Holladay Park Plaza

IN THE LLOYD DISTRICT

November 24, 2010

Board of Directors of
The Hospital Facilities Authority of
Multnomah County, Oregon

Dear Members of the Hospital Facility Authority:

Holladay Park Plaza, Inc., an Oregon nonprofit corporation (the "Borrower"), respectfully requests that The Hospital Facilities Authority of Multnomah County, Oregon (the "Authority") issue Revenue Refunding Bonds, Series 2010 (Holladay Park Plaza Project) (the "Bonds"), in an aggregate principal amount not to exceed $ $ 16,000,000, in one series, to refund all of the Authority's Revenue and Refunding Bonds, Series 2003 (Holladay Park Plaza Project), dated December 1, 2003(the "2003 Bonds"), the proceeds of which were used to finance or refinance the development, construction and equipping of the Borrower's continuing care retirement facilities (the "Facilities"). The 2003 Bonds are variable rate demand bonds currently in the daily interest rate mode secured by a direct pay letter of credit issued by Allied Irish Banks, p.l.c. (the "2003 Letter of Credit").

We are seeking financing to refund all of the 2003 Bonds. Union Bank will purchase all of the Bonds pursuant to Section 265(b)(3) of the IRC.

- **Structure** It is anticipated that the Bonds will be (i) issued and immediately purchased by Union Bank (ii) issued in one series (iii) issued as Multi-modal Tax-exempt Bank Qualified Bonds, (iv) issued with an initial variable rate and an initial term of 7 years, (v) issued in an amount not to exceed $16,000,000.

- **Finance Team**. We recommend Cain Brothers & Company, LLC as placement agent for the Bonds. Cain Brothers has worked with the management team of Holladay Park Plaza on previous issues, and we anticipate that they will provide continuity to the financing. Doug Goe of Orrick, Herrington & Sutcliffe LLP will serve as Bond Counsel and as Special Counsel to the Authority.

- **Timetable**. The proposed sale date and closing date for the Bonds is scheduled for December 23, 2010. We are hopeful that the application process will enable us to remain on this schedule.

We have included the following documents in our application:

- Financial statements:
  - Independent Auditors' Report and Financial Statements for the years ended September 30, 2009 and 2008;
  - Independent Auditors' Report and Financial Statements for the years ended September 30, 2008 and 2007; and
  - Unaudited Financial Statements for the years ended September 30, 2010 and 2009;

- Preliminary financing schedule;

- Distribution list of financing participants; and

- Preliminary schedule of sources and uses of funds and proposed debt service schedule.

We are hopeful that you can assist Holladay Park Plaza on this important transaction which will establish a favorable and stable capital structure for the Borrower. If you have any questions, please feel free to call me at (541) 857-7610.

Sincerely,

Mary Naylor

Mary Naylor Schoeggl
Vice President/Finance

Enclosures

Holladay Park Plaza, Inc. and Holladay Park Plaza Residents' Assistance Trust

(Affiliates of Pacific Retirement Services, Inc.)

Combined Financial Statements as of and for the Years Ended September 30, 2008 and 2007, Supplemental Combining Schedules as of and for the Year Ended September 30, 2008, and Independent Auditors' Report

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Holladay Park Plaza, Inc. and
Holladay Park Plaza Residents' Assistance Trust
Portland, Oregon

We have audited the accompanying combined statements of financial position of Holladay Park Plaza, Inc. and Holladay Park Plaza Residents' Assistance Trust (the "Organization") (affiliates of Pacific Retirement Services, Inc.) as of September 30, 2008 and 2007, and the related combined statements of activities and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of Holladay Park Plaza, Inc. and Holladay Park Plaza Residents' Assistance Trust as of September 30, 2008 and 2007, and their combined changes in net assets and their combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The additional combining schedules listed in the foregoing table of contents are presented for the purpose of additional analysis of the basic combined financial statements rather than to present the financial position, changes in net assets and cash flows of the individual parts of the Organization, and are not a required part of the basic combined financial statements. These schedules are the responsibility of the Organization's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2008 combined financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic 2008 combined financial statements taken as a whole.

Deloitte & Touche LLP

January 14, 2009

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2008 AND 2007

	2008	2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,121,291	$ 1,178,488
Short-term investments (Note 3)	8,250,969	10,553,117
Accounts receivable — net (Note 4)	302,775	210,653
Supplies and prepaid expenses	166,021	148,228
Total current assets	11,841,056	12,090,486
PROPERTY AND EQUIPMENT — Net (Note 5)	24,573,945	23,056,679
OTHER ASSETS:		
Assets restricted under bond indenture agreement (Note 7)	1,269,461	1,273,001
Gift annuities receivable (Note 6)	44,553	113,444
Bond issue costs — net	355,120	377,735
Long-term investments (Note 3)	2,291,792	2,698,624
Total other assets	3,960,926	4,462,804
TOTAL	$40,375,927	$39,609,969

(Continued)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2008 AND 2007

LIABILITIES AND NET ASSETS	2008	2007
CURRENT LIABILITIES:		
Accounts payable	$ 431,023	$ 424,348
Accrued expenses	541,404	476,550
Refundable deposits	201,457	748,927
Current portion of long-term debt (Note 9)	305,000	290,000
Due to affiliate (Note 10)	110,416	111,795
Total current liabilities	1,589,300	2,051,620
LONG-TERM DEBT (Note 9)	15,815,000	16,120,000
DEFERRED REVENUE FROM ENTRANCE FEES (Note 11)	14,046,135	13,247,854
ASSET RETIREMENT OBLIGATION (Note 12)	218,452	261,027
Total liabilities	31,668,887	31,680,501
NET ASSETS:		
Unrestricted	7,310,033	6,021,886
Temporarily restricted	797,007	1,307,582
Permanently restricted	600,000	600,000
Net assets	8,707,040	7,929,468
TOTAL	$40,375,927	$39,609,969

See notes to combined financial statements. (Concluded)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Service fees	$ 5,835,446	$ -	$ -	$ 5,835,446
Health Center revenue	3,486,838			3,486,838
Entrance fees earned (Note 11)	2,269,462			2,269,462
Investment income (Note 3)	441,510	73,746		515,256
Actuarial loss on gift annuities receivable		(68,891)		(68,891)
Contributions	200	232,526		232,726
Other revenue (Note 13)	565,316			565,316
Total revenues	12,598,772	237,381	-	12,836,153
Net assets released from restrictions	206,557	(206,557)	-	
	12,805,329	30,824	-	12,836,153
EXPENSES:				
Program expenses:				
Dietary	1,647,023			1,647,023
Facility services and utilities	2,132,207			2,132,207
Health and social services	2,793,619			2,793,619
General and administrative expenses:				
Administrative and marketing	1,464,593	61,974		1,526,567
Interest expense and financing fees	582,556			582,556
Depreciation	1,342,966			1,342,966
Loss on disposal of property and equipment	52,097			52,097
Fees to affiliate (Note 10)	615,937			615,937
Endowment fund expenses	206,557			206,557
Total expenses	10,837,555	61,974	-	10,899,529
RESULTS FROM OPERATIONS	1,967,774	(31,150)	-	1,936,624
OTHER CHANGES — Unrealized loss on investments and assets restricted under bond indenture agreement (Note 3)	(679,627)	(479,425)		(1,159,052)
CHANGE IN NET ASSETS	1,288,147	(510,575)	-	777,572
NET ASSETS — Beginning of year	6,021,886	1,307,582	600,000	7,929,468
NET ASSETS — End of year	$ 7,310,033	$ 797,007	$ 600,000	$ 8,707,040

See notes to combined financial statements.

HOLLADAY PARK PLAZA, INC. AND HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Service fees	$ 5,626,566	$ -	$ -	$ 5,626,566
Health Center revenue	2,943,116			2,943,116
Entrance fees earned (Note 11)	2,150,180			2,150,180
Investment income (Note 3)	661,509	104,354		765,863
Gift annuity contributions		4,796		4,796
Actuarial loss on gift annuities receivable		(119,053)		(119,053)
Contributions	3,475	339,102		342,577
Other revenue (Note 13)	522,066			522,066
Total revenues	11,906,912	329,199	-	12,236,111
Net assets released from restrictions	211,389	(211,389)	-	-
	12,118,301	117,810	-	12,236,111
EXPENSES:				
Program expenses:				
Dietary	1,615,875			1,615,875
Facility services and utilities	1,884,761			1,884,761
Health and social services	2,414,051			2,414,051
General and administrative expenses:				
Administrative and marketing	1,285,258	35,439		1,320,697
Interest expense and financing fees	836,859			836,859
Depreciation	1,159,770			1,159,770
Loss on disposal of property and equipment	45,949			45,949
Fees to affiliate (Note 10)	561,216			561,216
Endowment fund expenses	211,389			211,389
Total expenses	10,015,128	35,439	-	10,050,567
RESULTS FROM OPERATIONS	2,103,173	82,371	-	2,185,544
OTHER CHANGES — Unrealized gain on investments and assets restricted under bond indenture agreement (Note 3)	212,498	189,543		402,041
CHANGE IN NET ASSETS	2,315,671	271,914	-	2,587,585
NET ASSETS — Beginning of year	3,706,215	1,035,668	600,000	5,341,883
NET ASSETS — End of year	$ 6,021,886	$ 1,307,582	$ 600,000	$ 7,929,468

See notes to combined financial statements.

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 777,572	$ 2,587,585
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,342,966	1,159,770
Amortization included in financing fees	22,615	23,022
Entrance fees received from new residents	3,354,163	1,854,760
Entrance fees earned	(2,269,462)	(2,150,180)
Entrance fees refunded	(286,420)	(200,535)
Loss on disposal of property and equipment	52,097	45,949
Realized (gain) loss on investments	408,664	(660,297)
Unrealized (gain) loss on investments	1,159,052	(402,041)
Gift annuities collected	-	178,282
Gift annuity contributions	-	(183,078)
Actuarial loss on gift annuities receivable	68,891	119,053
Net change in:		
Accounts receivable — net	(92,122)	53,167
Supplies and prepaid expenses	(17,793)	49,974
Other assets	-	8,136
Accounts payable	131,078	54,733
Accrued expenses	64,854	13,721
Refundable deposits	(547,470)	592,293
Due to affiliate	(1,379)	(18,726)
Payments of asset retirement obligation	(42,575)	(42,860)
Net cash provided by operating activities	4,124,731	3,082,728
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(3,036,732)	(4,015,796)
Proceeds from sale of investments	11,213,659	40,303,344
Purchases of investments	(10,072,395)	(39,563,040)
Change in assets restricted under bond indenture agreements	3,540	(14,324)
Net cash used in investing activities	(1,891,928)	(3,289,816)
CASH FLOWS FROM FINANCING ACTIVITIES — Repayment of long-term debt	(290,000)	(275,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,942,803	(482,088)
CASH AND CASH EQUIVALENTS — Beginning of year	1,178,488	1,660,576
CASH AND CASH EQUIVALENTS — End of year	$ 3,121,291	$ 1,178,488
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Interest paid	$ 558,581	$ 811,926
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES — Property and equipment financed through accounts payable	$ 6,030	$ 130,433

See notes to combined financial statements.

1. ORGANIZATION

Holladay Park Plaza, Inc. (HPP) is a continuing care retirement community (CCRC) providing housing, health care and other related services to residents through the operation of a retirement facility containing approximately 162 independent and 34 semi-independent living units and a 51-bed health and special care facility. Holladay Park Plaza Residents' Assistance Trust (HPPRAT) is an Oregon trust established solely to aid residents of HPP who become impoverished and in need of financial assistance (see Note 14). HPPRAT's bylaws also provide HPP with the authority to direct its activities, management, and policies through appointment of a common Board of Directors.

