



May 5, 2023

Allison Nakatomi, Manager
Continuing Care Contracts Branch
Department of Social Services
744 P Street
MS 9-14-91
Sacramento, CA 95814

Re: Oakmont Senior Living / Varena at Fountaingrove LLC

Enclosed, please find the following, along with the annual Continuing Care Providers Fee Fund payment:

- 3 copies of:
 - Annual Report Checklist
 - Form 1-1 / Form 1-2
 - Certification of Managing Member
 - Evidence of Insurance
 - Annual Audited Financial Statement
 - Audited Reserve Reports
 - Form 7-1 and related attachments

- 4 copies of:
 - Disclosure Statement

As always, please do not hesitate to let me know if you have any questions or need further information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joseph Lin".

Joseph Lin
Chief Financial Officer

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/2022

PROVIDER(S):

Varena at Fountaingrove LLC / Varena LLC

CCRC(S):

Varena at Fountaingrove

PROVIDER CONTACT PERSON:

Joseph Lin

TELEPHONE NUMBER:

707-535-3288

E-MAIL ADDRESS:

jlin@gallahercompanies.com

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

- Annual Report Checklist.
- Annual Provider Fee in the amount of: \$11,245 _____
 - If applicable, late fee in the amount of: \$ _____
- Certification by the provider's **Chief Executive Officer** that:
 - The reports are correct to the best of his/her knowledge.
 - Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- Form 9-1, "Calculation of Refund Reserve Amount", if applicable.
- Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	228
[2]	Number at end of fiscal year	224
[3]	Total Lines 1 and 2	452
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	226
All Residents		
[6]	Number at beginning of fiscal year	228
[7]	Number at end of fiscal year	224
[8]	Total Lines 6 and 7	452
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	226
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$16,958,300
[a] Depreciation	\$3,514,900
[b] Debt Service (Interest Only)	\$2,198,900
[2] Subtotal (add Line 1a and 1b)	\$5,713,800
[3] Subtract Line 2 from Line 1 and enter result.	\$11,244,500
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$11,244,500
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	\$11,245

PROVIDER	Oakmont Senior Living LLC / Varena at Fountaingrove LLC
COMMUNITY	Varena at Fountaingrove



May 5, 2023

Continuing Care Contracts Branch
California Department of Social Services

To Whom It May Concern:

I, William P Gallaher, certify that the annual audit, reports and any amendments thereto submitted for December 31, 2022 for Oakmont Senior Living LLC / Varena at Fountaingrove LLC / Varena LLC are true and correct to the best of my knowledge.

Oakmont Senior Living LLC / Varena at Fountaingrove LLC continuing care contract form in use or offered to new residents has been approved by the Department of Social Services.

Oakmont Senior Living LLC / Varena at Fountaingrove LLC is maintaining the required liquid reserve.

Oakmont Senior Living LLC / Varena at Fountaingrove LLC does not offer refundable Contracts.

Sincerely,

A handwritten signature in blue ink, appearing to read "William P Gallaher", is written over a faint, large watermark of the word "CERTIFICATE" in the background.

William P Gallaher
Oakmont Senior Living LLC / Varena at Fountaingrove LLC / Varena LLC
Managing Member



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/10/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MARSH USA INC. 540 W. MADISON CHICAGO, IL 60661 CN137888834--STDPX-22-23	CONTACT NAME: Marsh U.S. Operations PHONE (A/C. No. Ext): 866-966-4664 FAX (A/C. No): 212-948-0770 E-MAIL ADDRESS: Minneapolis.CertRequest@marsh.com	
	INSURER(S) AFFORDING COVERAGE	
INSURED OAKMONT MANAGEMENT GROUP, LLC 3 PARK PLACE, STE. 1920 IRVINE, CA 92614	INSURER A : Illinois Union Insurance Company NAIC # 27960	
	INSURER B : Travelers Property Casualty Company Of America 25674	
	INSURER C :	
	INSURER D :	
	INSURER E :	
INSURER F :		

COVERAGES **CERTIFICATE NUMBER:** CHI-010072412-01 **REVISION NUMBER:** 0

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			HPL G72577358 001 SIR \$500,000	05/01/2022	05/01/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ NONE PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 POLICY AGGREGATE \$ 10,000,000
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			TJ-CAP-9P530166-TIL-22	05/01/2022	05/01/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE DED RETENTION \$			XHL G7257736A 001	05/01/2022	05/01/2023	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	UB-3T71943A-22-51-K	05/01/2022	05/01/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	PROFESSIONAL LIABILITY			HPL G72577358 001 SIR \$500,000	05/01/2022	05/01/2023	EACH CLAIM 1,000,000 AGGREGATE 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
EVIDENCE OF COVERAGE

CERTIFICATE HOLDER Varena at Fountaingrove 1401 Fountaingrove Pkwy Santa Rosa, CA 95403	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Marsh USA Inc.</i>



ADDITIONAL REMARKS SCHEDULE

AGENCY MARSH USA INC.		NAMED INSURED OAKMONT MANAGEMENT GROUP, LLC 3 PARK PLACE, STE. 1920 IRVINE, CA 92614	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

2ND LAYER EXCESS:
 CARRIER: StarStone Specialty Insurance Company
 POLICY #: E83834221AHL
 EFFECTIVE DATE: May 1, 2022
 EXPIRATION DATE: May 1, 2023
 LIMIT: \$5,000,000 PER OCCURRENCE
 \$5,000,000 AGGREGATE



Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Oakmont Senior Living LLC and Subsidiaries

December 31, 2022 and 2021

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Report of Independent Auditors

The Members
Oakmont Senior Living LLC and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Oakmont Senior Living LLC and Subsidiaries, which comprise the consolidated balance sheets as December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Oakmont Senior Living LLC and Subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oakmont Senior Living LLC and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, on January 1, 2022, Oakmont Senior Living LLC and Subsidiaries adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases*, (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oakmont Senior Living LLC and Subsidiaries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oakmont Senior Living LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oakmont Senior Living LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the Oakmont Senior Living LLC and Subsidiaries basic financial statements. The 2022 consolidating information presented on pages 22 through 25 is presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Campbell, California

