(7,831)	-	-	-	(7,831)
Purchase of Home Health agency	-	-	-	-	-	-	-	-
Assets limited as to use	64,462	-	-	64,462	-	-	-	64,462
Net cash provided by (used in) investing activities	58,866	-	-	58,866	-	(57,961)	-	905
Cash flows from financing activities:								
Funding from (to) related organizations	(57,591)	(223)	-	(57,814)	-	57,814	-	-
Advances on lines of credit	41,427	-	-	41,427	-	-	-	41,427
Repayments of lines of credit	(40,842)	-	-	(40,842)	-	-	-	(40,842)
Principal payments on long-term debt	(2,969)	-	-	(2,969)	-	-	-	(2,969)
Payment of deferred costs	736	-	-	736	-	(1,076)	-	(340)
Payment of refundable entrance fees	-	(5,166)	-	(5,166)	-	-	-	(5,166)
Payment of obligation for SNF care	-	-	-	-	-	(40)	-	(40)
Change in interest in net assets of The Guardians	157	-	-	157	-	-	-	157
Proceeds from restricted and conditional contributions and investment income	1,013	-	-	1,013	-	75	-	1,088
Net cash provided by (used in) financing activities	(58,069)	(5,389)	-	(63,458)	-	56,773	-	(6,685)
Net increase (decrease) in cash and cash equivalents	397	669	-	1,066	321	160	-	1,547
Cash and cash equivalents at beginning of year	2,699	10,964	-	13,663	(86)	146	-	13,723
Cash and cash equivalents at end of year	\$ 3,096	\$ 11,633	\$ -	\$ 14,729	\$ 235	\$ 306	\$ -	\$ 15,270

LOS ANGELES JEWISH HOME FOR THE AGING
CONSOLIDATING SCHEDULE - STATEMENT OF CASH FLOWS INFORMATION (IN THOUSANDS)
FOR THE YEAR ENDED AUGUST 31, 2016 (CONTINUED)

	Los Angeles Jewish Home for the Aging	Fountainview at Eisenberg Village, LLC	Eliminations	Total Co- Providers	Brandman Centers for Senior Care	Other Consolidating Organizations	Eliminations	Total
Cash flows from operating activities:								
Change in net assets	\$ (8,332)	\$ 342	\$ -	\$ (7,990)	\$ (533)	\$ 7,898	\$ -	\$ (625)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Advance refundable fees received	-	5,724	-	5,724	-	-	-	5,724
Advance non-refundable fees received	-	762	-	762	-	-	-	762
Depreciation and amortization	1,824	87	-	1,911	355	5,367	-	7,633
Amortization of bond issuance costs	326	-	-	326	-	-	-	326
Amortization of bond issuance costs due to refinancing	-	-	-	-	-	-	-	-
Amortization of deferred marketing costs	-	316	-	316	-	-	-	316
Amortization of deferred revenue from advance fees	-	(993)	-	(993)	-	-	-	(993)
Amortization of bond premium	(564)	-	-	(564)	-	-	-	(564)
Amortization of bond premium due to refinancing	-	-	-	-	-	-	-	-
Provision for bad debts	-	-	-	-	248	551	-	799
Gain on sale of property	-	-	-	-	-	(1,023)	-	(1,023)
Restricted contributions and investment income received	58	-	-	58	-	(75)	-	(17)
Net realized and unrealized gains on investments	(221)	-	-	(221)	-	-	-	(221)
(Increase) decrease in operating assets:								
Accounts receivable	-	6	-	6	(249)	(1,955)	-	(2,198)
Prepaid and other current assets	1,738	28	-	1,766	(10)	(555)	-	1,201
Contributions receivable	1,443	-	-	1,443	-	-	-	1,443
Fountainview deposits	-	(149)	-	(149)	-	-	-	(149)
Other assets	(34)	1	-	(33)	-	(312)	-	(345)
Increase (decrease) in operating liabilities:								
Accounts payable, accrued expenses, and accrued compensation	3,384	(66)	-	3,318	434	(4,236)	-	(484)
Accrued interest expense	(33)	-	-	(33)	-	-	-	(33)
Fountainview deposits	-	-	-	-	-	310	-	310
Due to third party payers	-	-	-	-	76	(4,622)	-	(4,546)
Annuity obligations	11	-	-	11	-	-	-	11
Net cash provided by (used in) operating activities:	\$ (400)	\$ 6,058	\$ -	\$ 5,658	\$ 321	\$ 1,348	\$ -	\$ 7,327

See accompanying report of independent auditors.



Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules for

Los Angeles Jewish Home
for the Aging

August 31, 2016

MOSS-ADAMS_{LLP}

Certified Public Accountants | Business Consultants

CONTENTS

	PAGE
REPORT OF INDEPENDENT AUDITOR	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Form 5-1, Long-Term Debt Incurred in a Prior Fiscal Year	3
Form 5-2, Long-Term Debt Incurred During Fiscal Year	4
Form 5-3, Calculation of Long-Term Debt Reserve Amount	5
Form 5-4, Calculation of Net Operating Expenses	6
Form 5-5, Annual Reserve Certification	7
NOTES TO CONTINUING CARE LIQUID RESERVE SCHEDULES	8
SUPPLEMENTARY INFORMATION	
Attachment I to Forms 5-1 and 5-2, Reconciliation of Principal and Interest Paid	9
Attachment II to Form 5-3, Reconciliation of Rental Payments	10
Attachment III to Form 5-5, Reconciliation of Qualifying Assets for Debt Service Reserve	11

REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors of
Los Angeles Jewish Home for the Aging
Reseda, California

Report on Financial Statements

We have audited the accompanying financial statements of Los Angeles Jewish Home for the Aging, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended August 31, 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

MOSS ADAMS LLP***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care reserves of Los Angeles Jewish Home for the Aging as of and for the year ended August 31, 2016, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by Los Angeles Jewish Home for the Aging on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise Los Angeles Jewish Home for the Aging's basic financial statements. The supplementary information on pages 9 to 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Restricted Use

Our report is intended solely for the information and use of the Board of Directors and management of Los Angeles Jewish Home for the Aging and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.



Los Angeles, California
December 20, 2016

LOS ANGELES JEWISH HOME FOR THE AGING
FORM 5-1
LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
FOR THE YEAR ENDED AUGUST 31, 2016

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	02/14/08	\$470,000	\$928,188		\$1,398,188
2	12/06/13	\$2,500,000	\$2,605,500		\$5,105,500
3	08/27/14	\$0	\$5,280,550		\$5,280,550
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:			\$8,814,238	\$0	\$11,784,238

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

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

PROVIDER: FOUNTAINVIEW AT EISENBERG VILLAGE LLC

LOS ANGELES JEWISH HOME FOR THE AGING
FORM 5-2
LONG-TERM DEBT INCURRED DURING FISCAL YEAR
FOR THE YEAR ENDED AUGUST 31, 2016

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
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: FOUNTAINVIEW AT EISENBERG VILLAGE LLC

LOS ANGELES JEWISH HOME FOR THE AGING
FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
FOR THE YEAR ENDED AUGUST 31, 2016

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$11,784,238
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)	\$432,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$12,216,238

PROVIDER: FOUNTAINVIEW AT EISENBERG VILLAGE LLC

LOS ANGELES JEWISH HOME FOR THE AGING

FORM 5-4

CALCULATION OF NET OPERATING EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2016

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$6,280,103
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	\$0	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
c.	Depreciation	\$86,522	
d.	Amortization	\$316,393	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$0	
f.	Extraordinary expenses approved by the Department	\$0	
3	Total Deductions		\$402,915
4	Net Operating Expenses		\$5,877,188
5	Divide Line 4 by 365 and enter the result.		\$16,102
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$1,207,641

PROVIDER: FOUNTAINVIEW AT EISENBERG VILLAGE LLC

COMMUNITY: FOUNTAINVIEW AT EISENBERG VILLAGE LLC

LOS ANGELES JEWISH HOME FOR THE AGING
FORM 5-5
ANNUAL RESERVE CERTIFICATION
AUGUST 31, 2016

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: FOUNTAINVIEW AT EISENBERG VILLAGE LLC
Fiscal Year Ended: 8/31/2016

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 31-Aug-16 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	<u>\$12,216,238</u>
[2] Operating Expense Reserve Amount	<u>\$1,207,641</u>
[3] Total Liquid Reserve Amount:	<u>\$13,423,879</u>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		<u>\$14,727,772</u>
[5] Investment Securities		
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve	<u>\$19,011,412</u>	(not applicable)
[10] Other:		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	<u>\$19,011,412</u> [12]	<u>\$14,727,772</u>
Reserve Obligation Amount: [13]	<u>\$12,216,238</u> [14]	<u>\$1,207,641</u>
Surplus/(Deficiency): [15]	<u>\$6,795,175</u> [16]	<u>\$13,520,131</u>