HPP and HPPRAT are affiliated with Pacific Retirement Services, Inc. (PRS). PRS includes the following organizations: Pacific Retirement Services, Inc.; Rogue Valley Manor, Inc.; Rogue Valley Manor Foundation, Inc.; The Cumberland Rest, Inc.; The Trinity Terrace Foundation, Inc.; Holladay Park Plaza, Inc.; Holladay Park Plaza Resident's Assistance Trust; Rogue Valley Manor Community Services, Inc.; Rogue Valley Manor Housing Corporation, Inc.; University Retirement Community at Davis, Inc.; University Retirement Community at Davis Foundation, Inc.; Cascade Manor, Inc.; Cascade Manor Foundation, Inc.; RS Versailles Management, LLC; Mirabella, Inc.; Crest Park, Inc.; The Centennial, Inc.; Mirabella at South Waterfront, Inc.; Washington & 50th, LLC; Mira Mar Green, LLC; 965 Ellendale Drive, LLC; Pacific Mirabella Portland, LLC; Mirabella San Francisco Bay, Inc.; Retirement Services, LLC; Retirement Services, Inc.; and Capital Lakes, Inc.

Principles of Combination — The accompanying financial statements include the accounts of HPP and HPPRAT (collectively the "Organization"). Significant interorganization accounts and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with Financial Accounting Standards Board (FASB) Statement No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires classification of an organization's net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets — permanently restricted, temporarily restricted, and unrestricted — be presented in a statement of financial position and that the amounts of change in each of these classes of net assets be presented in a statement of activities. The assets, liabilities, revenues, expenses and net assets of the Organization are reported in the following categories:

Unrestricted Net Assets — Accounts for all general operating revenues and expenses of the Organization and contributions and investment income not donor-restricted by time or purpose. Unrestricted net assets include board-designated funds.

Temporarily Restricted Net Assets — Accounts for contributions and investment income earned on contributions which are temporarily donor-restricted by time or purpose.

Permanently Restricted Net Assets — Accounts for contributions which permanently restrict the principal contribution. Earnings on the principal contribution are reported as either temporarily restricted or unrestricted net assets, based on whether the donor stipulations limit the use of the related investment earnings.

Contributions — The Organization reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as temporarily restricted contributions and net assets released from restriction in the financial statements.

Cash and Cash Equivalents — Cash and cash equivalents include cash, money market accounts, and other securities with maturities of three months or less at date of acquisition that are not otherwise designated for long-term investment.

Investments — Mutual funds and debt securities are stated at fair market value based on quoted market prices. Investments in funding agreements (similar to guaranteed investment contracts) are stated at contract value plus accrued interest receivable, which approximates fair market value. Money market funds included in assets restricted under bond indenture agreements and certificates of deposit are valued at cost which approximates fair market value. Investments acquired by gift are recorded at fair market value on the date received. Investments in mutual funds and debt securities are adjusted to fair market value through recognition of unrealized gains and losses. Gains or losses are calculated based on specific identification of the investments.

Accounts Receivable — Accounts receivable primarily represents amounts due from residents for living accommodations, services, entrance fees, property taxes, amounts due from third-party payors, and interest receivable. An allowance for doubtful accounts is established based on past collection history.

Property and Equipment — Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value as of the date of contribution. Maintenance, repairs, and minor replacements are charged to expense when incurred. Major replacements and betterments are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 2 to 50 years.

The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets in accordance with FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, and of goodwill and certain intangibles in accordance with FASB Statement No. 142, *Goodwill and Other Intangible Assets*. The financial statements reflect all adjustments required by FASB Statement No. 144 and FASB Statement No. 142 as of September 30, 2008 and 2007.

Bond Issue Costs — Bond issue costs are amortized over the term of the bonds using the effective interest method. Accumulated amortization relating to 2003 bond issue costs as of September 30, 2008 and 2007 was $116,956 and $94,341, respectively.

Refundable Deposits — The Organization requires each applicant for residency to pay a $1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved but subsequently withdrawn, a portion is refunded. When a unit becomes available, the applicant is also required to pay an entrance fee deposit, which varies in amount, to reserve the unit prior to occupancy. This deposit is partially refundable prior to occupancy.

Deferred Revenue From Entrance Fees — Fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and are amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such deferred revenue are amounts expected to be refunded to residents, as actuarially determined. As of September 30, 2008 and 2007, $227,622 and $188,800, respectively, are expected to be refunded.

Charity Care — The Organization provides financial assistance to residents who become impoverished. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care for the years ended September 30, 2008 and 2007 was $206,557 and $211,389, respectively.

Obligation to Provide Future Services — The Organization annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to expense. The obligation is discounted at 6%, based on the expected long-term rate of return on government obligations. At September 30, 2008 and 2007, no additional future service liability is deemed to exist.

Revenue Recognition — Services fees and health center revenues are recognized in the month in which services are provided and collectibility is reasonably assured. In addition, health center revenue is presented net of third-party rate adjustments. Other revenue is recognized as the related services are provided (Note 13).

Tax-Exempt Status — The Organization has been recognized by the Internal Revenue Service as a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

Concentrations of Credit Risk — The Organization's investments and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Organization to concentrations of risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation, the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to change in market values.

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

New Accounting Pronouncements — In September 2006, the FASB issued FASB Statement No. 157, *Fair Value Measurements*. This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This pronouncement applied under other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurement. This statement is effective for fiscal years beginning after November 15, 2007. The Organization will be required to adopt FASB Statement No. 157 in the fiscal year beginning October 1, 2008. Management is currently evaluating the requirements of FASB Statement No. 157 and has not yet determined the impact on the financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115*. SFAS No. 159 permits companies to choose, at specified election dates, to measure eligible items at fair value. The standard is designed to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. Management is currently evaluating the impact of the FASB Statement No. 159 and has not yet determined the impact on financial statements.

3. INVESTMENTS

Investments at September 30, 2008 and 2007 consisted of the following:

	2008	2007
Cash management funds	$ 103,777	$ 98,960
Mutual funds	2,717,465	3,694,717
Fixed income securities	7,184,650	8,621,600
Equity stocks	536,869	836,464
Total investments	$ 10,542,761	$ 13,251,741
Short-term	$ 8,250,969	$ 10,553,117
Long-term	2,291,792	2,698,624
Total investments	$ 10,542,761	$ 13,251,741

Income from investments, assets restricted under bond indenture agreement (see Note 7), and cash and cash equivalents for the years ended September 30, 2008 and 2007 is comprised of the following:

	2008		2007	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Dividends and interest	$ 480,114	$ 100,015	$ 583,361	$ 86,158
Net realized and unrealized gain (loss) on investments	(718,231)	(505,694)	290,646	207,739
Total investment income (loss)	(238,117)	(405,679)	874,007	293,897
Less net unrealized (gain) loss on investments	679,627	479,425	(212,498)	(189,543)
Investment income reflected in current operations	$ 441,510	$ 73,746	$ 661,509	$ 104,354

Investment income is reported net of related investment expenses of $16,981 and $16,655 for years ended September 30, 2008 and 2007, respectively.

4. ACCOUNTS RECEIVABLE

Accounts receivable — net at September 30, 2008 and 2007 consisted of the following:

	2008	2007
Resident monthly fees	$ 21,788	$ 45,834
Health care and other receivables	294,751	166,508
Less allowance for doubtful accounts	(13,764)	(1,689)
Accounts receivable — net	$302,775	$210,653

5. PROPERTY AND EQUIPMENT

Property and equipment — net at September 30, 2008 and 2007 consisted of the following:

	2008	2007
Land	$ 2,944,799	$ 2,944,799
Buildings and improvements	31,351,374	28,936,180
Equipment	2,675,750	2,564,892
Furnishings	1,237,141	1,152,193
	38,209,064	35,598,064
Less accumulated depreciation	(14,594,810)	(13,826,153)
Construction in progress	959,691	1,284,768
Property and equipment — net	$ 24,573,945	$ 23,056,679

Lease Commitments — The Corporation leases certain office equipment. Rental expense incurred for these leases was $12,793 and $10,023 during the years ended September 30, 2008 and 2007, respectively. At September 30, 2008, the estimated future lease payments under these leases were as follows:

Years Ending September 30	
2009	$17,378
2010	12,367
2011	6,025
2012	5,759
2013	4,319
Total	$45,848

6. GIFT ANNUITIES RECEIVABLE

The Organization is the beneficiary of several Charitable Remainder Unitrusts. The assets are held by the Presbyterian Church (USA) Foundation and payments from these trusts are made to the donor during their lifetime. The remaining balance in the trust will be transferred to the Organization following termination of payments to the donor.

Upon execution of the trust agreement, the Organization records a gift receivable based upon the actuarial present value of trust assets expected to be transferred to the Organization. Accordingly, the liability for payments to the donor is not reflected in the statement of financial position. The present value of these trust asset receivables is readjusted annually. The receivables have been valued based on an actuarial calculation and are summarized below:

	2008	2007
Gift annuities receivable expected to be received (based on life expectancy tables) in:		
One to five years	$ -	$ 36,339
Over five years	44,553	77,105
Total	$ 44,553	$ 113,444

7. ASSETS RESTRICTED UNDER BOND INDENTURE AGREEMENT

Assets limited as to use at September 30, 2008 and 2007 include restricted investments of the proceeds of the 2003 bond offering. These restricted investments are comprised primarily of short-term, highly liquid marketable debt securities and money market funds and are stated at fair market value. Related gains or losses are reflected in the statements of activities and changes in net assets.

The Organization has established the following trust funds as required by the bond indenture agreement (see Note 9):

Bond Fund — Consists of amounts deposited to be used for principal and interest or any repurchases of bonds in the open market, as permitted in the bond indenture agreement.

Reserve Fund — Fluctuates annually based on outstanding bond debt service payments. Any amounts deposited in excess of the reserve requirement are to be transferred to the bond fund. If the reserve fund becomes deficient, the Organization is required to make monthly payments over a specified period.

At September 30, 2008 and 2007, investments comprising the Bond and Reserve Funds are valued at fair market value and consisted of the following:

	2008	2007
Bond Fund — cash and cash equivalents	$ 269,260	$ 256,742
Reserve Fund — cash and cash equivalents	1,000,201	1,016,259
Total assets restricted under bond indenture agreement	$ 1,269,461	$ 1,273,001

8. THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

Approximately 24% and 23% of health center revenue for the years ended September 30, 2008 and 2007, respectively, were derived under federal third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustments by the respective third-party fiscal intermediary. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position, the changes in net assets, or cash flows of the Corporation.

9. LONG-TERM DEBT

On December 4, 2003, the Organization issued $17,200,000 in Series 2003 revenue and refunding bonds, which initially bore interest at a daily rate mode, subject to rate mode changes in the future, with final maturity on November 15, 2033. At September 30, 2008, the interest rate was 4.01% and $16,120,000 was outstanding. The proceeds from the Series 2003 bonds were used primarily to repay the Series 1993 bonds, to cover issue costs and for future capital expenditures.

The 2003 bonds are collateralized by a security interest in the facilities and gross revenues of the Organization. The bond indenture agreement also contains provisions regarding the maintenance of certain covenants and financial ratios. The Organization was in compliance with all provisions as of September 30, 2008.

Aggregate mandatory maturities of long-term debt are as follows:

Years Ending September 30	
2009	$ 305,000
2010	320,000
2011	335,000
2012	350,000
2013	365,000
Thereafter	14,445,000
	16,120,000
Less current portion	(305,000)
Total long-term debt	$ 15,815,000

10. RELATED-PARTY TRANSACTIONS

The Organization entered into a management agreement with PRS whereby PRS will provide oversight for certain management, administrative and marketing functions. The management agreement expires in December 2008. During the years ended September 30, 2008 and 2007, management fees of $615,937 and $561,216, respectively, were incurred and paid to PRS.