May 5, 2023

Consolidated Financial Statements

Oakmont Senior Living LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 25,517,700	\$ 32,991,000
Restricted cash	6,406,200	6,583,200
Accounts receivable and other assets	2,538,800	2,267,600
Due from related parties	-	293,000
	34,462,700	42,134,800
INVESTMENTS IN REAL ESTATE		
Buildings and improvements	115,289,700	115,685,400
Land	8,108,400	8,108,400
Furniture, fixtures, and equipment	8,030,600	9,432,800
Land improvements	53,100	42,400
Construction in progress	104,800	85,300
Accumulated depreciation	(63,481,700)	(61,249,100)
	68,104,900	72,105,200
OTHER ASSETS		
Operating lease right of use assets, net	75,044,800	-
Due from related parties, less current portion	8,377,600	20,343,500
	83,422,400	20,343,500
Total assets	\$ 185,990,000	\$ 134,583,500
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,841,100	\$ 13,880,900
Deferred rent	-	1,765,200
Due to related parties	1,700	900
Operating lease liabilities, current portion	501,570	-
Current maturities of debt obligations	1,326,800	1,270,810
	5,671,170	16,917,810
OTHER LIABILITIES		
Deferred revenue	130,400	713,700
Deferred rent, less current portion	-	6,141,100
Entrance fees subject to refund	113,533,700	194,391,200
Entrance fees nonrefundable, net	19,414,400	27,526,900
Operating lease liabilities, non-current portion	79,685,130	-
Debt obligations, less current maturities and net of unamortized debt issuance costs	67,909,700	69,113,790
	280,673,330	297,886,690
MEMBERS' DEFICIT		
Noncontrolling interest	(16,350,300)	(29,062,500)
Controlling interest	(84,004,200)	(151,158,500)
	(100,354,500)	(180,221,000)
Total liabilities and members' deficit	\$ 185,990,000	\$ 134,583,500

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2022 and 2021

	2022	2021
REVENUE:		
Continuing care contracts	\$ 29,190,500	\$ 36,877,400
Noncontinuing care contracts	11,925,400	15,412,900
Amortization of entrance fees nonrefundable	3,703,700	4,826,500
Total revenue	44,819,600	57,116,800
OPERATING EXPENSES:		
Continuing care contract operating expenses	25,985,513	33,753,800
Noncontinuing care contract operating expenses	6,327,000	6,839,800
Management fees - related party	1,872,100	2,368,400
General and administrative	890,730	896,800
Depreciation	4,877,100	4,845,900
Facility lease	9,046,470	7,318,600
Total operating expenses	48,998,913	56,023,300
(LOSS) INCOME FROM CONTINUING OPERATIONS	(4,179,313)	1,093,500
OTHER (EXPENSES) INCOME :		
Interest income	100	29,700
Amortization of debt issuance costs	(120,300)	(120,500)
Interest expense	(3,092,300)	(3,144,300)
Fire-related insurance recovery proceeds	11,800	49,600
Gain on sale of CCRC operations	106,846,740	-
Miscellaneous	815,773	746,300
NET INCOME (LOSS), BEFORE ALLOCATION TO NONCONTROLLING INTEREST	100,282,500	(1,345,700)
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	15,004,639	(202,200)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	\$ 85,277,861	\$ (1,143,500)

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Changes in Members' Deficit
Years Ended December 31, 2022 and 2021

	Noncontrolling Interest	Controlling Interest	Total
BALANCE, December 31, 2020	\$ (28,307,400)	\$ (144,890,800)	\$ (173,198,200)
Member contributions	30,000	30,686,300	30,716,300
Member distributions	(582,900)	(35,810,500)	(36,393,400)
Net loss	(202,200)	(1,143,500)	(1,345,700)
BALANCE, December 31, 2021	(29,062,500)	(151,158,500)	(180,221,000)
Member contributions	-	4,604,700	4,604,700
Member distributions	(2,292,439)	(22,728,261)	(25,020,700)
Net income	15,004,639	85,277,861	100,282,500
BALANCE, December 31, 2022	\$ (16,350,300)	\$ (84,004,200)	\$ (100,354,500)

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from continuing care contracts	\$ 29,099,903	\$ 36,653,900
Cash received from entrance fees nonrefundable	9,022,800	4,809,900
Cash received from noncontinuing care contracts - Cardinal Point	389,100	235,200
Cash received from noncontinuing care contracts - Segovia	1,252,200	2,246,300
Cash received from noncontinuing care contracts - Capriana	2,734,300	4,184,500
Cash received from noncontinuing care contracts - Fountaingrove Lodge	1,564,600	2,659,200
Cash received from noncontinuing care contracts - all other	5,986,000	6,092,900
Cash received from affiliates, net	12,259,700	3,320,400
Cash received from fire-related insurance proceeds	11,800	49,600
Cash paid to employees and suppliers	(42,127,237)	(40,843,400)
Cash paid for management fees	(1,872,100)	(2,368,400)
Cash paid for facility lease	(6,082,874)	(8,331,900)
Interest received	100	29,700
Interest paid	(3,092,300)	(3,144,300)
Miscellaneous receipts	680,368	746,300
	<u>9,826,360</u>	<u>6,339,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(3,403,700)	(1,864,600)
Proceeds from sale of CCRC operations	5,321,840	-
	<u>1,918,140</u>	<u>(1,864,600)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Refunds of entrance fees subject to refunds	(27,531,781)	(31,610,500)
Proceeds from entrance fees subject to refunds	29,821,381	35,261,100
Payments on debt obligations	(1,268,400)	(1,216,500)
Controlling interest distributions	(22,728,261)	(35,810,500)
Noncontrolling interest distributions	(2,292,439)	(582,900)
Controlling interest contributions	4,604,700	30,686,300
Noncontrolling interest contributions	-	30,000
	<u>(19,394,800)</u>	<u>(3,243,000)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(7,650,300)	1,232,300
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	39,574,200	38,341,900
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	<u>\$ 31,923,900</u>	<u>\$ 39,574,200</u>

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of net income (loss) to net cash from operating activities:		
Net income (loss)	\$ 100,282,500	\$ (1,345,700)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	4,877,100	4,845,900
Amortization of operating right of use assets and lease liabilities, net	2,963,535	-
Gain on sale of CCRC operations	(106,846,740)	-
Amortization of debt issuance costs	120,300	120,500
Amortization of entrance fees nonrefundable	(3,703,700)	(4,826,500)
Proceeds from entrance fees nonrefundable	9,022,800	4,809,900
Changes in operating assets and liabilities:		
Accounts receivable and other assets	(135,600)	152,500
Due from related parties	12,250,200	4,124,400
Accounts payable and accrued liabilities	(8,430,235)	380,700
Due to related parties	9,500	(668,300)
Deferred revenue	(583,300)	(104,600)
Deferred rent	-	(1,148,900)
	<u>\$ 9,826,360</u>	<u>\$ 6,339,900</u>

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 – Description of Operations and Summary of Significant Accounting Policies

Description of operations – Oakmont Senior Living LLC was formed on November 1, 2000, as a California limited liability company. Oakmont Senior Living LLC, purpose is to develop, construct, operate, lease, and own apartments, independent living, assisted living, and continuing care retirement communities. Oakmont Senior Living LLC operates retirement facilities it owns or leases, located in Alameda, Santa Rosa, Palm Desert, and Brea, California.

