

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
---	---	--

Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>THE REGGEV 401K PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/2008</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/2008</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/2008</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>POINT LOMA NURSING AND REHABILITATION LLC</u> <u>3202 DUKE STREET</u> <u>SAN DIEGO, CA 92110</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>33-0781724</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>619-224-4141</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>623000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>33-0781724</u>	2c Sponsor's telephone number <u>619-224-4141</u>	2d Business code (see instructions) <u>623000</u>	
2b Employer Identification Number (EIN) <u>33-0781724</u>					
2c Sponsor's telephone number <u>619-224-4141</u>					
2d Business code (see instructions) <u>623000</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature. Signature of plan administrator	10/15/2013 Date	GUY REGGEV Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature. Signature of employer/plan sponsor	10/15/2013 Date	GUY REGGEV Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☒ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address		3b Administrator's EIN
		3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 440
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	470
b Retired or separated participants receiving benefits.....	6b	6
c Other retired or separated participants entitled to future benefits.....	6c	36
d Subtotal. Add lines 6a , 6b , and 6c	6d	512
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	512
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	135
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2F 2G 2J 2K 3D 2E		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE REGGEV 401K PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>POINT LOMA NURSING AND REHABILITATION LLC</u>	D Employer Identification Number (EIN) <u>33-0781724</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
NATIONWIDE

31-1592130

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NATIONWIDE

ONE NATIONWIDE PLAZA
COLUMBUS, OH 43215

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 64	NONE	18973	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan THE REGGEV 401K PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 POINT LOMA NURSING AND REHABILITATION LLC	D Employer Identification Number (EIN) 33-0781724	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)		
	(2) Participant contributions	1b(2)		19678
	(3) Other	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	559	2136
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)		
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	810295	919101
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	810854	940915

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	810854	940915
---	-----------	--------	--------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	157345	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		157345

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0

(3) Rents	2b(3)		
-----------------	--------------	--	--

(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		97318
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		254663

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	118265	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		118265
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	6337	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		6337
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		124602

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		130061
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BLANK GOVLICH AND TSIKMAN LLP

(2) EIN: 16-1678057

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)		X	
e Was this plan covered by a fidelity bond?	X		100000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

	5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
---	--	--

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>THE REGGEV 401K PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>POINT LOMA NURSING AND REHABILITATION LLC</u>	D Employer Identification Number (EIN) <u>33-0781724</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>31-1592130</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2012
v. 120126

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

THE REGGEV 401(K) PLAN

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2012

THE REGGEV 401(K) PLAN

CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits at December 31, 2012	2
Statement of Changes in Net Assets Available for Benefits for year ended December 31, 2012	3
Notes to Financial Statements	4-7



INDEPENDENT AUDITORS' REPORT

To the Administrator of The Reggev 401(k) Plan
San Diego, California

We have audited the accompanying statement of net assets available for benefits of The Reggev 401(k) Plan as of December 31, 2012 and the related statement of changes in net assets available for benefits and supplemental schedules provided pursuant to the Department of Labor rules and regulations for the year then ended. These financial statements and supplemental schedules are the responsibility of the Plan's Management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Trustee instructed us not to perform, and we did not perform any auditing procedures with respect to the information summarized in Note 7, which was certified by Nationwide Trust Company, FSB, the Custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Trustee of the Plan that the Plan's Custodian holds the Plan's investment assets and executes investment transactions. The Trustee of the Plan has obtained certification from the Custodian that the information provided to the Trustee of the Plan by the Custodian as of December 31, 2012 and for the year then ended is complete and accurate.

Because of the significance of the information that we did not audit, we are not able to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Plan Administrator, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor Rules and Regulations for Reporting and Disclosure Under the Employee Retirement Income Security Act of 1974.

Blank, Govlich and Tsikman, CPA, LLP

Los Angeles, California
October 13, 2013

THE REGGEV 401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2012

ASSETS

	2012	2011
Investments held by Custodian at fair value:		
Mutual Funds	\$ 921,238	\$ 810,854
TOTAL ASSETS	\$ 921,238	\$ 810,854
 NET ASSETS AVAILABLE FOR BENEFITS	 \$ 921,238	 \$ 810,854

THE REGGEV 401(K) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR YEAR ENDED DECEMBER 31, 2012

ADDITIONS TO PLAN:

Contributions	
Employer contributions	\$ -
Participant contributions	137,666
	<hr/>
Total Contributions	137,666
	<hr/>
Investment Income/(Loss)	90,983
Net gain/(loss) on mutual funds	
	<hr/>
Total Investment Income	90,983
	<hr/>
TOTAL ADDITIONS TO PLAN	228,649
	<hr/>

DEDUCTIONS FROM PLAN:

Pension benefits provided	118,265
	<hr/>
TOTAL DEDUCTIONS FROM PLAN	118,265
	<hr/>
NET DEDUCTIONS FROM PLAN FOR YEAR	110,384
	<hr/>

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year	810,854
	<hr/>
End of Year	\$ 921,238
	<hr/>

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Plan Description

The Reggev 401(k) Plan (the "Plan") is a defined contribution plan established under Section 401(k) of the Internal Revenue Code, covering eligible nonunion employees of Point Loma Rehabilitation Center, LLC, South Pasadena Rehabilitation Center, LLC and Presidio Health Care Center (formerly B-East, LLC), (the "Company") who have worked initially six months and thereafter 12 consecutive months with a minimum of 1,000 hours of service. The Plan is funded through a trust fund, which receives employee elective deferrals and company matching contributions, invests Plan assets and disburses pension benefits in accordance with the Trust Agreement. The Plan was effective January 1, 2008.

Contributions

The Plan provides for both participant pre-tax contributions of up to 100% of compensation to the extent permitted under the Internal Revenue Code, as well as employer matching contributions and employer profit sharing contributions. The Company has elected, under the terms of the amended plan, to not provide matching contributions.

Participant Accounts

Each participant's account is credited with pre-tax contributions, an allocation of employer contributions and Plan earnings. Allocations are based upon participant earnings or account balances, as defined. Upon normal retirement at age of 65, the benefit to which a participant is entitled is that which can be provided from the participant's account. Benefits are also provided upon death, disability or termination of employment.

Vesting

Vesting is based on a sliding scale beginning with 20% vesting after two years of service, and reaching 100% after six years of service. Participants are immediately vested with respect to elective deferral contributions.

Payment of Benefits

Benefits are to be paid in the form of a lump sum distribution. Hardship distributions are permitted, subject to certain restrictions. Payment of benefits are required to commence no later than the first day of April of the calendar year following the calendar year in which the participant attains age 70 ½.

Participant Account Loans

Loans to participants are not permitted.

Termination

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Basis of Accounting

Assets, liabilities, revenues and expenses are recorded on the accrual basis of accounting.

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Valuations

Investments in mutual funds are stated at Net Asset Value as determined by quoted market price of the mutual fund shares. Short-term money market funds are stated at cost, which approximates fair value.

Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Plan.

The following table presents the asset balances measured at fair value as of December 31, 2012:

	2012			
	Fair Value	Level 1	Level 2	Level 3
Mutual Funds:	<u>\$921,238</u>	<u>\$921,238</u>	\$ _____ -	\$ _____ -
Total:	<u>\$921,238</u>	<u>\$921,238</u>	\$ _____ -	\$ _____ -

Use of Estimates

The preparation of Plan financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Benefits

Benefits are recorded when paid.

Income Taxes

The Plan is a Prototype Non-standardized Profit Sharing Plan. The Internal Revenue Service has determined that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC).

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Income Taxes (continued)

The plan administrator is not aware of any events that have occurred that might adversely affect the Plan.

The Plan is subject to examination by taxing authorities, however, there are currently no examinations for any periods in progress. The Plan Administrator believes it is no longer subject to examination for years prior to 2009.

2. Related Party Transactions

Certain Plan investments consist of mutual funds managed by Nationwide Trust Company, FSB. Nationwide is the custodian of Plan assets, and, therefore, these transactions qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.

3. Forfeitures

Forfeitures on non-vested employer contributions are used to reduce the Company's contributions for the subsequent year. There were no forfeitures during the year ended December 31, 2012.

4. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

5. Information Certified by the Plan's Custodian

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Nationwide Trust Company, FSB, except for comparing, such information certified by the custodian to information included in the Plan's financial statements and supplemental Schedule H, line 4i-Schedule of Assets (Held at End of Year):

Investments	December 31, 2012
Mutual Funds	<u>\$ 921,238</u>
	<u>\$ 921,238</u>

The custodian also certified to the completeness and accuracy of \$90,983 of net appreciation in fair value of investments for the year ended December 31, 2012.

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

6. Schedule of Investments

The Plan's investments are held by a trust company-administered trust fund.

The following schedule presents those investments as of December 31, 2012. Investments that represent 5 percent or more of the Plan's assets are separately identified.