At September 30, 2008 and 2007, expenses of $110,416 and $111,795, respectively, were due to PRS related to the management fee as well as other miscellaneous operating expenses paid by PRS on behalf of the Organization.

11. DEFERRED REVENUE FROM ENTRANCE FEES

Fees are paid by residents upon initial occupancy for their lifetime use of the housing facility and for other services. Recognition of entrance fees into income is deferred and recognized as described in Note 2.

Activity in deferred revenue from entrance fees for the years ended September 30, 2008 and 2007 is as follows:

	2008	2007
Balance — beginning of year	$ 13,247,854	$ 13,743,809
Entrance fees received from new residents	3,354,163	1,854,760
Entrance fees earned	(2,269,462)	(2,150,180)
Entrance fees refunded	(286,420)	(200,535)
Balance — end of year	$ 14,046,135	$ 13,247,854

12. ASSET RETIREMENT OBLIGATION (ARO)

An accrued obligation was established for estimated costs to remediate issues related to asbestos located in internal piping, tank insulation, floor tiles, and textured ceilings throughout the building. As of September 30, 2008 and 2007, the obligation was estimated at $218,452 and $261,027, respectively. A summary of the changes is as follows:

	2008	2007
Balance — beginning of year	$ 261,027	$ 303,887
Less payments of asset retirement obligation	(42,575)	(42,860)
Balance — end of year	$ 218,452	$ 261,027

13. OTHER REVENUE

Other revenue for the years ended September 30, 2008 and 2007 is comprised of the following:

	2008	2007
Renovation, maintenance, and facility services	$ 305,013	$ 261,956
Food and beverage (catering and additional meals)	165,694	154,540
Lease and rental income	69,132	66,719
Property tax revenue	25,477	38,851
Total other revenue	$ 565,316	$ 522,066

14. HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST

HPPRAT was established as a trust to raise monies to support present and future residents of the Organization that become impoverished and in need of financial assistance for their care and support. The amended trust agreement allows for an amount ranging from 5% to 10% of the average value of Fund investments, as further defined in the amendment, to be made available for resident assistance. In no event will the transfers reduce the market value of fund assets below the endowed principal.

15. TEMPORARILY AND PERMANENTLY RESTRICTED FUNDS

Temporarily restricted funds at September 30, 2008 and 2007 consisted of the following:

	2008	2007
Holladay Park Plaza Residents' Assistance Trust	$ 714,042	$ 1,174,155
Holladay Park Plaza Scholarship	55,804	81,199
Holladay Park Plaza Staff Scholarship	3,389	28,076
OSF Grant	8,527	8,527
Library	4,729	-
Dubbe Music	3,373	4,583
HCC needs	(454)	2,707
Sound and sets	1,204	1,942
In house TV	1,211	1,211
Healing garden	920	920
Reading machine	1,302	1,302
Organ	1,233	1,233
Piano	1,060	1,060
Short stay room decorations	524	524
SC unit	143	143
Total temporarily restricted funds	$ 797,007	$ 1,307,582

Permanently restricted funds at September 30, 2008 and 2007 consisted of the following:

	2008	2007
Endowment fund	$ 500,000	$ 500,000
M. Phillips Scholarship Fund — endowment	100,000	100,000
Total permanently restricted funds	$ 600,000	$ 600,000

16. PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Employees' eligibility is evaluated semiannually as of the plan's entrance dates. Contributions to the plan are based on 6% of all active participants' wages during the plan year. Pension expense was $142,652 and $144,941 for the years ended September 30, 2008 and 2007, respectively.

* * * * * *

SUPPLEMENTAL COMBINING SCHEDULES

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF FINANCIAL POSITION INFORMATION AS OF SEPTEMBER 30, 2008

ASSETS	Holladay Park Plaza, Inc.	Holladay Park Plaza Residents' Assistance Trust	Eliminations	Total
CURRENT ASSETS:				
Cash and cash equivalents	$ 3,121,291	$ -	$ -	$ 3,121,291
Short-term investments	8,250,969			8,250,969
Accounts receivable — net	302,775			302,775
Supplies and prepaid expenses	166,021			166,021
Total current assets	11,841,056	-	-	11,841,056
PROPERTY AND EQUIPMENT — Net	24,573,945			24,573,945
OTHER ASSETS:				
Assets restricted under bond indenture agreement	1,269,461			1,269,461
Gift annuities receivable		44,553		44,553
Bond issue costs — net	355,120			355,120
Long-term investments	109,533	2,182,259		2,291,792
Total other assets	1,734,114	2,226,812	-	3,960,926
TOTAL	$ 38,149,115	$ 2,226,812	$ -	$ 40,375,927

(Continued)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF FINANCIAL POSITION INFORMATION
AS OF SEPTEMBER 30, 2008

LIABILITIES AND NET ASSETS	Holladay Park Plaza, Inc.	Holladay Park Plaza Residents' Assistance Trust	Eliminations	Total
CURRENT LIABILITIES:				
Accounts payable	$ 431,023	$ -	$ -	$ 431,023
Accrued expenses	541,404			541,404
Refundable deposits	201,457			201,457
Current portion of long-term debt	305,000			305,000
Interorganization transfers	(17,259)	17,259		
Due to affiliate	110,416			110,416
Total current liabilities	1,572,041	17,259	-	1,589,300
LONG-TERM DEBT	15,815,000			15,815,000
DEFERRED REVENUE FROM ENTRANCE FEES	14,046,135			14,046,135
ASSET RETIREMENT OBLIGATION	218,452			218,452
Total liabilities	31,651,628	17,259	-	31,668,887
NET ASSETS:				
Unrestricted	6,314,522	995,511		7,310,033
Temporarily restricted	82,965	714,042		797,007
Permanently restricted	100,000	500,000		600,000
Net assets	6,497,487	2,209,553	-	8,707,040
TOTAL	$ 38,149,115	$ 2,226,812	$ -	$ 40,375,927

(Concluded)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Holladay Park Plaza	Holladay Park Plaza Residents' Assistance Trust	Total
REVENUES:			
Service fees	$ 5,835,446	$ -	$ 5,835,446
Health Center revenue	3,486,838		3,486,838
Entrance fees earned	2,269,462		2,269,462
Investment income	441,510	73,746	515,256
Actuarial loss on gift annuities receivable		(68,891)	(68,891)
Contributions	37,919	194,807	232,726
Other revenue	565,316		565,316
Total revenues	12,636,491	199,662	12,836,153
EXPENSES:			
Program expenses:			
Dietary	1,647,023		1,647,023
Facility services and utilities	2,132,207		2,132,207
Health and social services	2,793,619		2,793,619
General and administrative expenses:			
Administrative and marketing	1,526,567		1,526,567
Interest expense and financing fees	582,556		582,556
Depreciation	1,342,966		1,342,966
Loss on disposal of property and equipment	52,097		52,097
Fees to affiliate	615,937		615,937
Endowment fund expenses		206,557	206,557
Total expenses	10,692,972	206,557	10,899,529
RESULTS FROM OPERATIONS	1,943,519	(6,895)	1,936,624
OTHER CHANGES — Unrealized loss on investments and assets restricted under bond indenture agreement	(705,834)	(453,218)	(1,159,052)
CHANGE IN NET ASSETS	1,237,685	(460,113)	777,572
NET ASSETS — Beginning of year	5,259,802	2,669,666	7,929,468
NET ASSETS — End of year	$ 6,497,487	$ 2,209,553	$ 8,707,040

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF CASH FLOWS INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Holladay Park Plaza	Holladay Park Plaza Residents' Assistance Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 1,237,685	$ (460,113)	$ 777,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	1,342,966		1,342,966
Amortization included in financing fees	22,615		22,615
Entrance fees received from new residents	3,354,163		3,354,163
Entrance fees earned	(2,269,462)		(2,269,462)
Entrance fees refunded	(286,420)		(286,420)
Loss on disposal of property and equipment	52,097		52,097
Realized gain on investments	329,813	78,851	408,664
Unrealized gain on investments	705,834	453,218	1,159,052
Actuarial loss on gift annuities receivable		68,891	68,891
Net change in:			
Accounts receivable — net	(92,122)		(92,122)
Supplies and prepaid expenses	(17,793)		(17,793)
Other assets			
Accounts payable	131,078		131,078
Accrued expenses	64,854		64,854
Refundable deposits	(547,470)		(547,470)
Interorganization transfer	(10,967)	10,967	
Due to affiliate	(1,379)		(1,379)
Payments of asset retirement obligation	(42,575)		(42,575)
Net cash provided by operating activities	3,972,917	151,814	4,124,731
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(3,036,732)		(3,036,732)
Proceeds from sale of investments	9,932,633	1,281,026	11,213,659
Purchases of investments	(8,639,555)	(1,432,840)	(10,072,395)
Change in assets restricted under bond indenture agreements	3,540		3,540
Net cash used in investing activities	(1,740,114)	(151,814)	(1,891,928)
CASH FLOWS FROM FINANCING ACTIVITIES — Repayment of long-term debt	(290,000)	-	(290,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	1,942,803	-	1,942,803
CASH AND CASH EQUIVALENTS — Beginning of year	1,178,488	-	1,178,488
CASH AND CASH EQUIVALENTS — End of year	$ 3,121,291	$ -	$ 3,121,291
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Interest paid	$ 558,581	$ -	$ 558,581
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES — Property and equipment financed through accounts payable	$ 6,030	$ -	$ 6,030

Holladay Park Plaza, Inc. and Holladay Park Plaza Residents' Assistance Trust

(Affiliates of Pacific Retirement Services, Inc.)

Combined Financial Statements as of and for the Years Ended September 30, 2009 and 2008, Supplemental Combining Schedules as of and for the Year Ended September 30, 2009, and Independent Auditors' Report

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Holladay Park Plaza, Inc. and
Holladay Park Plaza Residents' Assistance Trust
Portland, Oregon

We have audited the accompanying combined statements of financial position of Holladay Park Plaza, Inc. and Holladay Park Plaza Residents' Assistance Trust (the "Organization") (affiliates of Pacific Retirement Services, Inc.) as of September 30, 2009 and 2008, and the related combined statements of activities and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the combined financial position of Holladay Park Plaza, Inc. and Holladay Park Plaza Residents' Assistance Trust as of September 30, 2009 and 2008, and their combined changes in net assets and their combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplemental combining schedules listed in the foregoing table of contents are presented for the purpose of additional analysis of the basic combined financial statements rather than to present the financial position, changes in net assets and cash flows of the individual parts of the Organization, and are not a required part of the basic combined financial statements. These schedules are the responsibility of the Organization's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2009 combined financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic 2009 combined financial statements taken as a whole.

Deloitte & Touche LLP

January 14, 2010

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash	$ 3,926,386	$ 3,121,291
Short-term investments (Note 3)	8,872,995	8,250,969
Accounts receivable — net (Note 4)	631,841	302,775
Supplies and prepaid expenses	207,914	166,021
Total current assets	13,639,136	11,841,056
PROPERTY AND EQUIPMENT — Net (Note 5)	25,757,492	24,573,945
OTHER ASSETS:		
Long-term investments (Note 3)	2,138,379	2,291,792
Gift annuities receivable (Note 6)	41,346	44,553
Assets restricted under bond indenture agreement (Note 7)	1,269,779	1,269,461
Bond issue costs and other financing fees — net	332,932	355,120
Total other assets	3,782,436	3,960,926
TOTAL	$43,179,064	$40,375,927

(Continued)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2009 AND 2008

LIABILITIES AND NET ASSETS	2009	2008
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,755,951	$ 972,427
Refundable deposits	134,945	201,457
Current portion of long-term debt (Note 9)	320,000	305,000
Due to affiliate — net (Note 10)	153,939	110,416
Total current liabilities	2,364,835	1,589,300
LONG-TERM DEBT (Note 9)	15,495,000	15,815,000
DEFERRED REVENUE FROM ENTRANCE FEES (Note 11)	14,025,585	14,046,135
ASSET RETIREMENT OBLIGATION (Note 12)	185,745	218,452
Total liabilities	32,071,165	31,668,887
NET ASSETS:		
Unrestricted	9,953,146	7,310,033
Temporarily restricted	654,753	797,007
Permanently restricted	500,000	600,000
Net assets	11,107,899	8,707,040
TOTAL	$43,179,064	$40,375,927

See notes to combined financial statements.