Basis of accounting and principles of consolidation – The consolidated financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts of Oakmont Senior Living LLC and the following entities (the “Company”):

Oakmont SL of Alameda, LP	Varenna Assisted Living, LLC
Varenna at Fountaingrove, LLC	OSL Limited Partner of Alameda, LLC
Varenna, LLC	Segovia Operations, LLC
Varenna Apartments, LLC	Fountaingrove Lodge, LLC
Cardinal Point at Mariner Square, LLC	Capriana Operations, LLC
Cardinal Point Social Club, LLC	OSL of Alameda, LLC
Oakmont Senior Living, LLC	

All significant transactions between these entities have been eliminated.

The Company adopted accounting standards that address consolidation by business enterprises of variable interest entities (“VIEs”). The Company has considered its agreements and business activities with related parties in order to determine whether any of the relationships would qualify as VIEs and whether the Company would be deemed to be the primary beneficiary and be required to consolidate the activities of these VIEs in the Company’s consolidated financial statements.

During the prior years the Company identified certain related entities with common ownership as VIEs and has concluded that it is not the primary beneficiary in accordance with GAAP, primarily due to the fact that the Company does not have a direct ownership and ultimately the members of such entities control and support the activities that most significantly impact operations. Each of these entities had been financed either through capital contributions or related party debt, some of which was provided by the Company.

The power to direct the activities of these entities was evaluated in making this determination and the Company concluded that the members of the entities, and not the Company, hold this decision-making power. Further, it was concluded that the members of the entities have the obligation to absorb potential losses and the right to receive the benefits derived from the entities. The Company does not believe they are exposed to any future losses from the relationship with these entities.

The Company had no contractual obligation to support the operations of these entities. On account of certain reconsideration events during the year ended December 31, 2022, these entities no longer met the criteria to be VIEs.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

The summarized financial information for unconsolidated VIEs is as follows at December 31, 2021. No financial information is presented as of December 31, 2022, as the entities no longer met the criteria to be VIEs.

ASSETS

Cash	\$ 13,100
Investments in real estate	
Construction in progress	18,056,000
Land	<u>3,050,000</u>
Total investments in real estate, net	21,106,000
Other assets	<u>2,000</u>
Total assets	<u><u>\$ 21,121,100</u></u>

LIABILITIES AND MEMBERS' DEFICIT

Debt obligations	\$ 22,481,700
Other liabilities	<u>98,100</u>
Total liabilities	22,579,800
Members' deficit	<u>(1,458,700)</u>
Total liabilities and members' deficit	<u><u>\$ 21,121,100</u></u>

Use of estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of risk – Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents (including restricted amounts) on deposit with financial institutions, the balances of which frequently exceed federally insured limits, and accounts receivable.

If any of the financial institutions with whom we do business were to be placed into receivership, we may be unable to access to the cash we have on deposit with such institutions. If we are unable to access our cash and cash equivalents as needed, our financial position and ability to operate our business could be adversely affected.

Cash and cash equivalents – The Company considers all highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Restricted cash – Restricted cash consists of collections for entrance fee deposits, operating expense impound accounts required by the Company’s lenders, and restricted cash accounts used as collateral as required by one of the Company’s lenders.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reporting within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows at December 31:

	2022	2021
Cash and cash equivalents	\$ 25,517,700	\$ 32,991,000
Restricted cash	6,406,200	6,583,200
 Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	 \$ 31,923,900	 \$ 39,574,200

Accounts receivable and other assets – Accounts receivable and other assets consist of trade receivables, receivables from tenants, deposits, and prepaid expenses. Accounts receivable consists of payments owed from residents for services rendered, which does not represent concentrated credit risks to the Company. Management regularly monitors and adjusts its reserves and allowances related to these receivables. Accounts deemed to be uncollectible are written off only after all reasonable collection efforts are exhausted. At December 31, 2022 and 2021, no allowance for doubtful accounts was deemed necessary.

Investments in real estate – Investments in real estate are recorded at the lesser of cost or estimated fair-market value, if impaired, and include interest and property taxes capitalized on long-term construction projects during the construction period, as well as other costs directly related to the development and construction of facilities. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	30 to 40 years
Furniture, fixtures, and equipment	3 to 10 years

The Company reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the cost basis of such assets may not be recoverable. If the cost basis of an investment in real estate is greater than the projected future undiscounted net cash flows (before interest) from that property, an impairment loss is recognized. Impairment losses are calculated as the difference between the property’s cost basis and its estimated fair value. No such impairment losses have been recognized to date. An investment in real estate held for sale is carried at the lower of its carrying amount or estimated fair value, less costs to sell. The Company considers an investment in real estate held for sale when the property is being actively marketed for sale and expects it to sell within one year.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

During the year ended December 31, 2022, the Company entered into a purchase and sale agreement with Welltower PropCo Group LLC (“Welltower”), under the terms of the purchase and sale agreement the Company sold the refundable and non-refundable entrance fees together with certain other assets associated with Fountaingrove Lodge, LLC, Capriana Operations, LLC and Segovia Operations, LLC, to Welltower and recognized a gain on sale of CCRC operations of \$106,846,740.

Debt issuance costs – Debt issuance costs are stated at cost and consist of fees incurred in connection with the debt obligations. These costs are amortized on a straight-line basis over the term of the associated indebtedness, which approximates the effective interest method. The unamortized costs are classified as a reduction to the debt obligations. The Company paid no loan costs for the years ended December 31, 2022 and 2021. The Company incurred amortization expense related to debt issuance costs of \$120,300 and \$120,500 for each of the years ended December 31, 2022 and 2021, respectively.

Entrance fees refundable – Residents pay an entrance fee to occupy a unit and pay monthly fees for housing, food, and services. The Company has residency agreements that require the resident to pay an upfront entrance fee prior to joining the community that is 100% refundable within 90 days of occupancy. Certain contracts require the refundable portion of the entrance fee to be refunded only upon resale of the unit (contingently refundable). Upon resale, the Company may receive re-occupancy proceeds in the form of additional contingently refundable fees, refundable fees, or nonrefundable fees. The refundable portion of a resident’s entrance fee is recorded as a liability on the consolidated balance sheets. Entrance fees subject to refund totaled \$113,533,700 and \$194,391,200 at December 31, 2022 and 2021, respectively. It is management’s expectation that future refunds will not have a significant effect on the consolidated financial statements.

Deferred rent – Deferred rent consists of the difference between the amount recognized as rent expense and the amount of rent paid due to step increases in the lease agreement. Upon adoption and as required under ASC 842, *Leases* the deferred rent balance is presented net of operating lease right of use asset in the accompanying consolidated balance sheets as of December 31, 2022. As disclosed in Lease arrangement note below, the Company adopted ASC 842, *Leases* using the modified retrospective method and therefore no changes were made to the comparative December 31, 2021 deferred rent balance.