Investments at fair value as determined by quoted market price:

Mutual funds-	<u>2012</u>
NW Dest 2020 R2	\$173,471
NW Dest 2025 R2	\$148,184
NW Dest 2030 R2	\$103,487
NW Dest 2035 R2	\$101,100
NW Dest 2015 R2	\$73,500
AmFds Gr Fd Am R3	\$49,214
NW Dest 2045 R2	\$42,452
Other Funds	<u>\$229,830</u>
 Total Investments	 <u>\$921,238</u>

During the year, the fair value of Plan investments including investments bought, sold and held during the year appreciated as follows:

Mutual Funds	<u>\$ 90,983</u>
--------------	------------------

THE REGGEV 401(K) PLAN

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2012

THE REGGEV 401(K) PLAN

CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits at December 31, 2012	2
Statement of Changes in Net Assets Available for Benefits for year ended December 31, 2012	3
Notes to Financial Statements	4-7



INDEPENDENT AUDITORS' REPORT

To the Administrator of The Reggev 401(k) Plan
San Diego, California

We have audited the accompanying statement of net assets available for benefits of The Reggev 401(k) Plan as of December 31, 2012 and the related statement of changes in net assets available for benefits and supplemental schedules provided pursuant to the Department of Labor rules and regulations for the year then ended. These financial statements and supplemental schedules are the responsibility of the Plan's Management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Trustee instructed us not to perform, and we did not perform any auditing procedures with respect to the information summarized in Note 7, which was certified by Nationwide Trust Company, FSB, the Custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the Trustee of the Plan that the Plan's Custodian holds the Plan's investment assets and executes investment transactions. The Trustee of the Plan has obtained certification from the Custodian that the information provided to the Trustee of the Plan by the Custodian as of December 31, 2012 and for the year then ended is complete and accurate.

Because of the significance of the information that we did not audit, we are not able to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements, other than that derived from the information certified by the Plan Administrator, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor Rules and Regulations for Reporting and Disclosure Under the Employee Retirement Income Security Act of 1974.

Blank, Govlich and Tsikman, CPA, LLP

Los Angeles, California
October 13, 2013

THE REGGEV 401(K) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2012

ASSETS

	2012	2011
Investments held by Custodian at fair value:		
Mutual Funds	\$ 921,238	\$ 810,854
TOTAL ASSETS	\$ 921,238	\$ 810,854
 NET ASSETS AVAILABLE FOR BENEFITS	 \$ 921,238	 \$ 810,854

THE REGGEV 401(K) PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR YEAR ENDED DECEMBER 31, 2012

ADDITIONS TO PLAN:

Contributions

Employer contributions	\$	-
Participant contributions		137,666

Total Contributions		137,666
---------------------	--	---------

Investment Income/(Loss)		90,983
Net gain/(loss) on mutual funds		

Total Investment Income		90,983
-------------------------	--	--------

TOTAL ADDITIONS TO PLAN		228,649
--------------------------------	--	----------------

DEDUCTIONS FROM PLAN:

Pension benefits provided		118,265
---------------------------	--	---------

TOTAL DEDUCTIONS FROM PLAN		118,265
-----------------------------------	--	----------------

NET DEDUCTIONS FROM PLAN FOR YEAR		110,384
--	--	----------------

NET ASSETS AVAILABLE FOR BENEFITS

Beginning of year		810,854
-------------------	--	---------

End of Year	\$	921,238
-------------	----	---------

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations and summary of significant accounting policies

Plan Description

The Reggev 401(k) Plan (the "Plan") is a defined contribution plan established under Section 401(k) of the Internal Revenue Code, covering eligible nonunion employees of Point Loma Rehabilitation Center, LLC, South Pasadena Rehabilitation Center, LLC and Presidio Health Care Center (formerly B-East, LLC), (the "Company") who have worked initially six months and thereafter 12 consecutive months with a minimum of 1,000 hours of service. The Plan is funded through a trust fund, which receives employee elective deferrals and company matching contributions, invests Plan assets and disburses pension benefits in accordance with the Trust Agreement. The Plan was effective January 1, 2008.

Contributions

The Plan provides for both participant pre-tax contributions of up to 100% of compensation to the extent permitted under the Internal Revenue Code, as well as employer matching contributions and employer profit sharing contributions. The Company has elected, under the terms of the amended plan, to not provide matching contributions.

Participant Accounts

Each participant's account is credited with pre-tax contributions, an allocation of employer contributions and Plan earnings. Allocations are based upon participant earnings or account balances, as defined. Upon normal retirement at age of 65, the benefit to which a participant is entitled is that which can be provided from the participant's account. Benefits are also provided upon death, disability or termination of employment.

Vesting

Vesting is based on a sliding scale beginning with 20% vesting after two years of service, and reaching 100% after six years of service. Participants are immediately vested with respect to elective deferral contributions.

Payment of Benefits

Benefits are to be paid in the form of a lump sum distribution. Hardship distributions are permitted, subject to certain restrictions. Payment of benefits are required to commence no later than the first day of April of the calendar year following the calendar year in which the participant attains age 70 ½ .

Participant Account Loans

Loans to participants are not permitted.

Termination

The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Basis of Accounting

Assets, liabilities, revenues and expenses are recorded on the accrual basis of accounting.

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Valuations

Investments in mutual funds are stated at Net Asset Value as determined by quoted market price of the mutual fund shares. Short-term money market funds are stated at cost, which approximates fair value.