(Concluded)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Service fees	$ 6,102,359	$ -	$ -	$ 6,102,359
Health center revenue	4,094,407			4,094,407
Entrance fees earned (Note 11)	2,779,447			2,779,447
Contributions	113,802	96,067		209,869
Gift annuity contributions		12,750		12,750
Actuarial loss on gift annuities receivable		(15,957)		(15,957)
Investment income (Note 3)	294,158	55,814		349,972
Other revenue	493,727			493,727
Total revenues	13,877,900	148,674	-	14,026,574
Net assets released from restrictions	154,143	(154,143)		-
	14,032,043	(5,469)	-	14,026,574
EXPENSES:				
Program expenses:				
Dietary	1,650,713			1,650,713
Facility services and utilities	2,088,255			2,088,255
Health and social services	3,390,792			3,390,792
General and administrative expenses:				
Administrative and marketing	1,794,227	42,866		1,837,093
Interest expense and financing fees	290,837			290,837
Depreciation	1,586,820			1,586,820
Fees to affiliate (Note 10)	685,213			685,213
Endowment fund expenses	154,143			154,143
Loss on disposal of property and equipment	45,275			45,275
Transfer of fund assets to Holladay Park Plaza Foundation, Inc. (Note 14)		81,509	100,000	181,509
Total expenses	11,686,275	124,375	100,000	11,910,650
RESULTS FROM OPERATIONS	2,345,768	(129,844)	(100,000)	2,115,924
OTHER CHANGES — Unrealized gain (loss) on investments and assets restricted under bond indenture agreement (Note 3)	297,345	(12,410)		284,935
CHANGE IN NET ASSETS	2,643,113	(142,254)	(100,000)	2,400,859
NET ASSETS — Beginning of year	7,310,033	797,007	600,000	8,707,040
NET ASSETS — End of year	$ 9,953,146	$ 654,753	$500,000	$11,107,899

See notes to combined financial statements.

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Service fees	$ 5,835,446	$ -	$ -	$ 5,835,446
Health center revenue	3,486,838			3,486,838
Entrance fees earned (Note 11)	2,269,462			2,269,462
Contributions	200	232,526		232,726
Actuarial loss on gift annuities receivable		(68,891)		(68,891)
Investment income (Note 3)	441,510	73,746		515,256
Other revenue	565,316			565,316
Total revenues	12,598,772	237,381	-	12,836,153
Net assets released from restrictions	206,557	(206,557)		-
	12,805,329	30,824	-	12,836,153
EXPENSES:				
Program expenses:				
Dietary	1,647,023			1,647,023
Facility services and utilities	2,132,207			2,132,207
Health and social services	2,793,619			2,793,619
General and administrative expenses:				
Administrative and marketing	1,464,593	61,974		1,526,567
Interest expense and financing fees	582,556			582,556
Depreciation	1,342,966			1,342,966
Fees to affiliate (Note 10)	615,937			615,937
Endowment fund expenses	206,557			206,557
Loss on disposal of property and equipment	52,097			52,097
Total expenses	10,837,555	61,974	-	10,899,529
RESULTS FROM OPERATIONS	1,967,774	(31,150)	-	1,936,624
OTHER CHANGES — Unrealized loss on investments and assets restricted under bond indenture agreement (Note 3)	(679,627)	(479,425)		(1,159,052)
CHANGE IN NET ASSETS	1,288,147	(510,575)	-	777,572
NET ASSETS — Beginning of year	6,021,886	1,307,582	600,000	7,929,468
NET ASSETS — End of year	$ 7,310,033	$ 797,007	$600,000	$ 8,707,040

See notes to combined financial statements.

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,400,859	$ 777,572
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,586,820	1,342,966
Amortization included in financing fees	22,188	22,615
Entrance fees received from new residents	2,788,668	3,354,163
Entrance fees earned	(2,779,447)	(2,269,462)
Entrance fees refunded	(29,771)	(286,420)
Loss on disposal of property and equipment	45,275	52,097
Realized (gain) loss on investments	(345,613)	408,664
Unrealized (gain) loss on investments	(284,935)	1,159,052
Transfer of non-cash assets to Holladay Park Plaza Foundation, Inc.	109,533	-
Gift annuity contributions	(12,750)	-
Actuarial loss on gift annuities receivable	15,957	68,891
Net change in:		
Accounts receivable — net	(329,066)	(92,122)
Supplies and prepaid expenses	(41,893)	(17,793)
Accounts payable and accrued expenses	(111,369)	195,932
Refundable deposits	(66,512)	(547,470)
Due to affiliate — net	43,523	(1,379)
Payments of asset retirement obligation	(32,707)	(42,575)
Net cash provided by operating activities	2,978,760	4,124,731
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,920,749)	(3,036,732)
Proceeds from sale of investments	150,915	11,213,659
Purchases of investments	(98,513)	(10,072,395)
Change in assets restricted under bond indenture agreement	(318)	3,540
Net cash used in investing activities	(1,868,665)	(1,891,928)
CASH FLOWS FROM FINANCING ACTIVITIES — Repayment of long-term debt	(305,000)	(290,000)
NET INCREASE IN CASH	805,095	1,942,803
CASH — Beginning of year	3,121,291	1,178,488
CASH — End of year	$ 3,926,386	$ 3,121,291
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid during the year for interest	$ 318,926	$ 558,581
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES — Property and equipment purchases financed with accounts payable and accrued expenses	$ 900,923	$ 6,030

See notes to combined financial statements.

1. ORGANIZATION

Holladay Park Plaza, Inc. ("HPP") is a continuing care retirement community ("CCRC") providing housing, health care and other related services to residents through the operation of a retirement facility containing approximately 162 independent and 36 semi-independent living units and a 51-bed health and special care facility. Holladay Park Plaza Residents' Assistance Trust ("HPPRAT") is an Oregon trust established solely to aid residents of HPP who become impoverished and in need of financial assistance (see Note 13). HPPRAT's bylaws also provide HPP with the authority to direct its activities, management, and policies through appointment of a common Board of Directors.

HPP and HPPRAT are affiliated with Pacific Retirement Services, Inc. ("PRS"). PRS includes the following organizations: Rogue Valley Manor; Rogue Valley Manor Foundation, Inc.; The Cumberland Rest, Inc.; Trinity Terrace Foundation, Inc.; Holladay Park Plaza, Inc. and Holladay Park Plaza Resident's Assistance Trust; Holladay Park Plaza Foundation, Inc.; Rogue Valley Manor Community Services, Inc.; University Retirement Community at Davis, Inc.; University Retirement Community at Davis Foundation, Inc.; Cascade Manor, Inc.; Cascade Manor Foundation, Inc.; Mirabella; Mirabella Washington Foundation; Crest Park, Incorporated; The Centennial, Inc.; Mirabella at South Waterfront; 965 Ellendale Drive, LLC; Mirabella San Francisco Bay; Retirement Services, LLC; Retirement Services, Inc.; Capitol Lakes, Inc.; Capitol Lakes Foundation, Inc.; Middleton Glen, Inc.; Senior Housing of Middleton, Inc.; Corbinton Retirement; Corbinton, LLC; PRS School of Aging, Inc.; Mirabella at Morrison, Inc.; Pacific Retirement Hospitality, LLC; Washington & 50th LLC; and Mirabella Marin.

Principles of Combination — The accompanying financial statements include the accounts of HPP and HPPRAT (collectively the "Organization"). Interorganization accounts and transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements of the Organization have been prepared on the accrual basis of accounting and are presented in accordance with accounting guidance for Financial Statements of Not-for-Profit Organizations, which requires classification of an organization's net assets, revenues, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets — permanently restricted, temporarily restricted, and unrestricted — be presented in a statement of financial position and that the amounts of change in each of these classes of net assets be presented in a statement of activities. The assets, liabilities, revenues, expenses and net assets of the Organization are reported in the following categories:

Unrestricted Net Assets — Accounts for all general operating revenues and expenses of the Organization and contributions and investment income not donor-restricted by time or purpose. Unrestricted net assets include board-designated funds.

Temporarily Restricted Net Assets — Accounts for contributions and investment income earned on contributions which are temporarily donor-restricted by time or purpose.

Permanently Restricted Net Assets — Accounts for contributions which permanently restrict the principal contribution. Earnings on the principal contribution are reported as either temporarily restricted or unrestricted net assets, based on whether the donor stipulations limit the use of the related investment earnings.

Contributions — The Organization reports unconditional contributions of cash and other assets at fair value at the date the contribution is made. Conditional contributions are reported at fair value at the date the conditions are substantially met. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as temporarily restricted contributions and net assets released from restriction in the financial statements.

Cash and Cash Equivalents — Cash and cash equivalents include cash, money market accounts, and other securities with maturities of three months or less at date of acquisition that are not otherwise designated for long-term investment.

Investments — Mutual funds and debt securities are stated at fair market value based on quoted market prices. Investments in funding agreements (similar to guaranteed investment contracts) are stated at contract value plus accrued interest receivable, which approximates fair market value. Money market funds included in assets restricted under bond indenture agreements and certificates of deposit are valued at cost which approximates fair market value. Investments acquired by gift are recorded at fair market value on the date received. Investments in mutual funds and debt securities are adjusted to fair market value through recognition of unrealized gains and losses. Gains or losses are calculated based on specific identification of the investments.

Accounts Receivable — Accounts receivable primarily represents amounts due from residents for living accommodations, services, entrance fees, property taxes, amounts due from third-party payors, note receivable and interest receivable. An allowance for doubtful accounts is established based on past collection history.

Property and Equipment — Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value as of the date of contribution. Maintenance, repairs, and minor replacements are charged to expense when incurred. Major replacements and improvements are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 2 to 50 years.

The Organization, using its best estimates based on reasonable and supportable assumptions and projections, reviews for impairment of long-lived assets and certain intangibles in accordance with accounting guidance for the impairment or disposal of long-lived assets and accounting for other intangible assets. The financial statements reflect all adjustments required as of September 30, 2009 and 2008.

Bond Issue Costs and Other Financing Fees — Bond issue costs and other financing fees are amortized over the term of the bonds using the effective interest method. Accumulated amortization relating to 2003 bond issue costs and other financing fees as of September 30, 2009 and 2008, was $139,144 and $116,956, respectively.

Refundable Deposits — The Organization requires each applicant for residency to pay a $1,000 application fee deposit. This deposit will be refunded if the application is denied. If the application is approved but subsequently withdrawn, a portion is refunded. When a unit becomes available, the applicant is also required to pay an entrance fee deposit, which varies in amount, to reserve the unit prior to occupancy. This deposit is partially refundable prior to occupancy.

Deferred Revenue From Entrance Fees — Fees paid by a resident upon entering into a continuing care contract are recorded as deferred revenue and are amortized to income over the estimated remaining actuarial life expectancy of the resident. Included in such deferred revenue are amounts expected to be refunded to residents, as actuarially determined. As of September 30, 2009 and 2008, $259,811 and $227,622, respectively, are expected to be refunded.