Revenue recognition – On January 1, 2019, Oakmont Senior Living LLC and its subsidiaries adopted Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), and its related amendments, collectively known as ASC 606.

Amortization of entrance fees nonrefundable – After the initial 90 days of occupancy, the entrance fees are a combination of refundable and nonrefundable in accordance with the terms of the contracts. The nonrefundable portion of the entrance fee is recorded as an entrance fee nonrefundable liability and amortized over the estimated life of the resident based on an actuarial valuation.

Entrances fees nonrefundable were \$19,414,400 and \$27,526,900 at December 31, 2022 and 2021, respectively. Revenue recognized from amortization of entrance fees nonrefundable totaled \$3,703,700 and \$4,826,500 for the years ended December 31, 2022 and 2021, respectively.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Rental revenue – The Company’s operations include leasing apartment units. Rental income is recognized in revenue on a straight-line basis over the lives of the related leases when collectability is reasonably assured. The lease terms are generally for periods of one year or less. Differences between the rental revenue recognized and amounts due under the respective lease agreements with terms in excess of one year are recorded as deferred rent receivable, which was \$0 as of December 31, 2022 and 2021. Ongoing credit evaluations are performed and an allowance for potential credit losses is provided against the portion of accounts receivable that is estimated to be uncollectible.

Resident fee revenue, presented as continuing care and noncontinuing care contracts, is recorded when services are rendered and consist of fees for basic housing, support services, and fees associated with additional services, such as personalized health and assisted living care. Residency agreements are generally for a term of 30 days to one year, with resident fees billed monthly in advance. Revenues for certain care services provided are also charged in advance. Additional ancillary charges are billed monthly in arrears. As of December 31, 2022 and 2021, approximately \$130,400 and \$713,700, respectively, has been recorded in deferred revenue related to fees paid by applicants prior to occupancy.

Advertising – The Company expenses its advertising costs as they are incurred. Advertising expenses amounted to \$313,300 and \$816,400 for the years ended December 31, 2022 and 2021, respectively.

Income taxes – The Company is taxed as a partnership for federal and state purposes. As a partnership, all federal and state income tax liability flows through to the Company’s members. No provision for income taxes is included in the accompanying consolidated financial statements.

The Company follows the accounting standard related to accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters, such as derecognition, interest, penalties, and disclosures required. The Company does not have any entity-level uncertain tax positions. The Company files income tax returns in the U.S. federal jurisdiction and the State of California. The Company recognizes interest and penalties related to income tax matters in operating expenses. There are no interest and penalties recorded in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Obligation to provide future services – If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. The Company has determined that no accrual for the obligation to provide future services and use of facilities to current residents was required at December 31, 2022 and 2021. The discount rate used to calculate the obligation to provide future services is 5%.

Statutory cash reserve requirements – The Company is subject to statutory cash reserve requirements. At December 31, 2022 and 2021, the Company’s reserves were in excess of such requirements by \$7,573,800 and \$10,773,600, respectively, as calculated in accordance with the Continuing Care Contract Statutes of the California Health and Safety Code.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Lease arrangements – In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional Accounting Standard Updates (“ASU”), which amend and clarify Topic 842: ASU 2018-01, *Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Leases (Topic 842): Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (“ROU”) assets and lease liabilities for operating leases on the consolidated balance sheet as of December 31, 2022.

The Company elected to adopt these ASUs effective January 1, 2022 using the modified retrospective approach. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification.

The adoption had a material impact on the Company’s consolidated balance sheets but did not have a material impact on the consolidated statements of operations. The most significant impact was the recognition of ROU assets and lease liabilities for finance and operating leases. The adoption of the standard required the Company to recognize an increase in operating lease ROU assets and lease liabilities of \$ 200,215,684. As required under ASC 842, *Leases*, deferred rent of \$7,906,300 was offset against the operating ROU assets upon adoption. The Company derecognized operating ROU assets and operating lease liabilities of \$112,514,910 and \$118,627,872, respectively, upon sale of CCRC operations.

In the ordinary course of business, the Company enters into a variety of lease arrangements, including operating lease transactions where the Company receives substantially all the economic benefits from and has the ability to direct the use of these ROU assets. The Company determines if an arrangement is a lease at inception. The operating lease ROU asset is included in “Operating lease right-of-use assets”, “Operating lease liabilities, current portion”, and “Operating lease liabilities, non-current portion” in the accompanying consolidated balance sheets.

ROU assets represent the Company’s right to use, or control the use of, a specified asset for the lease term. Lease liabilities are the Company’s obligation to make lease payments arising from a lease and are measured on a discounted basis. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term on the commencement date. The operating lease ROU asset includes any lease payments made and initial direct costs incurred and excludes lease incentives, if any. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments continues to be recognized on a straight-line basis over the lease terms and is included in “Facility lease” in the accompanying consolidated statements of operations.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Recent accounting pronouncements – In June 2016 the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-13, *Financial Instruments—Credit Losses* (“ASU 2016-13”). ASU 2016-13 replaces the incurred loss model with an expected loss model, resulting in the earlier recognition of credit losses even if the risk of loss is remote. This standard applies to financial assets measured at amortized cost and certain other instruments, including loans receivable and net investments in direct financing leases. This standard does not apply to receivables arising from operating leases, which are within the scope of ASC 842. Adjustments resulting from adoption of ASU 2016-13 shall be applied through a cumulative-effect adjustment to retained earnings. In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments - Credit Losses (Topic 326)* (“ASU 2019-10”). ASU 2019-10 extended the mandatory effective date for smaller reporting companies to beginning after December 15, 2022. The Company is currently evaluating the impact of the new standard and has not yet determined if it will have a material impact on its consolidated financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date, but before the consolidated financial statements are issued. The Company recognizes, in the consolidated financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Company’s consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements were available to be issued. The Company has evaluated subsequent events through May 5, 2023, which is the date the consolidated financial statements were available to be issued, in accordance with the Company’s policy related to disclosures of subsequent events.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 2 – Debt Obligations, net

The following is a listing of debt obligations that were outstanding at December 31:

	2022	2021
<p>The mortgage agreement is payable to Greystone Service Corporation, monthly payments of \$286,998 at a fixed annual interest rate of 4.25%. Scheduled maturity date is August 1, 2025, guaranteed 100% by the majority member of OSL with payment of principal and interest secured in part by a pledge of Reserve Funds and the Mortgaged Property under the Indenture.</p>	\$ 50,332,889	\$ 51,577,900
<p>Loan payable to Summit State Bank; monthly payments for the first 60 months of \$8,539 bearing interest at 4.24%. Monthly payments of \$9,005 for the following 59 months bearing interest at the weekly average yield of U.S. Treasury Securities adjusted to a constant maturity of 5 years, as made available by the federal reserve board (4.76% and 1.27% at December 31, 2022 and 2021, respectively), plus a margin of 3%, and one final payment of outstanding principal and interest. 100% guaranteed by the majority member of OSL. This loan is subject to certain financial covenants. The company was in compliance at December 31, 2022 and 2021.</p>	1,772,811	1,796,200
<p>Loan payable to Greystone Service Corporation bearing a fixed annual interest rate of 4.55% payable monthly. Scheduled maturity date is May 1, 2027, guaranteed 100% by the majority member of OSL with payment of principal and interest secured in part by a pledge of Reserve Funds and the Mortgaged Property under the Indenture.</p>	17,500,000	17,500,000
	69,605,700	70,874,100
Less: current maturities of debt obligations	(1,326,800)	(1,270,810)
Less: unamortized debt issuance costs	(369,200)	(489,500)
Debt obligations, less current maturities	\$ 67,909,700	\$ 69,113,790