Fair Value Measurements

FASB ASC 820, Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or Level 3 inputs were available to the Plan.

The following table presents the asset balances measured at fair value as of December 31, 2012:

2012				
	Fair Value	Level 1	Level 2	Level 3
Mutual Funds:	<u>\$921,238</u>	<u>\$921,238</u>	\$ _____ -	\$ _____ -
Total:	<u>\$921,238</u>	<u>\$921,238</u>	\$ _____ -	\$ _____ -

Use of Estimates

The preparation of Plan financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Benefits

Benefits are recorded when paid.

Income Taxes

The Plan is a Prototype Non-standardized Profit Sharing Plan. The Internal Revenue Service has determined that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC).

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

Income Taxes (continued)

The plan administrator is not aware of any events that have occurred that might adversely affect the Plan.

The Plan is subject to examination by taxing authorities, however, there are currently no examinations for any periods in progress. The Plan Administrator believes it is no longer subject to examination for years prior to 2009.

2. Related Party Transactions

Certain Plan investments consist of mutual funds managed by Nationwide Trust Company, FSB. Nationwide is the custodian of Plan assets, and, therefore, these transactions qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.

3. Forfeitures

Forfeitures on non-vested employer contributions are used to reduce the Company's contributions for the subsequent year. There were no forfeitures during the year ended December 31, 2012.

4. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

5. Information Certified by the Plan's Custodian

The plan administrator has elected the method of compliance as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by Nationwide Trust Company, FSB, except for comparing, such information certified by the custodian to information included in the Plan's financial statements and supplemental Schedule H, line 4i-Schedule of Assets (Held at End of Year):

Investments	December 31, 2012
Mutual Funds	<u>\$ 921,238</u>
	<u>\$ 921,238</u>

The custodian also certified to the completeness and accuracy of \$90,983 of net appreciation in fair value of investments for the year ended December 31, 2012.

THE REGGEV 401(K) PLAN

NOTES TO FINANCIAL STATEMENTS

6. Schedule of Investments

The Plan's investments are held by a trust company-administered trust fund.

The following schedule presents those investments as of December 31, 2012. Investments that represent 5 percent or more of the Plan's assets are separately identified.

Investments at fair value as determined by quoted market price:

Mutual funds-	<u>2012</u>
NW Dest 2020 R2	\$173,471
NW Dest 2025 R2	\$148,184
NW Dest 2030 R2	\$103,487
NW Dest 2035 R2	\$101,100
NW Dest 2015 R2	\$73,500
AmFds Gr Fd Am R3	\$49,214
NW Dest 2045 R2	\$42,452
Other Funds	<u>\$229,830</u>
 Total Investments	 <u>\$921,238</u>

During the year, the fair value of Plan investments including investments bought, sold and held during the year appreciated as follows:

Mutual Funds	<u>\$ 90,983</u>
--------------	------------------

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name The Reggev 401k Plan

EIN: 33-0781724

Plan Sponsor's Name Point Loma Nursing and Rehabilitation LLC

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	AmFds Bd Fd Am R3	Mutual Fund	0	2,033
	AmFds Gr Fd Am R3	Mutual Fund	0	49,214
	AmFds Cap Wld Gr Inc R3	Mutual Fund	0	30,410
	JPM SmCap Gr A	Mutual Fund	0	8,011
	EV Inc Fd of Boston A	Mutual Fund	0	11,202
	EV Divd Bldr A	Mutual Fund	0	9,410
	FidAdv MdCap II A	Mutual Fund	0	26,171

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name The Reggev 401k Plan

EIN: 33-0781724

Plan Sponsor's Name Point Loma Nursing and Rehabilitation LLC

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	Lazard Emrg Mkt Eq Open	Mutual Fund	0	9,177
	NW Dest 2010 R2	Mutual Fund	0	4,594
	NW Dest 2015 R2	Mutual Fund	0	73,500
	NW Dest 2020 R2	Mutual Fund	0	173,471
	NW Dest 2025 R2	Mutual Fund	0	148,184
	NW Dest 2030 R2	Mutual Fund	0	103,487
	NW Dest 2035 R2	Mutual Fund	0	101,100

Attachment to 2012 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name The Reggev 401k Plan

EIN: 33-0781724

Plan Sponsor's Name Point Loma Nursing and Rehabilitation LLC

PN: 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
	NW Dest 2040 R2	Mutual Fund	0	23,888
	NW Dest 2045 R2	Mutual Fund	0	42,452
	NW Dest 2050 R2	Mutual Fund	0	26,971
	NW Rtrmt Inc R2	Mutual Fund	0	9,480
	NW Mny Mkt Prm	Mutual Fund	0	2,134
	PIMCO Ttl Rtn A	Mutual Fund	0	18,959
	Opp Gbl A	Mutual Fund	0	15,029

[illegible]