Charity Care — The Organization provides financial assistance to residents who become impoverished. As the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care for the years ended September 30, 2009 and 2008, was $154,143 and $206,557, respectively.

Obligation to Provide Future Services — The Organization annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entrance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to expense. The obligation is discounted at 6%, based on the expected long-term rate of return on government obligations. At September 30, 2009 and 2008, no additional future service liability is deemed to exist.

Revenue Recognition — Services fees and health center revenues are recognized in the month in which services are provided and collectibility is reasonably assured. In addition, health center revenue is presented net of third-party rate adjustments. Other revenue is recognized as the related services are provided.

Tax-Exempt Status — The Organization has been recognized by the Internal Revenue Service as a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related activities. No tax provision has been made in the accompanying statements of activities and changes in net assets.

Concentrations of Credit Risk — The Organization's investments and assets restricted under bond indenture agreement consist of various financial instruments. These financial instruments may subject the Organization to concentrations of risk as, from time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Organization, the market value of securities are dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to change in market values.

Concentration of credit risk results from the Organization granting credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables at September 30, 2009 and 2008, from residents and third-party payors is listed at Note 4.

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

Subsequent Events —The Organization evaluated all events or transactions that occurred after September 30, 2009 up through January 14, 2010, the date the Organization issued these financial statements. During this period, the Organization did not have any material recognizable subsequent events.

New Accounting Pronouncements — In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of FASB ASC 820 are effective for fiscal years beginning after November 15, 2007. In adopting this standard, management determined that no changes in accounting methods were required. See Note 16.

In February 2007, the FASB issued FASB ASC 825, *Financial Instruments*. FASB ASC 825 allows companies to elect fair value accounting for many financial instruments and other items that currently are not required to be accounted as such, allows different applications for electing the option for a single item or groups of items, and requires disclosures to facilitate comparisons of similar assets and liabilities that are accounted for differently in relation to the fair value option. FASB ASC 825 is effective for fiscal years beginning after November 15, 2007. In adopting this standard, management did not elect the fair value option for any additional financial assets or liabilities and determined that no additional disclosures were required.

In August 2008, the FASB issued FASB ASC 958, *Not-for-Profit Entities*, as amended, to clarify questions about the reporting of donor-restricted endowment funds subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and to improve the quality and consistency of disclosures about endowment funds held by not-for-profit organizations. FASB ASC 958 is effective for fiscal years ended after December 15, 2008. In adopting this standard, management determined that no changes in accounting methods or additional disclosures were required.

In May 2009, the FASB issued FASB ASC 855, *Subsequent Events*, as amended, to establish general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. Entities are required to disclose the date through which subsequent events were evaluated, as well as the rationale for why that date was selected. FASB ASC 855 is effective for annual periods ending after June 15, 2009. In adopting this standard, management determined that no changes in accounting methods were required.

3. INVESTMENTS

Investments at September 30, 2009 and 2008, consisted of the following:

	2009	2008
Mutual funds	$ 2,948,746	$ 2,717,465
Fixed income securities	7,524,663	7,184,650
Equity stocks	495,664	536,869
Cash management funds	42,301	103,777
Total	$11,011,374	$10,542,761
Short-term investments	$ 8,872,995	$ 8,250,969
Long-term investments	2,138,379	2,291,792
Total	$11,011,374	$10,542,761

Income from investments, assets restricted under bond indenture agreement (see Note 7), and cash and cash equivalents for the years ended September 30, 2009 and 2008, is comprised of the following:

	2009		2008	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Dividends and interest	$ 298,746	$ 84,756	$ 480,114	$ 100,015
Net realized and unrealized gain (loss) on investments	292,757	(41,352)	(718,231)	(505,694)
Total investment income (loss)	591,503	43,404	(238,117)	(405,679)
Less net unrealized (gain) loss on investments	(297,345)	12,410	679,627	479,425
Investment income reflected in current operations	$ 294,158	$ 55,814	$ 441,510	$ 73,746

Investment income is reported net of related investment expenses of $12,845 and $16,981 for the years ended September 30, 2009 and 2008, respectively.

4. ACCOUNTS RECEIVABLE

Accounts receivable — net at September 30, 2009 and 2008, consisted of the following:

	2009	2008
Resident billings	$ 14,044	$ 21,788
Health care	494,323	289,653
Note receivable	122,645	-
Other receivables	72,850	5,098
	703,862	316,539
Less allowance for doubtful accounts	(72,021)	(13,764)
Accounts receivable — net	$631,841	$302,775

5. PROPERTY AND EQUIPMENT

Property and equipment — net at September 30, 2009 and 2008, consisted of the following:

	2009	2008
Land	$ 2,944,799	$ 2,944,799
Buildings and improvements	32,135,193	31,351,374
Equipment and furnishings	4,588,767	3,912,891
Construction in progress	1,941,405	959,691
	41,610,164	39,168,755
Less accumulated depreciation	(15,852,672)	(14,594,810)
Property and equipment — net	$ 25,757,492	$ 24,573,945

6. GIFT ANNUITIES RECEIVABLE

The Organization is the beneficiary of several Charitable Remainder Unitrusts. The assets are held by the Presbyterian Church (USA) Foundation and payments from these trusts are made to the donor during their lifetime. The remaining balance in the trust will be transferred to the Organization following termination of payments to the donor.

Upon execution of the trust agreement, the Organization records a gift receivable based upon the actuarial present value of trust assets expected to be transferred to the Organization. Accordingly, the liability for payments to the donor is not reflected in the statement of financial position. The present value of these trust asset receivables is readjusted annually. The receivables have been valued based on an actuarial calculation and are summarized below:

	2009	2008
Gift annuities receivable expected to be received (based on life expectancy tables) in:		
Over five years	$41,346	$44,553

7. ASSETS RESTRICTED UNDER BOND INDENTURE AGREEMENT

Assets limited as to use at September 30, 2009 and 2008, include restricted investments of the proceeds of the 2003 bond offering. These restricted investments are comprised primarily of short-term, highly liquid marketable debt securities and money market funds and are stated at fair market value. Related gains or losses are reflected in the statements of activities and changes in net assets.

The Organization has established the following trust funds as required by the bond indenture agreement (see Note 9):

Bond Fund — Consists of amounts deposited to be used for principal and interest or any repurchases of bonds in the open market, as permitted in the bond indenture agreement.

Reserve Fund — Fluctuates annually based on outstanding bond debt service payments. Any amounts deposited in excess of the reserve requirement are to be transferred to the bond fund. If the reserve fund becomes deficient, the Organization is required to make monthly payments over a specified period. The required minimum Debt Service Reserve Fund balance was $994,630 for the year ended September 30, 2009.

At September 30, 2009 and 2008, investments comprising the Bond and Reserve Funds are valued at fair market value and consisted of the following:

	2009	2008
Bond fund — cash equivalents	$ 275,148	$ 269,260
Reserve fund — cash equivalents	994,631	1,000,201
Total assets restricted under bond indenture agreement	$ 1,269,779	$ 1,269,461

8. THIRD-PARTY RATE ADJUSTMENTS AND REVENUE

Approximately 32% and 24% of health center revenue for the years ended September 30, 2009 and 2008, respectively, were derived under federal third-party reimbursement programs. These revenues are based, in part, on cost reimbursement principles and are subject to audit and retroactive adjustments by the respective third-party fiscal intermediary. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position, the changes in net assets, or cash flows of the Organization.

9. LONG-TERM DEBT

On December 4, 2003, the Hospital Facilities Authority of Multnomah County, Oregon (the "Authority"), issued $17,200,000 in Series 2003 revenue and refunding bonds, which initially bore interest at a daily rate mode, subject to rate mode changes in the future, with final maturity on November 15, 2033. At September 30, 2009 and 2008, the interest rate was 0.22% and 4.01%, respectively. The proceeds from the Series 2003 bonds were used primarily to repay the Series 1993 bonds, to cover issue costs and for future capital expenditures.

The Bonds are special limited obligations of the Authority payable solely from, and are secured by, payments and other revenues to be received by the Authority under a Loan Agreement between the Authority and the Organization and from Bond proceeds and other moneys pledged to or held by the Bond Trustee (U.S. Bank National Association) under the Bond Indenture for such purposes. Payments of the principal of, interest on and the purchase price of tendered Bonds in the event and to the extent not remarketed will initially be funded by draws made by the Bond Trustee under an irrevocable direct pay letter of credit to be issued by Allied Irish Banks. The initial Letter of Credit was set to expire on November 15, 2007, unless extended or terminated sooner. On October 11, 2006, Allied Irish Bank extended its Letter of Credit through December 4, 2010.

The Bond Indenture Agreement also contains provisions regarding the maintenance of certain covenants and financial ratios. The Organization complied with all provisions as of September 30, 2009.

Aggregate mandatory maturities of long-term debt are as follows:

Years Ending September 30	
2010	$ 320,000
2011	335,000
2012	350,000
2013	365,000
2014	385,000
Thereafter	14,060,000
	15,815,000
Less current portion	(320,000)
Total long-term debt	$ 15,495,000

10. RELATED-PARTY TRANSACTIONS

PRS provides various general, administrative, and marketing services to the Organization. During the years ended September 30, 2009 and 2008, management fees of $685,213 and $615,937, respectively, were incurred.

At September 30, 2009 and 2008, expenses of $153,939 and $109,232, respectively, were due to PRS related to the management fee as well as other miscellaneous operating expenses paid by PRS on behalf of the Organization.

11. DEFERRED REVENUE FROM ENTRANCE FEES

Fees are paid by residents upon initial occupancy for their lifetime use of the housing facility and for other services. Recognition of the entrance fees into income is deferred and recognized as described in Note 2.

Activity in deferred revenue from entrance fees for the years ended September 30, 2009 and 2008, is as follows:

	2009	**2008**
Balance — beginning of year	$ 14,046,135	$ 13,247,854
Entrance fees received from new residents	2,788,668	3,354,163
Entrance fees earned	(2,779,447)	(2,269,462)
Entrance fees refunded	(29,771)	(286,420)
Balance — end of year	$ 14,025,585	$ 14,046,135

12. ASSET RETIREMENT OBLIGATION (ARO)

An accrued obligation was established for estimated costs to remediate issues related to asbestos located in internal piping, tank insulation, floor tiles, and textured ceilings throughout the building. A summary of the changes is as follows:

	2009	2008
Balance — beginning of year	$ 218,452	$ 261,027
Less payments of asset retirement obligation	(32,707)	(42,575)
Balance — end of year	$ 185,745	$ 218,452

13. HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST

HPPRAT was established as a trust to raise monies to support present and future residents of the Organization that become impoverished and in need of financial assistance for their care and support. The amended trust agreement allows for an amount ranging from 5% to 10% of the average value of Fund investments, as further defined in the amendment, to be made available for resident assistance. In no event will the transfers reduce the market value of fund assets below the endowed principal.

14. TEMPORARILY AND PERMANENTLY RESTRICTED FUNDS

The Organization's endowment consists of an individual fund established solely to aid residents of HPP who become impoverished and in need of financial assistance. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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 Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value 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 Organization, in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

In August of 2009, the Organization transferred the Holladay Park Plaza Staff Scholarship Fund to the Holladay Park Plaza Foundation, Inc. ("HPPFI"). The purposes of HPPFI are to 1) educate the public in all aspects of congregate care, 2) support the interest of HPP and other organizations and 3) to raise funds and expend funds for any or all organizations with similar purposes. The Holladay Park Plaza Staff Scholarship endowment that was transferred to HPPFI will carry its original endowed restrictions. In addition, HPP transferred $81,509 in temporarily restricted funds to HPPFI. HPP does not have economic interest in the funds transferred to HPPFI and HPP does not consolidate HPPFI in its combined financial statements in accordance with accounting guidance for Financial Statements for Not-for-Profit Organizations.