All long-term debt obligations are secured by deeds of trust on the investment in real estate. The loan agreements contain general affirmative and negative covenants that include provisions for the upkeep of the properties, maintenance, insurance, compliance with laws, and financial reporting requirements. Many agreements include restrictions on certain transactions and changes in capital structure. Management believes the Company is in compliance with these covenants.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Future minimum principal payments due under the debt obligations subsequent to December 31, 2022 are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 1,326,800
2024	3,092,000
2025	47,686,900
2026	-
2027	-
Thereafter	<u>17,500,000</u>
	<u><u>\$ 69,605,700</u></u>

Note 3 – Related-Party Transactions

As of December 31, 2022 and 2021, the Company had amounts due from related parties of \$8,377,600 and \$20,636,500, respectively. As of December 31, 2022 and 2021, the Company had amounts due to related parties of \$2,500 and \$900, respectively. These balances are noninterest-bearing and are due on demand.

The Company's majority member has a controlling financial interest in a financial institution. As of December 31, 2022 and 2021, the Company had cash deposits with this financial institution of \$24,761,800 and \$30,746,900, respectively.

Pursuant to asset and property management agreements between the Company and an unconsolidated affiliate, the Company is obligated to pay monthly management fees. Management fees of \$1,872,100 and \$2,368,400 were paid to the unconsolidated affiliate during the years ended December 31, 2022 and 2021, respectively.

Note 4 – Members' Deficit

The liability of each member of Oakmont Senior Living LLC is limited to the amount of his or her required capital contribution. The Company will cease to exist on January 30, 2051, unless it is dissolved at an earlier date in accordance with the operating agreement.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Note 5 – Employee Benefit Plan

The Company sponsors a 401(k) defined contribution retirement plan for all full-time employees with at least 12 months of continuous service and who have reached the age of 21 years. The plan is qualified under Section 401(k) of the Internal Revenue Code, so that contributions to the plan by the Company are not taxable until distributed to employees. The Company matches up to 3% of each participating employee's annual salary at its discretion, and such employer contributions are vested immediately. There were employer contributions of \$65,800 and \$88,900 to the plan for the years ended December 31, 2022 and 2021, respectively.

Note 6 – Leases

The Company operates assisted living facilities under long-term noncancelable operating leases with initial lease terms of 15 years, renewal options of 15 to 30 years, and expiration dates through February 2046.

For the year ended December 31, 2022, other supplemental quantitative disclosures are as follows:

Cash paid for amounts included in the measurement of lease liabilities	\$ 7,146,647
Weighted-average remaining lease term in years for operating leases	22.4 years
Weighted-average discount rate for operating leases	4.25%

As of December 31, 2022, future minimum lease payments under noncancelable leases are as follows:

<u>Years Ending December 31,</u>	
2023	\$ 3,902,130
2024	4,038,704
2025	4,180,058
2026	4,326,360
2027	4,477,783
Thereafter	<u>111,831,695</u>
Total undiscounted cash flows	132,756,730
Less present value discount	<u>52,570,030</u>
Total lease liabilities	<u><u>\$ 80,186,700</u></u>

Under ASC 840 *Leases* ("ASC 840"), the legacy lease standard, operating lease rent expense was recorded on the straight-line basis and amounted to \$7,318,500, for the year ended December 31, 2021, and the adjustment to the straight-line lease expense resulted in deferred rent liability of \$7,906,300, as of December 31, 2021.

Oakmont Senior Living LLC and Subsidiaries

Notes to Consolidated Financial Statements

Future minimum lease payments under operating lease agreements under ASC 840, in effect as of December 31, 2022, were as follows:

<u>Year Ending December 31,</u>	
2022	\$ 6,587,200
2023	8,228,000
2024	8,310,300
2025	8,393,400
2026	7,395,600
Thereafter	<u>21,349,100</u>
	<u><u>\$ 60,263,600</u></u>

Note 7 – Contingencies

Environmental matters – The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, consolidated assets, or consolidated results of operations. There can be no assurance that such a material environmental liability does not exist. The existence of any such material environmental liability could have an adverse effect on the Company's consolidated results of operations.

Litigation – The Company may be involved, from time-to-time, in legal actions relating to the ownership and operations of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material adverse effect on the consolidated financial position, results of operations, or cash flows of the Company.

Note 8 – Legal Settlement

During the year ended December 31, 2020, the Company was involved in a class-action lawsuit involving community fees that was settled during the year. The settlement resulted in a financial loss to the Company in the amount of \$1,340,321 and was accrued for in the financial statements as of December 31, 2020. The settlement was paid by the Company during the year ended December 31, 2021.

Consolidating Information

Oakmont Senior Living LLC and Subsidiaries
Consolidating Balance Sheets
December 31, 2022