Signature:


(Authorized Representative)

Date: 11.13.17

Chief Financial Officer
(Title)

LOS ANGELES JEWISH HOME FOR THE AGING
NOTES TO CONTINUING CARE LIQUID RESERVE SCHEDULES
AUGUST 31, 2016

Note 1 – General

Los Angeles Jewish Home for the Aging (the Home) and Fountainview at Eisenberg Village, LLC (Fountainview), are co-providers of the Fountainview continuing care retirement community which opened in February 2010. The information included in this Annual Reserve Report has been supplied for the co-providers, with the exception of Form 5-4 calculation of net operating expenses, which is based on the financial results of Fountainview.

LOS ANGELES JEWISH HOME FOR THE AGING
ATTACHMENT I TO FORMS 5-1 AND 5-2
RECONCILIATION OF PRINCIPAL AND INTEREST PAID
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED AUGUST 31, 2016 (IN THOUSANDS)

	Los Angeles Jewish Home for the Aging	Fountainview at Eisenberg Village, LLC	Total Co- Providers
INTEREST PAID DURING FISCAL YEAR			
Cash paid for interest per consolidating statement of cash flows			
net of amounts capitalized	\$ 4,329	-	4,329
Add Series 2014 Bonds interest expense capitalized	5,281	-	5,281
Less interest paid on other debt	(796)	-	(796)
Cash paid for interest during fiscal year related to long-term debt			
included on Form 5-1	\$ 8,814	-	8,814

LOS ANGELES JEWISH HOME FOR THE AGING
ATTACHMENT II TO FORMS 5-1 AND 5-2
RECONCILIATION OF PRINCIPAL AND INTEREST PAID
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED AUGUST 31, 2016 (IN THOUSANDS)

	<u>Fountainview at Eisenberg Village, LLC</u>
GENERAL AND ADMINISTRATIVE EXPENSE	
Rental payments	\$ 432
Other	<u>840</u>
Total general and administrative expense	
per consolidating statement of activities	<u>\$ 1,272</u>

LOS ANGELES JEWISH HOME FOR THE AGING
ATTACHMENT III TO FORM 5-5
RECONCILIATION OF QUALIFYING ASSETS FOR DEBT SERVICE RESERVE
STATE OF CALIFORNIA – DEPARTMENT OF SOCIAL SERVICES
FOR THE YEAR ENDED AUGUST 31, 2016 (IN THOUSANDS)

	<u>Los Angeles Jewish Home for the Aging</u>
QUALIFYING ASSETS FOR DEBT SERVICE RESERVE	
Assets limited as to use per consolidating statement of financial position	\$ 39,832
Less fund reserve for capital project (Series 2014 Bonds)	(18,014)
Less fund restricted by donor for programs and investment in property and equipment	<u>(2,807)</u>
Total qualifying assets for debt service reserve included on Form 5-5	\$ <u><u>19,011</u></u>

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>2,852 - 5,678</u>	<u> </u>	<u> </u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4%</u>	<u> </u>	<u> </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: 8/1/2015
(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: Fountainview at Eisenberg Village LLC

COMMUNITY: Fountainview at Eisenberg Village

7-000001

Form 7-1 Report on Monthly Service Fee

(5) Explanation for the increase in monthly service fee

The monthly service fee increased 4% on of 8/1/2015, to reflect increase in cost of raw food, labor and supplies.

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

Date Prepared: _____

FACILITY NAME: FOUNTAINVIEW AT EISENBERG VILLAGE

ADDRESS: 6440 WILBUR AVENUE, RESEDA CA

ZIP CODE: 91335

PHONE: (818) 654-5000

PROVIDER NAME: FOUNTAINVIEW AT EISENBERG VILLAGE

FACILITY OPERATOR: Eisenberg Village of the Los Angeles Jewish Home for the Aging

RELATED FACILITIES:

RELIGIOUS AFFILIATION: Jewish

YEAR # OF ☐ SINGLE ☐ MULTI-

MILES TO SHOPPING CTR: 0.5

OPENED: 2010 ACRES: _____ STORY _____ STORY ☐ OTHER: _____

MILES TO HOSPITAL: 2.62

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 0

APARTMENTS — 1 BDRM: 43

APARTMENTS — 2 BDRM: 65

COTTAGES/HOUSES: 0

RLU OCCUPANCY (%) AT YEAR END: 88%

HEALTH CARE

ASSISTED LIVING: _____

SKILLED NURSING: _____

SPECIAL CARE: _____

DESCRIPTION: > _____

> _____

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: _____

RANGE OF ENTRANCE FEES: \$ 398,000 - \$ 870,000

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 10 days per year nursing care at no charge - do not accumulate

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' role): >

> Voting members of the Board of Governors, the governing body.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (4 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (2 /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input 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 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 checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" 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 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 type="checkbox"/>	<input type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input 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 type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input 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: FOUNTAINVIEW AT EISENBERG VILLAGE

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

Eisenberg Village of the Los Angeles Jewish Home for the Aging	18855 Victory Blvd, Reseda CA 91335	(818) 774-3000
Grancell Village of the Los Angeles Jewish Home for the Aging	7150 Tampa Ave, Reseda, CA 91335	(818) 774-3000

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

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

PROVIDER NAME: FOUNTAINVIEW AT EISENBERG VILLAGE

	2013	2014	2015	2016
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	13,206,727	18,108,153	15,060,286	18,713,140
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	24,582,703	27,139,279	25,871,583	26,287,220
NET INCOME FROM OPERATIONS	(11,375,976)	(9,301,126)	(10,811,297)	(7,574,080)
LESS INTEREST EXPENSE	6,205,831	7,615,493	4,138,650	4,090,658
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)				
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	(5,170,145)	(1,415,633)	(6,672,647)	(3,483,422)
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	14,248,987	1,573,200	485,014	1,320,476

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)

	2015 CCAC Medians 50 th Percentile <i>(optional)</i>	2014	2015	2016
DEBT TO ASSET RATIO		1.04	1.23	1.84
OPERATING RATIO		1.50	1.72	1.40
DEBT SERVICE COVERAGE RATIO		.02	-.95	-.23
DAYS CASH ON HAND RATIO		180	193	199

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2013	%	2014	%	2015	%	2016
STUDIO							
ONE BEDROOM	2,996	3.0	3,086	4.0	3,305	4.0	3,437
TWO BEDROOM	3,614	3.0	3,723	4.0	3,988	4.0	4,148
COTTAGE/HOUSE							
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: >

> _____
> _____
> _____

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.

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)	2,852 - 5,678		
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4%		

☐ 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: 8/1/2015
 (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: Fountainview at Eisenberg Village LLC

COMMUNITY: Fountainview at Eisenberg Village

Date Prepared: 11/10/2017

KEY INDICATORS REPORT

Fountainview at Eisenberg Village



Chief Executive Officer Signature

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

	Forecast						Preferred Trend Indicator
	2012	2013	2014	2015	2016	Projected 2017	
OPERATIONAL STATISTICS							
1. Average Annual Occupancy by Site (%)	64%	87%	92%	90%	88%	88%	N/A
MARGIN (PROFITABILITY) INDICATORS							
2. Net Operating Margin (%)	-42%	-14%	-10%	-10%	-7%	4%	↑
3. Net Operating Margin - Adjusted (%)	6.04%	71.08%	15.39%	-1.07%	12.01%	12.95%	↓
LIQUIDITY INDICATORS							
4. Unrestricted Cash and Investments (\$000)	\$15,242	\$12,403	\$11,226	\$10,964	\$11,633	\$11,983	↑
5. Days Cash on Hand (Unrestricted)	1192	820	700	660	697	764	↑
CAPITAL STRUCTURE INDICATORS							
6. Deferred Revenue from Entrance Fees (\$000)	\$4,384	\$5,582	\$5,459	\$5,599	\$6,365	\$6,969	N/A
7. Net Annual E/F proceeds (\$000)	\$1,697	\$14,250	\$1,574	\$486	\$1,247	\$604	N/A
8. Unrestricted Net Assets (\$000)	-\$3,383	-\$3,446	-\$3,063	-\$2,903	-\$2,773	-\$1,936	N/A
9. Annual Capital Asset Expenditure (\$000)	\$30	\$141	\$3	\$5	\$0	\$44	N/A
10. Annual Debt Service Coverage Revenue Basis (x)							↑
11. Annual Debt Service Coverage (x)							↑
12. Annual Debt Service/Revenue (%)							↓
13. Average Annual Effective Interest Rate (%)							↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)							↑
15. Average Age of Facility (years)							↓