Temporarily restricted funds at September 30, 2009 and 2008, consisted of the following:

	2009	**2008**
Holladay Park Plaza Residents' Assistance Trust	$ 654,753	$ 714,042
Holladay Park Plaza Scholarship	-	55,804
Holladay Park Plaza Staff Scholarship	-	3,389
OSF Grant	-	8,527
Library	-	4,729
Dubbe Music	-	3,373
HCC needs	-	(454)
Sound and sets	-	1,204
In house TV	-	1,211
Healing garden	-	920
Reading machine	-	1,302
Organ	-	1,233
Piano	-	1,060
Short stay room decorations	-	524
SC unit	-	143
Total temporarily restricted funds	$ 654,753	$ 797,007

Permanently restricted funds at September 30, 2009 and 2008, consisted of the following:

	2009	**2008**
Endowment fund	$ 500,000	$ 500,000
Holladay Park Plaza Staff Scholarship Fund — endowment	-	100,000
Total permanently restricted funds	$ 500,000	$ 600,000

Each trust is administered by an independent trustee. The trustees have adopted investment and policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods. To satisfy its long-term rate-of-return objectives, the trustees rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The trustees target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

15. PENSION PLAN

The Organization has a defined contribution pension plan covering all eligible employees. Employees' eligibility is evaluated semiannually as of the plan's entrance dates. Contributions to the plan are based on 6% of all active participants' wages during the plan year. Pension expense was $166,451 and $142,652 for the years ended September 30, 2009 and 2008, respectively.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting guidance regarding fair value measurements defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. The Organization adopted this accounting guidance as of September 30, 2009 for financial assets and liabilities. This accounting guidance defines fair value as the price that would be received to sell 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 at the measurement date. This accounting guidance establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs, other than the quoted price in active markets, which are observable either directly or indirectly.

Level 3 – Unobservable inputs based on our own assumptions.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis:

	Fair value at September 30, 2009			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Investments (Note 3)	$ 11,011,374	$ -	$ -	$ 11,011,374
Assets restricted under bond indenture agreement	1,269,779	-	-	1,269,779
Total assets				$ 12,281,153

* * * * * *

SUPPLEMENTAL COMBINING SCHEDULES

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF FINANCIAL POSITION INFORMATION AS OF SEPTEMBER 30, 2009

ASSETS	Holladay Park Plaza, Inc.	Holladay Park Plaza Residents' Assistance Trust	Eliminations	Total
CURRENT ASSETS:				
Cash	$ 3,926,386	$ -	$ -	$ 3,926,386
Short-term investments	8,872,995			8,872,995
Accounts receivable — net	631,841			631,841
Interorganization transfers	29,461		(29,461)	-
Supplies and prepaid expenses	207,914			207,914
Total current assets	13,668,597	-	(29,461)	13,639,136
PROPERTY AND EQUIPMENT — Net	25,757,492			25,757,492
OTHER ASSETS:				
Long-term investments		2,138,379		2,138,379
Gift annuities receivable		41,346		41,346
Assets restricted under bond indenture agreement	1,269,779			1,269,779
Bond issue costs and other financing fees — net	332,932			332,932
Total other assets	1,602,711	2,179,725	-	3,782,436
TOTAL	$ 41,028,800	$ 2,179,725	$ (29,461)	$ 43,179,064

(Continued)

HOLLADAY PARK PLAZA, INC. AND HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF FINANCIAL POSITION INFORMATION AS OF SEPTEMBER 30, 2009

LIABILITIES AND NET ASSETS	Holladay Park Plaza, Inc.	Holladay Park Plaza Residents' Assistance Trust	Eliminations	Total
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	$ 1,755,951	$ -	$ -	$ 1,755,951
Refundable deposits	134,945			134,945
Current portion of long-term debt	320,000			320,000
Interorganization transfers		29,461	(29,461)	
Due to affiliate — net	153,939			153,939
Total current liabilities	2,364,835	29,461	(29,461)	2,364,835
LONG-TERM DEBT	15,495,000			15,495,000
DEFERRED REVENUE FROM ENTRANCE FEES	14,025,585			14,025,585
ASSET RETIREMENT OBLIGATION	185,745			185,745
Total liabilities	32,071,165	29,461	(29,461)	32,071,165
NET ASSETS:				
Unrestricted	8,957,635	995,511		9,953,146
Temporarily restricted		654,753		654,753
Permanently restricted		500,000		500,000
Net assets	8,957,635	2,150,264	-	11,107,899
TOTAL	$41,028,800	$2,179,725	$ (29,461)	$43,179,064

(Concluded)

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Holladay Park Plaza	Holladay Park Plaza Residents' Assistance Trust	Total
REVENUES:			
Service fees	$ 6,102,359	$ -	$ 6,102,359
Health center revenue	4,094,407		4,094,407
Entrance fees earned	2,779,447		2,779,447
Contributions	158,573	51,296	209,869
Gift annuity contributions		12,750	12,750
Actuarial loss on gift annuities receivable		(15,957)	(15,957)
Investment income	290,797	59,175	349,972
Other revenue	493,727		493,727
Total revenues	13,919,310	107,264	14,026,574
EXPENSES:			
Program expenses:			
Dietary	1,650,713		1,650,713
Facility services and utilities	2,088,255		2,088,255
Health and social services	3,390,792		3,390,792
General and administrative expenses:			
Administrative and marketing	1,837,093		1,837,093
Interest expense and financing fees	290,837		290,837
Depreciation	1,586,820		1,586,820
Fees to affiliate	685,213		685,213
Endowment fund expenses		154,143	154,143
Loss on disposal of property and equipment	45,275		45,275
Transfer of fund assets to Holladay Park Plaza Foundation, Inc.	181,509		181,509
Total expenses	11,756,507	154,143	11,910,650
RESULTS FROM OPERATIONS	2,162,803	(46,879)	2,115,924
OTHER CHANGES — Unrealized gain (loss) on investments and assets restricted under bond indenture agreement	297,345	(12,410)	284,935
CHANGE IN NET ASSETS	2,460,148	(59,289)	2,400,859
NET ASSETS — Beginning of year	6,497,487	2,209,553	8,707,040
NET ASSETS — End of year	$ 8,957,635	$ 2,150,264	$ 11,107,899

HOLLADAY PARK PLAZA, INC. AND
HOLLADAY PARK PLAZA RESIDENTS' ASSISTANCE TRUST
(Affiliates of Pacific Retirement Services, Inc.)

COMBINING SCHEDULE — STATEMENT OF CASH FLOWS INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Holladay Park Plaza	Holladay Park Plaza Residents' Assistance Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	$ 2,460,148	$ (59,289)	$ 2,400,859
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	1,586,820		1,586,820
Amortization included in financing fees	22,188		22,188
Entrance fees received from new residents	2,788,668		2,788,668
Entrance fees earned	(2,779,447)		(2,779,447)
Entrance fees refunded	(29,771)		(29,771)
Loss on disposal of property and equipment	45,275		45,275
Realized gain on investments	(284,389)	(61,224)	(345,613)
Unrealized (gain) loss on investments	(297,345)	12,410	(284,935)
Transfer of non-cash assets to Holladay Park Plaza Foundation, Inc.	109,533		109,533
Gift annuity contributions		(12,750)	(12,750)
Actuarial loss on gift annuities receivable		15,957	15,957
Net change in:			
Accounts receivable — net	(329,066)		(329,066)
Supplies and prepaid expenses	(41,893)		(41,893)
Accounts payable and accrued expenses	(111,369)		(111,369)
Refundable deposits	(66,512)		(66,512)
Interorganization transfers	(12,202)	12,202	
Due to affiliate— net	43,523		43,523
Payments of asset retirement obligation	(32,707)		(32,707)
Net cash provided by (used in) operating activities	3,071,454	(92,694)	2,978,760
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(1,920,749)		(1,920,749)
Proceeds from sale of investments		150,915	150,915
Purchases of investments	(40,292)	(58,221)	(98,513)
Change in assets restricted under bond indenture agreement	(318)		(318)
Net cash (used in) provided by investing activities	(1,961,359)	92,694	(1,868,665)
CASH FLOWS FROM FINANCING ACTIVITIES — Repayment of long-term debt	(305,000)	-	(305,000)
NET INCREASE IN CASH	805,095		805,095
CASH — Beginning of year	3,121,291	-	3,121,291
CASH — End of year	$ 3,926,386	$ -	$ 3,926,386
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION — Cash paid during the year for interest	$ 318,926	$ -	$ 318,926
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES — Property and equipment purchases financed with accounts payable and accrued expenses	$ 900,923	$ -	$ 900,923

Holladay Park Plaza
Statement of Financial Position
As of September 30, 2010

		Un-Audited 09/30/10		Audited 09/30/09
Assets				
Current Assets:				
Office Cash Fund	$	642	$	642
Accounts Receivable		350,391		631,840
Short term unrestricted Investments		14,379,879		12,798,739
Short term temporarily restricted Investments		1,784,250		1,638,379
Prepaid Expense & Inventory		172,603		207,914
Total Current Assets		**16,687,765**		**15,277,514**
Property Plant & Equipment		41,922,689		41,241,305
Less: Accumulated Depreciation		(16,819,224)		(15,852,673)
Property Plant & Equipment, Net		**25,103,465**		**25,388,632**
Other Assets				
Restricted Investments		1,779,309		1,769,779
Gift Annuities		34,915		41,344
Deferred Bond Issuance Costs		311,193		332,932
Property Held for Investment		0		0
Asbestos ARO		368,858		368,858
Other Assets		-		-
Total Other Assets		**2,494,275**		**2,512,913**
Total Assets	**$**	**44,285,505**	**$**	**43,179,059**
Liabilities and Fund Balance				
Current Liabilities:				
Accounts Payable	$	625,243	$	1,192,601
Accrued Expenses		643,088		563,352
Refundable deposits		61,245		134,945
Current Portion of Contracts		0		-
Current Portion of LT Debt		335,000		320,000
Due (to) from Affiliates		67,539		153,940
Total Current Liabilities		**1,732,115**		**2,364,838**
Contracts Payable		-		-
Asbestos ARO		159,547		185,745
Long Term Debt		15,160,000		15,495,000
Total Long Term Liabilities		**15,319,547**		**15,680,745**
Other Liabilities:				
Entrance Fees		11,418,128		11,039,066
Entrance Fees Current Year Sales		2,428,303		2,788,668
Entrance Fees Refunded Curr Yr		(238,742)		(29,771)
Entrance Fees Refundable		259,811		227,622
Total Other Liabilities		**13,867,500**		**14,025,585**
Total Liabilities		**30,919,162**		**32,071,168**
Net Assets - Unrestricted		12,148,278		9,953,139
Net Assets - Temporarily restricted		718,065		654,752
Net Assets - Permanently restricted		500,000		500,000
Total Net Assets		**13,366,343**		**11,107,891**
Total Liabilities & Net Assets	**$**	**44,285,505**	**$**	**43,179,059**

Holladay Park Plaza
Statement of Activities and Changes in Net Assets
As of September 30, 2010
Unrestricted Only
Unaudited