	All Other Entities	Varena at Fountaingrove LLC	Varena Assisted Living LLC	Varena Apartments LLC	Varena LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	\$ 17,287,300	\$ 4,400	\$ 51,900	\$ 72,100	\$ 4,348,000	\$ 591,000	\$ 2,339,800	\$ 244,700	\$ 578,500	\$ 25,517,700	\$ -	\$ 25,517,700
Restricted cash	3,674,900	-	-	-	2,731,300	-	-	-	-	6,406,200	-	6,406,200
Accounts receivable and other assets	175,800	-	167,600	5,300	751,800	246,900	718,800	230,900	241,700	2,538,800	-	2,538,800
Total current assets	21,138,000	4,400	219,500	77,400	7,831,100	837,900	3,058,600	475,600	820,200	34,462,700	-	34,462,700
INVESTMENTS IN REAL ESTATE												
Buildings and improvements	17,529,000	-	18,500	5,305,700	90,650,700	-	1,520,000	-	-	115,023,900	265,800	115,289,700
Land	4,272,400	-	-	71,000	3,765,000	-	-	-	-	8,108,400	-	8,108,400
Furniture, fixtures, and equipment	1,241,400	-	196,300	70,800	5,791,800	-	730,300	-	-	8,030,600	-	8,030,600
Land improvements	-	-	-	-	53,100	-	-	-	-	53,100	-	53,100
Construction in progress	-	-	-	-	93,400	-	11,400	-	-	104,800	-	104,800
Accumulated depreciation	(10,501,000)	-	(123,400)	(2,802,500)	(48,623,300)	-	(1,431,500)	-	-	(63,481,700)	-	(63,481,700)
Total investments in real estate, net	12,541,800	-	91,400	2,645,000	51,730,700	-	830,200	-	-	67,839,100	265,800	68,104,900
OTHER ASSETS												
Operating lease right of use assets, net	-	-	37,853,100	-	-	-	37,191,700	-	-	75,044,800	-	75,044,800
Due from related parties	8,377,600	-	-	-	-	-	-	-	-	8,377,600	-	8,377,600
Investments in subsidiaries	(16,217,500)	(32,793,800)	-	-	-	-	-	-	-	(49,011,300)	49,011,300	-
Total assets	\$ 25,839,900	\$ (32,789,400)	\$ 38,164,000	\$ 2,722,400	\$ 59,561,800	\$ 837,900	\$ 41,080,500	\$ 475,600	\$ 820,200	\$ 136,712,900	\$ 49,277,100	\$ 185,990,000
LIABILITIES AND MEMBERS' (DEFICIT) EQUITY												
CURRENT LIABILITIES												
Accounts payable and accrued liabilities	\$ 514,800	\$ -	\$ 242,900	\$ 14,000	\$ 1,941,900	\$ -	\$ 1,127,500	\$ -	\$ -	\$ 3,841,100	\$ -	\$ 3,841,100
Due to related parties	-	-	-	1,700	-	-	-	-	-	1,700	-	1,700
Operating lease liabilities, current portion	-	-	374,430	-	-	-	127,140	-	-	501,570	-	501,570
Current maturities of debt obligations	-	-	-	27,000	1,299,800	-	-	-	-	1,326,800	-	1,326,800
Total current liabilities	514,800	-	617,330	42,700	3,241,700	-	1,254,640	-	-	5,671,170	-	5,671,170
OTHER LIABILITIES												
Deferred revenue	-	-	-	25,300	85,600	-	19,500	-	-	130,400	-	130,400
Entrance fees subject to refund	-	-	-	-	95,177,600	-	18,356,100	-	-	113,533,700	-	113,533,700
Entrance fees nonrefundable, net	-	-	-	-	13,173,100	-	6,241,300	-	-	19,414,400	-	19,414,400
Operating lease liabilities, non-current portion	-	-	41,552,670	-	-	-	38,132,460	-	-	79,685,130	-	79,685,130
Debt obligations, less current maturities and net of unamortized debt issuance costs	17,352,500	-	-	1,745,900	48,811,300	-	-	-	-	67,909,700	-	67,909,700
Total other liabilities	17,352,500	-	41,552,670	1,771,200	157,247,600	-	62,749,360	-	-	280,673,330	-	280,673,330
MEMBERS' (DEFICIT) EQUITY												
Noncontrolling interest	(2,875,200)	(4,832,000)	(1,949,900)	(278,600)	(6,414,600)	-	-	-	-	(16,350,300)	-	(16,350,300)
Controlling interest	10,847,800	(27,957,400)	(2,056,100)	1,187,100	(94,512,900)	837,900	(22,923,500)	475,600	820,200	(133,281,300)	49,277,100	(84,004,200)
Total members' equity (deficit)	7,972,600	(32,789,400)	(4,006,000)	908,500	(100,927,500)	837,900	(22,923,500)	475,600	820,200	(149,631,600)	49,277,100	(100,354,500)
Total liabilities and members' equity (deficit)	\$ 25,839,900	\$ (32,789,400)	\$ 38,164,000	\$ 2,722,400	\$ 59,561,800	\$ 837,900	\$ 41,080,500	\$ 475,600	\$ 820,200	\$ 136,712,900	\$ 49,277,100	\$ 185,990,000

Oakmont Senior Living LLC and Subsidiaries
Consolidating Statements of Operations
Year Ended December 31, 2022

	All Other Entities	Varena at Fountaingrove LLC	Varena Assisted Living LLC	Varena Apartments LLC	Varena LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
REVENUE:												
Continuing care contracts	\$ -	\$ -	\$ -	\$ -	\$ 13,658,700	\$ 3,641,500	\$ 6,379,200	\$ 2,862,800	\$ 2,648,300	\$ 29,190,500	\$ -	\$ 29,190,500
Noncontinuing care contracts	-	-	5,647,700	337,500	-	1,252,200	389,100	2,734,300	1,564,600	11,925,400	-	11,925,400
Amortization of entrance fees nonrefundable	-	-	-	-	1,414,600	302,100	1,304,600	184,600	497,800	3,703,700	-	3,703,700
Rent revenue	1,683,600	-	-	-	-	-	-	-	-	1,683,600	(1,683,600)	-
Total revenue	1,683,600	-	5,647,700	337,500	15,073,300	5,195,800	8,072,900	5,781,700	4,710,700	46,503,200	(1,683,600)	44,819,600
OPERATING EXPENSES:												
Continuing care contract operating expenses	-	-	-	-	10,451,400	3,393,873	5,006,500	3,251,639	3,882,101	25,985,513	-	25,985,513
Noncontinuing care contract operating expenses	-	-	4,912,000	2,700	-	-	-	982,600	429,700	6,327,000	-	6,327,000
Management fees - related party	138,000	30,000	225,300	10,600	576,700	216,300	281,600	225,200	168,400	1,872,100	-	1,872,100
General and administrative	424,900	9,200	22,900	153,100	91,300	42,400	71,200	34,130	41,600	890,730	-	890,730
Depreciation	631,800	-	38,000	185,700	3,514,900	130,700	230,700	80,900	64,400	4,877,100	-	4,877,100
Facility lease	-	-	2,950,400	-	-	1,114,000	2,751,500	2,610,070	1,304,100	10,730,070	(1,683,600)	9,046,470
Total operating expenses	1,194,700	39,200	8,148,600	352,100	14,634,300	4,897,273	8,341,500	7,184,539	5,890,301	50,682,513	(1,683,600)	48,998,913
INCOME (LOSS) FROM CONTINUING OPERATIONS	488,900	(39,200)	(2,500,900)	(14,600)	439,000	298,527	(268,600)	(1,402,839)	(1,179,601)	(4,179,313)	-	(4,179,313)
OTHER INCOME (EXPENSE):												
Investment income	64,157,700	-	-	-	100	-	-	-	-	64,157,800	(64,157,700)	100
Amortization of debt issuance costs	(34,400)	-	-	-	(85,900)	-	-	-	-	(120,300)	-	(120,300)
Interest expense	(807,300)	-	-	(86,100)	(2,198,900)	-	-	-	-	(3,092,300)	-	(3,092,300)
Fire-related insurance recovery proceeds	-	-	11,800	-	-	-	-	-	-	11,800	-	11,800
Gain on sale of CCRC operations	-	-	-	-	-	33,312,368	-	43,198,839	30,335,533	106,846,740	-	106,846,740
Miscellaneous	36,500	-	-	-	-	135,405	-	-	643,868	815,773	-	815,773
NET INCOME (LOSS), BEFORE ALLOCATION TO NONCONTROLLING INTEREST	63,841,400	(39,200)	(2,489,100)	(100,700)	(1,845,700)	33,746,300	(268,600)	41,796,000	29,799,800	164,440,200	(64,157,700)	100,282,500
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTEREST	50,363	(5,000)	(318,600)	(12,900)	(244,400)	1,849,469	-	6,270,277	7,415,430	15,004,639	-	15,004,639
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	\$ 63,791,037	\$ (34,200)	\$ (2,170,500)	\$ (87,800)	\$ (1,601,300)	\$ 31,896,831	\$ (268,600)	\$ 35,525,723	\$ 22,384,370	\$ 149,435,561	\$ (64,157,700)	\$ 85,277,861