	Actual Sep-10	% of Tot Oper Rev	Budget Sep-10	% of Tot Oper Rev	Variance	Actual Yr To Date	% of Tot Oper Rev	Budget Yr To Date	% of Tot Oper Rev	Variance
Operating Activities										
Operating Revenue:										
Monthly Fees - Apartments	$ 365,348	45.86%	$ 378,478	34.63%	$ (13,130)	$ 4,531,013	34.77%	$ 4,541,736	34.54%	$ (10,723)
Monthly Fees - Residential Living	144,175	18.10%	137,843	12.61%	6,332	1,751,148	13.44%	1,654,171	12.58%	96,977
Monthly Fees - Health Center	167,164	20.98%	157,294	14.39%	9,870	2,211,690	16.97%	1,887,506	14.35%	324,184
Monthly Fees - Medicare/HMO (Standar	65,134	8.18%	61,390	5.62%	3,744	706,860	5.42%	746,920	5.68%	(40,060)
Monthly Fees - HC Public Pay	7,332	0.92%	5,705	0.52%	1,627	34,757	0.27%	68,438	0.52%	(33,681)
Monthly Fees - HC Private Room	14,850	1.86%	13,362	1.22%	1,488	180,675	1.39%	162,608	1.24%	18,067
Monthly Fees - RL (No Service)	(358)	-0.04%	(176)	-0.02%	(182)	(739)	-0.01%	(2,145)	-0.02%	1,406
Monthly Fees - Credits	(492)	-0.06%	(837)	-0.08%	345	(9,084)	-0.07%	(10,000)	-0.08%	916
Monthly Fees - Residents' Assistance	(5,091)	-0.64%	(18,936)	-1.73%	13,845	(132,485)	-1.02%	(227,243)	-1.73%	94,758
Released from Restriction	5,091	0.64%	18,936	1.73%	(13,845)	132,485	1.02%	227,243	1.73%	(94,758)
Medicare / HMO - Therapy & Other	74,202	9.31%	69,174	6.33%	5,028	757,603	5.81%	841,398	6.40%	(83,795)
Other Operating Revenue	(261,205)	-32.79%	82,992	7.59%	(344,197)	518,500	3.98%	1,005,013	7.64%	(486,513)
Total Monthly Fee Revenue	576,150	72.32%	905,225	82.62%	(329,075)	10,682,423	81.98%	10,895,645	82.86%	(213,222)
Entrance Fees Earned	145,214	18.23%	146,045	13.36%	(831)	1,796,247	13.78%	1,752,507	13.33%	43,740
Entrance Fees from Terminations	75,331	9.46%	41,663	3.81%	33,668	551,399	4.23%	500,000	3.80%	51,399
Application Fees	-	0.00%	87	0.01%	(87)	600	0.00%	1,000	0.01%	(400)
Total Entrance Fee Revenue	220,545	27.68%	187,795	17.18%	32,750	2,348,246	18.02%	2,253,507	17.14%	94,739
Total Operating Revenue	796,695	100.00%	1,093,020	100.00%	(296,325)	13,030,669	100.00%	13,149,152	100.00%	(118,483)
Operating Expense:										
Administration	98,716	12.39%	135,315	12.38%	36,599	1,424,771	10.93%	1,632,038	12.41%	207,267
Dining Services	144,841	18.18%	139,401	12.75%	(5,440)	1,728,045	13.26%	1,692,460	12.87%	(35,585)
Health Services	380,717	47.79%	275,695	25.22%	(105,022)	3,366,879	25.84%	3,347,838	25.46%	(19,041)
Recreation	15,897	2.00%	17,140	1.57%	1,243	203,925	1.56%	207,734	1.58%	3,809
Facility Services	134,092	16.83%	118,351	10.83%	(15,741)	1,353,150	10.38%	1,431,014	10.88%	77,864
Utilities	39,199	4.92%	70,254	6.43%	31,055	706,329	5.42%	852,989	6.49%	146,660
Depreciation	159,258	19.99%	139,577	12.77%	(19,681)	1,700,966	13.05%	1,674,913	12.74%	(26,053)
Management Fees	65,812	8.26%	56,940	5.21%	(8,872)	679,105	5.21%	683,247	5.20%	4,142
Total Operating Expenses	1,038,532	130.36%	952,673	87.16%	(85,859)	11,163,170	85.67%	11,522,233	87.63%	359,063
Non-Operating Income (Expense)										
Total Non-Operating Income (Expens	-		-		-	-		-		-
Excess (Deficit) of Operating Activitie	$ (241,837)		$ 140,347		(382,184)	$ 1,867,499		$ 1,626,919		240,580
Financing Activities										
Investment Income/Realized Gain (loss)	76,033		24,162		51,871	280,079		293,936		(13,857)
Unrealized Gain on Investments	116,591		-		116,591	432,401		-		432,401
Investment Mgr Fees - Unrestricted	-		(824)		824	(12,003)		(10,000)		(2,003)
Total Investment Income & Release	$ 192,624		$ 23,338		$ 169,286	$ 700,477		$ 283,936		$ 416,541
Bond Interest Expense	20,780		8,302		(12,478)	116,796		100,980		(15,816)
Bond Fees	26,789		13,527		(13,262)	234,302		164,390		(69,912)
Bond Amortization Expense	1,812		1,807		(5)	21,739		21,739		-
Total Investment Expense	$ 49,381		$ 23,636		$ (25,745)	$ 372,837		$ 287,109		$ (85,728)
Excess (Deficit) of Financing Activitie	$ 143,243		$ (298)		$ 143,541	$ 327,640		$ (3,173)		$ 330,813
Total Increase (Decrease) in Net Assets Before Extraordinary items	(98,594)		140,049		(238,643)	2,195,139		1,623,746		571,393
Extraordinary items:										
Extraordinary Start-up costs	-		-		-	-		-		-
Extraordinary Bond Fees	-		-		-	-		-		-
Unrestricted Net Assets Beginning of Period						9,953,139		9,953,139		-
Change in Unrestricted Net Assets After Extraordinary items	$ (98,594)					$ 12,148,278		$ 11,576,885		$ 571,393

Holladay Park Plaza

Statement of Activities and Changes in Net Assets
Year to Date As of September 30, 2010
Unaudited

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES:				
Monthly Fees	$ 10,031,438			$ 10,031,438
Entrance / Amortization Income	2,347,646			2,347,646
Investment Income (net)	268,076	53,277		321,353
Other Revenue	842,406			842,406
Capitalized Contributions	-			-
Contributions and Fundraising	3,276	24,338	-	27,614
Total Revenues	13,492,842	77,615	-	13,570,457
Net assets released from restrictions	132,485	(132,485)		-
Total revenue, support, and other charges	13,625,327	(54,870)	-	13,570,457
EXPENSES				
Program expenses:				
Dietary services	1,728,045			1,728,045
Facility services and utilities	2,059,479			2,059,479
Health Center and Social Services	3,570,804			3,570,804
General and administrative				
Administrative and marketing	1,424,771	(1,506)		1,423,265
Interest Expense and Financing Fees	372,837			372,837
Depreciation	1,700,966			1,700,966
Management Fees	679,105			679,105
Total expense	11,536,007	(1,506)	-	11,534,501
RESULTS FROM OPERATIONS	2,089,320	(53,364)	-	2,035,956
Other Changes:				
Gain (loss) on disposal of property and equipment	(326,582)			(326,582)
Non-operating revenue (expense)	-			-
Unrealized Gain/(Loss) On Investment Securities	432,401	116,677		549,078
Extraordinary items	-			-
INCREASE (DECREASE) IN NET ASSETS	2,195,139	63,313	-	2,258,452
NET ASSETS (DEFICIT), BEGINNING OF YEAR	9,953,139	654,752	500,000	11,107,891
				-
NET ASSETS, END OF YEAR	$ 12,148,278	$ 718,065	$ 500,000	$ 13,366,343

Holladay Park Plaza
Statement of Cash Flows
As of September 30, 2010
Unaudited

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in *unrestricted* net assets	$ 2,195,139
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation (net of Disposals)	1,700,966
Loss/(Gain) on disposal of assets	(326,582)
Bond Issue Cost Amortization	21,739
Unrealized loss (gain) on investments	(432,401)
Entrance Fees Received	2,189,561
Entrance Fees Earned	(2,347,646)
Changes in:	
Actuarial (Gain) Loss on Gift Annuities	6,429
Accounts receivable	281,449
Due To / From Other Affiliates	(86,401)
Inventories and Prepaid expenses	35,311
Accounts payable	(567,358)
Accrued expenses	105,934
Contract Liabilites	-
Nonresident Deposits	(73,700)
Net cash provided by operating activities	2,676,242
CASH FLOWS FROM CAPITAL PURCHASES	
Acquisition of property and equipment (net of Disposals)	(1,089,217)
Asbestos ARO Liability related capital acquisitions	(26,198)
Net cash used in capital purchases	(1,115,415)
CASH FLOWS FROM UNRESTRICTED FINANCING ACTIVITIES:	
Payments on long-term debt	(320,000)
Proceeds from bond issue	-
Unrealized gain (loss) on investments	432,401
Net cash used in unrestricted financing activities	112,401
CASH FLOW FROM UNRESTRICTED ACTIVITIES	**1,673,228**
CHANGE IN RESTRICTED ACTIVITY:	
Change in Temp Restricted Assets	63,313
Change in Permanently Restricted Assets	-
Net change in restricted activities	63,313
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,736,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16,207,539
CASH AND CASH EQUIVALENTS, END OF MONTH	**$ 17,944,080**
SUPPLEMENTAL DISCLOSURE - Cash paid for interest	116,796

HOLLADAY PARK PLAZA
NTE $15,700,000 SERIES 2010 BANK QUALIFIED BONDS
FINANCING CALENDAR
November 24, 2010

NOVEMBER 2010						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER 2010						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

	Task	Date(s) (all 2010)	Responsibility
1.	Receive Bank commitment letter	Nov. 15	Bank
2.	Order appraisal (James Brown & Associates)	Nov. 15	Bank
3.	Review existing environmental reports	Nov. 15	Bank
4.	Order environmental study	Nov. 15	Bank
5.	Execute Bank commitment letter	Nov. 19	HPP
6.	Distribute working group list	Nov. 19	CB
7.	Distribute initial bond sizing	Nov. 22	CB
8.	First working group call	Nov. 23, 10:30 am PT 877-871-8884 Access: 5622640300#	PRS, HPP, CB, Bank, Bank Counsel, TR
9.	Legal due diligence list circulated	Nov. 23	BC, Bank Counsel
10.	Distribute financing calendar	Nov. 24	CB
11.	Submit Issuer application	Nov. 24	CB, PRS, HPP
12.	First draft of TEFRA Notice	Nov. 29	BC
13.	First draft of Issuer Bond Resolution	Nov. 29	BC
14.	First draft of Borrower Notice to Trustee regarding Conditional Mandatory Redemption	Nov. 29	BC
15.	Weekly working group call	Nov. 30, 10:30 am PT 877-871-8884 Access: 5622640300#	PRS, HPP, CB, Bank, Bank Counsel, TR
16.	Final draft of TEFRA Notice	Nov. 30	BC
17.	Final draft of Issuer Bond Resolution	Nov. 30	BC
18.	Final draft of Borrower Notice to Trustee regarding Conditional Mandatory Redemption	Nov. 30	BC
19.	Send TEFRA Notice to Paper	Nov. 30	BC
20.	Preliminary Title search	Dec. 1	CC, Title
21.	Publish TEFRA Notice	Dec. 1	BC

Holladay Park Plaza
NTE $15,700,000 Series 2010 Bank Qualified Bonds
Financing Calendar
November 24, 2010

	Task	Date(s) (all 2010)	Responsibility
22.	Borrower sends Notice to Trustee regarding Conditional Mandatory Redemption	Dec. 1	HPP
23.	First draft of bond documents	Dec. 3	BC
24.	First draft of closing memo/transcript index	Dec. 3	BC
25.	First draft of financing diagram	Dec. 3	BC
26.	First draft of Trustee Notice to Bondholders regarding Conditional Mandatory Redemption	Dec. 3	BC
27.	Weekly working group call	Dec. 7, 10:30 am PT 877-871-8884 Access: 5622640300#	PRS, HPP, CB, Bank, Bank Counsel, TR
28.	First draft of bank documents	Dec. 8	Bank Counsel
29.	Legal due diligence available	Dec. 8	PRS
30.	Second draft of bond documents	Dec. 10	BC, Bank Counsel
31.	Final draft of Trustee Notice to Bondholders regarding Conditional Mandatory Redemption	Dec. 10	BC
32.	Second draft of bank documents	Dec. 13	Bank Counsel
33.	Weekly working group call	Dec. 15, 10:30 am PT (note date change) 877-871-8884 Access: 5622640300#	PRS, HPP, CB, Bank, Bank Counsel, TR
34.	Legal due diligence completed	Dec. 15	BC, Bank Counsel
35.	Final title report	Dec. 15	CC, Title
36.	Bank receives appraisal	Dec. 16	APR
37.	Receipt of environmental study	Dec. 16	Bank
38.	Issuer Meeting	Dec. 16, Time TBD	IS, BC, PRS
39.	Final draft of bond and bank documents	Dec. 16	BC, Bank Counsel
40.	Final board approval	Dec. 16 pm or Dec. 17	HPP
41.	Bank completes internal review and releases appraisal	Dec. 20	Bank
42.	Trustee sends Optimal Redemption Notice to Bondholders regarding Conditional Mandatory Redemption	Dec. 20 (wait to confirm receipt of appraisal and sufficient LTV)	TR
43.	Preclosing (see separate closing mechanics)	Dec. 21, 1:00 pm PT Portland	All

HOLLADAY PARK PLAZA
NTE $15,700,000 SERIES 2010 BANK QUALIFIED BONDS
FINANCING CALENDAR
November 24, 2010

	Task	Date(s) (all 2010)	Responsibility
44.	Closing	Dec. 22, 9:00 am PT Portland	All
45.	Mandatory Redemption	Jan. 4, 2011	TR

KEY	Participants	Role
HPP	Holladay Park Plza	Borrower /Facility
PRS	Pacific Retirement Services	Borrower
CC	Pacific Retirement Services In-house Counsel	Borrower's Corporate Counsel
IS	The Hospital Facilities Authority of Multnomah County, Oregon	Issuer
BC	Orrick, Herrington & Sutcliffe LLP	Bond and Issuer Counsel
Bank	Union Bank	Bank
Bank Counsel	Farleigh Wada Witt	Bank Counsel
CB	Cain Brothers	Placement Agent
TR	US Bank Corporate Trust Services	Trustee
Title	Chicago Title Company of Oregon	Title Company
APR	James Brown & Associates, Inc.	Appraiser
LOC	Allied Irish Bank	Series 2003 LOC Bank
LOCC	tbd	Series 2003 LOC Bank
RA	Cain Brothers / BNY Mellon Capital Markets	Series 2003 Remarketing Agents

HOLLADAY PARK PLAZA
$15.5 MILLION SERIES 2010 REFINANCING

INTERESTED PARTIES LIST **November 30, 2010**

	Phone	Fax
BORROWER Holladay Park Plaza c/o Pacific Retirement Services 1200 Mira Mar Avenue Medford, OR 97504		
Brian McLemore Email: brian@retirement.org	541-857-7215	541-857-7599
Jill Collins Email: jill@retirement.org	541-857-7216	541-857-7599
Mary Naylor Email: mary@retirement.org	541-857-7610	541-857-7599
Mark Damon Email: mdamon@retirement.org	541-857-7854	541-857-7599
Sheri Bryan Email: sbryan@retirement.org	541-857-7674	541-857-7124
Kristi Scales Email: Kristi@retirement.org	541.857.7232	541.857.7599
Holladay Park Plaza 1300 NE 16th Avenue Portland, OR 97232		
John Larson, Executive Administrator Email: John@retirement.org	503-280-2454	503-280-2455
Lesley Hanson, Assistant Email: lhanson@retirement.org	503-280-2683	503-280-2455
BORROWER COUNSEL Pacific Retirement Services 1200 Mira Mar Avenue Medford, OR 97504		
Steve Rinkle Email: srinkle@retirement.org		
Beth Lori, Assistant General Counsel Email: blori@retirement.org	541-857-7223	541-857-7599
Cindi Hickey, Legal Projects Manager Email: chickey@retirement.org	541-857-7268	541-857-7599

INTERESTED PARTIES LIST **November 30, 2010**

	Phone	Fax
BOND AND ISSUER COUNSEL		
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Greg Blonde Email: gblonde@orrick.com	503-943-4823	503-943-4801
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Sherri Graves, Project Manager Email: sgraves@orrick.com	503-943-4811	503-943-4801
Orrick, Herrington & Sutcliffe LLP 719 2nd Avenue, Suite 900 Seattle, WA 98104		
Angela Trout Email: atrout@orrick.com	206-839-4341	206-839-4301
ISSUER		
The Hospital Facilities Authority of Multnomah County, Oregon c/o Doug Goe, Orrick Herrington		
BANK		
Union Bank 407 SW Broadway, MC 3-003-320 Portland, Oregon 97205		
David S. Dransfield, Vice President Email: david.dransfield@unionbank.com	503-225-3693	503-225-2846
Steven Barron, Assistant Email: steven.barron@unionbank.com	503-225-3662	
Dan Sullivan, VP, Commercial Banking Real Estate Email: dan.sullivan@unionbank.com *(responsible for ordering the appraisal and environmental surveys, and performing the review of the appraisal)*	213-236-7217	

HOLLADAY PARK PLAZA
$15.5 MILLION SERIES 2010 REFINANCING

INTERESTED PARTIES LIST **November 30, 2010**

	Phone	Fax
Union Bank, N.A. Commercial Banking Real Estate 18300 Von Karman Ave., Suite 220 Irvine, CA 92612		
Mary Bunnell, Vice President Email: Mary.Bunnell@unionbank.com	949.553.7109	949.553.6889
Valerie Wey, Senior Loan Administrator Email: Valerie.Wey@unionbank.com	949-553-7069	949-752-8375
BANK COUNSEL Farleigh Wada Witt 121 SW Morrison Street, Suite 600 Portland, OR 97204		
Mark Wada Email: mwada@fwwlaw.com	503.228.6044	503.228.1741
Richard Baroway Email: rbaroway@fwwlaw.com	503.228.6044	503.228.1741
PLACEMENT AGENT Cain Brothers & Company, LLC 3780 Kilroy Airport Way, Suite 520 Long Beach, CA 90806		
Katherine Kirchhoff, Senior Vice President Email: kkirchhoff@cainbrothers.com	562-264-0300	562-733-0524
Sara Kisner Email: skisner@cainbrothers.com	314-800-0442	
Cain Brothers & Company, LLC. 601 California St., Suite 1505 San Francisco, CA 94108		
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Cain Brothers & Company, LLC. 360 Madison Avenue, 5th Floor New York, NY 10017		
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HOLLADAY PARK PLAZA
$15.5 MILLION SERIES 2010 REFINANCING

INTERESTED PARTIES LIST **November 30, 2010**

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SERIES 2003 BANK COUNSEL TBD, if necessary		
SERIES 2003 REMARKETING AGENT Cain Brothers & Company, LLC. 360 Madison Avenue, 5th Floor New York, NY 10017		
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BNY Mellon Capital Markets, LLC One BNY Mellon Center, Suite 410 Pittsburgh, PA 15258		
Charles Goodwin Email: charles.goodwin@bnymellon.com	412-234-4033	412-236-1216

SOURCES AND USES OF FUNDS

Holladay Park Plaza
Series 2010 BQB Refunding of Series 2003 LOC VRDBs

Dated Date	12/16/2010
Delivery Date	12/16/2010

Sources:	
Bond Proceeds:	
Par Amount	15,130,000.00
Other Sources of Funds:	
2006 DSRF	994,863.01
	16,124,863.01

Uses:		
Refunding Escrow Deposits:		
Cash Deposit		15,255,528.77
Delivery Date Expenses:		
Cost of Issuance		302,600.00
Upfront Bank Fee (10bp)		15,130.00
Bank Counsel		50,000.00
Interest Rate Cap Est.		500,000.00
		867,730.00
Other Uses of Funds:		
Additional Proceeds		1,604.24
		16,124,863.01

SUMMARY OF BONDS REFUNDED

Holladay Park Plaza
Series 2010 BQB Refunding of Series 2003 LOC VRDBs

2003 - Series 2003

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2003 (VRDBs), 2003:					
VRDB	11/15/2033	10.000%	15,160,000.00	12/31/2010	100.000
			15,160,000.00		

BOND DEBT SERVICE

Holladay Park Plaza
Series 2010 BQB Refunding of Series 2003 LOC VRDBs

Dated Date	12/16/2010
Delivery Date	12/16/2010

Period Ending	Principal	Coupon	Interest	Debt Service	Bond Balance	Total Bond Value
12/01/2011	295,000	3.250%	471,517.14	766,517.14	14,835,000	14,835,000
12/01/2012	315,000	3.250%	483,458.40	798,458.40	14,520,000	14,520,000
12/01/2013	325,000	3.250%	471,900.01	796,900.01	14,195,000	14,195,000
12/01/2014	335,000	3.250%	461,337.50	796,337.50	13,860,000	13,860,000
12/01/2015	345,000	3.250%	450,450.03	795,450.03	13,515,000	13,515,000
12/01/2016	355,000	3.250%	440,440.86	795,440.86	13,160,000	13,160,000
12/01/2017	370,000	3.250%	427,700.01	797,700.01	12,790,000	12,790,000
12/01/2018	380,000	3.250%	415,674.98	795,674.98	12,410,000	12,410,000
12/01/2019	395,000	3.250%	403,325.00	798,325.00	12,015,000	12,015,000
12/01/2020	405,000	3.250%	391,557.30	796,557.30	11,610,000	11,610,000
12/01/2021	420,000	3.250%	377,324.98	797,324.98	11,190,000	11,190,000
12/01/2022	435,000	3.250%	363,675.05	798,675.05	10,755,000	10,755,000
12/01/2023	450,000	3.250%	349,537.53	799,537.53	10,305,000	10,305,000
12/01/2024	460,000	3.250%	335,830.03	795,830.03	9,845,000	9,845,000
12/01/2025	480,000	3.250%	319,962.53	799,962.53	9,365,000	9,365,000
12/01/2026	495,000	3.250%	304,362.55	799,362.55	8,870,000	8,870,000
12/01/2027	510,000	3.250%	288,275.02	798,275.02	8,360,000	8,360,000
12/01/2028	525,000	3.250%	272,444.39	797,444.39	7,835,000	7,835,000
12/01/2029	545,000	3.250%	254,637.53	799,637.53	7,290,000	7,290,000
12/01/2030	560,000	3.250%	236,925.03	796,925.03	6,730,000	6,730,000
12/01/2031	580,000	3.250%	218,724.98	798,724.98	6,150,000	6,150,000
12/01/2032	600,000	3.250%	200,422.56	800,422.56	5,550,000	5,550,000
12/01/2033	620,000	3.250%	180,374.99	800,374.99	4,930,000	4,930,000
12/01/2034	640,000	3.250%	160,225.00	800,225.00	4,290,000	4,290,000
12/01/2035	660,000	3.250%	139,425.04	799,425.04	3,630,000	3,630,000
12/01/2036	680,000	3.250%	118,298.21	798,298.21	2,950,000	2,950,000
12/01/2037	700,000	3.250%	95,875.02	795,875.02	2,250,000	2,250,000
12/01/2038	725,000	3.250%	73,125.01	798,125.01	1,525,000	1,525,000
12/01/2039	750,000	3.250%	49,562.51	799,562.51	775,000	775,000
12/01/2040	775,000	3.250%	25,256.51	800,256.51	-	-
	15,130,000		8,781,625.70	23,911,625.70		