Oakmont Senior Living LLC and Subsidiaries
Consolidating Statements of Cash Flows
Year Ended December 31, 2022

	All Other Entities	Varena at Fountaingrove LLC	Varena Assisted Living LLC	Varena Apartments LLC	Varena LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES:												
Cash received from continuing care contracts	\$ -	\$ -	\$ -	\$ -	\$ 13,788,000	\$ 3,558,105	\$ 6,328,700	\$ 2,760,400	\$ 2,664,698	\$ 29,099,903	\$ -	\$ 29,099,903
Cash received from entrance fees nonrefundable	-	-	-	-	6,016,000	302,100	2,022,400	184,500	497,800	9,022,800	-	9,022,800
Cash received from noncontinuing care contracts - Cardinal Point	-	-	-	-	-	-	389,100	-	-	389,100	-	389,100
Cash received from noncontinuing care contracts - Segovia	-	-	-	-	-	1,252,200	-	-	-	1,252,200	-	1,252,200
Cash received from noncontinuing care contracts - Capriana	-	-	-	-	-	-	-	2,734,300	-	2,734,300	-	2,734,300
Cash received from noncontinuing care contracts - Fountaingrove Lodge	-	-	-	-	-	-	-	-	1,564,600	1,564,600	-	1,564,600
Cash received from noncontinuing care contracts - all other	-	-	5,645,100	340,900	-	-	-	-	-	5,986,000	-	5,986,000
Cash received from rent revenue	1,683,600	-	-	-	-	-	-	-	-	1,683,600	(1,683,600)	-
Cash received from affiliates, net	12,248,950	-	-	450	1,600	-	-	8,700	-	12,259,700	-	12,259,700
Cash received fire-related insurance proceeds	-	-	11,800	-	-	-	-	-	-	11,800	-	11,800
Cash paid to employees and suppliers	(438,450)	(11,200)	(8,857,361)	(153,450)	(12,975,400)	(4,931,373)	(4,696,000)	(4,034,504)	(6,029,499)	(42,127,237)	-	(42,127,237)
Cash paid for management fees	(138,000)	(30,000)	(225,300)	(10,600)	(576,700)	(216,300)	(281,600)	(225,200)	(168,400)	(1,872,100)	-	(1,872,100)
Cash paid for facility lease	-	-	(2,119,339)	-	-	(1,029,432)	(1,683,600)	(1,950,897)	(983,206)	(7,766,474)	1,683,600	(6,082,874)
Interest received	-	-	-	-	100	-	-	-	-	100	-	100
Interest paid	(807,300)	-	-	(86,100)	(2,198,900)	-	-	-	-	(3,092,300)	-	(3,092,300)
Miscellaneous receipts	36,500	-	-	-	-	-	-	-	643,868	680,368	-	680,368
Net cash from operating activities	12,585,300	(41,200)	(5,545,100)	91,200	4,054,700	(1,064,700)	2,079,000	(522,701)	(1,810,139)	9,826,360	-	9,826,360
CASH FLOWS FROM INVESTING ACTIVITIES:												
Investments in real estate	-	-	(28,800)	(32,200)	(2,247,200)	(501,100)	(370,600)	(223,800)	-	(3,403,700)	-	(3,403,700)
Proceeds from sale of CCRC operations	-	-	-	-	-	2,722,300	-	1,197,101	1,538,039	5,457,440	(135,600)	5,321,840
Receipts (payments) from/to investment in subsidiary	6,747,400	(5,190,000)	-	-	-	-	-	-	-	1,557,400	(1,557,400)	-
Net cash from investing activities	6,747,400	(5,190,000)	(28,800)	(32,200)	(2,247,200)	2,221,200	(370,600)	973,301	1,538,039	3,611,140	(1,693,000)	1,918,140
CASH FLOWS FROM FINANCING ACTIVITIES:												
Refunds of entrance fees subject to refunds	-	-	-	-	(13,412,781)	(1,953,100)	(5,658,500)	(4,572,600)	(1,934,800)	(27,531,781)	-	(27,531,781)
Proceeds from entrance fees subject to refunds	-	-	-	-	13,412,781	2,707,900	5,658,500	5,423,800	2,618,400	29,821,381	-	29,821,381
Payments on debt obligations	-	-	-	(23,400)	(1,245,000)	-	-	-	-	(1,268,400)	-	(1,268,400)
Controlling interest distributions	(22,989,732)	-	-	(34,800)	-	(5,189,500)	(100)	(1,400,800)	-	(29,614,932)	6,886,671	(22,728,261)
Noncontrolling interest distributions	(2,478,468)	-	-	-	-	(249,300)	-	(338,100)	(1,258,100)	(4,323,968)	2,031,529	(2,292,439)
Controlling interest contributions	-	5,229,900	5,225,000	-	-	-	-	-	1,375,000	11,829,900	(7,225,200)	4,604,700
Net cash from financing activities	(25,468,200)	5,229,900	5,225,000	(58,200)	(1,245,000)	(4,684,000)	(100)	(887,700)	800,500	(21,087,800)	1,693,000	(19,394,800)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH												
	(6,135,500)	(1,300)	(348,900)	800	562,500	(3,527,500)	1,708,300	(437,100)	528,400	(7,650,300)	-	(7,650,300)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	27,097,700	5,700	400,800	71,300	6,516,800	4,118,500	631,500	681,800	50,100	39,574,200	-	39,574,200
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	\$ 20,962,200	\$ 4,400	\$ 51,900	\$ 72,100	\$ 7,079,300	\$ 591,000	\$ 2,339,800	\$ 244,700	\$ 578,500	\$ 31,923,900	\$ -	\$ 31,923,900

Oakmont Senior Living LLC and Subsidiaries
Consolidating Statements of Cash Flows (Continued)
Year Ended December 31, 2022

	All Other Entities	Fountaingrove LLC	Living LLC and Subsidiary	Varena Apartments LLC	Varena LLC	Segovia Operations LLC	at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
Reconciliation of net income (loss) to net cash from operating activities:												
Net income (loss)	\$ 63,841,400	\$ (39,200)	\$ (2,489,100)	\$ (100,700)	\$ (1,845,700)	\$ 33,746,300	\$ (268,600)	\$ 41,796,000	\$ 29,799,800	\$ 164,440,200	\$ (64,157,700)	\$ 100,282,500
Adjustments to reconcile net income (loss) to net cash from operating activities:												
Depreciation	631,800	-	38,000	185,700	3,514,900	130,700	230,700	80,900	64,400	4,877,100	-	4,877,100
Amortization of operating right of use assets and lease liabilities, net	-	-	831,000	-	-	84,568	1,067,900	659,173	320,894	2,963,535	-	2,963,535
Investment income	(64,157,700)	-	-	-	-	-	-	-	-	(64,157,700)	64,157,700	-
Gain on sale of CCRC operations	-	-	-	-	-	(33,312,368)	-	(43,198,839)	(30,335,533)	(106,846,740)	-	(106,846,740)
Amortization of debt issuance costs	34,400	-	-	-	85,900	-	-	-	-	120,300	-	120,300
Amortization of entrance fees nonrefundable	-	-	-	-	(1,414,600)	(302,100)	(1,304,600)	(184,600)	(497,800)	(3,703,700)	-	(3,703,700)
Proceeds from entrance fees nonrefundable	-	-	-	-	6,016,000	302,100	2,022,400	184,500	497,800	9,022,800	-	9,022,800
Changes in operating assets and liabilities:												
Accounts receivable and other assets	3,100	-	(20,500)	4,300	(116,000)	112,300	(84,700)	51,800	(85,900)	(135,600)	-	(135,600)
Due from related parties	12,248,600	-	-	-	1,600	-	-	-	-	12,250,200	-	12,250,200
Accounts payable and accrued liabilities	(16,650)	(2,000)	(3,904,500)	850	(2,193,200)	(1,518,400)	445,000	322,865	(1,564,200)	(8,430,235)	-	(8,430,235)
Due to related parties	350	-	-	450	-	-	-	8,700	-	9,500	-	9,500
Deferred revenue	-	-	-	600	5,800	(307,800)	(29,100)	(243,200)	(9,600)	(583,300)	-	(583,300)
Net cash from operating activities	\$ 12,585,300	\$ (41,200)	\$ (5,545,100)	\$ 91,200	\$ 4,054,700	\$ (1,064,700)	\$ 2,079,000	\$ (522,701)	\$ (1,810,139)	\$ 9,826,360	\$ -	\$ 9,826,360



*Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules and Supplementary
Schedules*

Varena at Fountaingrove LLC and Subsidiaries

As of and for the Year Ended December 31, 2022

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Report of Independent Auditors

The Members
Varena at Fountaingrove LLC and Subsidiaries

Report on the Financial Statements

Opinion

We have audited the financial statements of Varena at Fountaingrove LLC and Subsidiaries (the "Company"), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 for the year ended December 31, 2022, and the related note to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the continuing care reserve of the Company as of and for the year ended December 31, 2022, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Varena at Fountaingrove LLC and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may include collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of Varenna at Fountaingrove LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Varenna at Fountaingrove LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules, the Reconciliation of Form 5-3, and Form 5-4 for 2022 and the DSS – Reserve Report – Part of Form 5-5 Description of Reserves under SB 1212 Report, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the members, management of the Company, and the California Department of Social Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Campbell, California
May 5, 2023

Continuing Care Liquid Reserve Schedules

Varena at Fountaingrove LLC
Form 5-1

Long-Term Debt Incurred in a Prior Fiscal Year (including Balloon Debt)
December 31, 2022

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	06/23/14	\$23,400	\$86,100	\$0	\$109,500
2	07/20/15	\$1,245,000	\$2,198,900	\$0	\$3,443,900
3	04/13/17	\$0	\$807,300	\$0	\$807,300
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:			\$3,092,300	\$0	\$4,360,700

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

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

PROVIDER: Oakmont Senior Living LLC / Varena at Fountaingrove LLC

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

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

(Transfer this amount to Form 5-3, Line 2)

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

PROVIDER: Oakmont Senior Living LLC / Varena at Fountaingrove LLC

Varena at Fountaingrove LLC
Form 5-3
Calculation of Long-Term Debt Reserve Amount
December 31, 2022

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$4,360,700
2	Total from Form 5-2 bottom of Column (e)	\$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$2,751,500
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$7,112,200

PROVIDER: Oakmont Senior Living LLC / Varena at Fountaingrove LLC

Varena at Fountaingrove LLC
Form 5-4
Calculation of Net Operating Expenses
December 31, 2022

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$16,958,300</u>
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	<u>\$2,198,900</u>	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>	
	c. Depreciation	<u>\$3,514,900</u>	
	d. Amortization	<u>\$85,900</u>	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$0</u>	
	f. Extraordinary expenses approved by the Department	<u>\$0</u>	
3	Total Deductions		<u>\$5,799,700</u>
4	Net Operating Expenses		<u>\$11,158,600</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$30,572</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>\$2,292,863</u></u>

PROVIDER: Oakmont Senior Living LLC / Varena at Fountaingrove LLC
COMMUNITY: Varena at Fountaingrove

Varena at Fountaingrove LLC
Form 5-5
Annual Reserve Certification
December 31, 2022

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Oakmont Senior Living LLC / Varena at Fountaingrove LLC
 Fiscal Year Ended: December 31, 2022

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2022 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year December 31, 2022 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$7,112,200
[2] Operating Expense Reserve Amount	\$2,292,863
[3] Total Liquid Reserve Amount:	\$9,405,063

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

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$12,000,000	\$3,000,000
[5] Investment Securities		
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other:		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$12,000,000 [12]	\$3,000,000
Reserve Obligation Amount: [13]	\$7,112,200 [14]	\$2,292,863
Surplus/(Deficiency): [15]	\$4,887,800 [16]	\$707,137

Signature: _____

(Authorized Representative)

William P Gallaher, Manager

(Title)

Date: 5/5/2023

Varena at Fountaingrove LLC
Note to Continuing Care Liquid Reserve Schedules
December 31, 2022

NOTE 1 – BASIS OF ACCOUNTING

The accompanying continuing care liquid reserve schedules have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of Varena at Fountaingrove LLC and Subsidiaries' (the "Company"), assets, liabilities, revenues, and expenses.

Supplementary Schedules

Varena at Fountaingrove LLC

Reconciliation of Form 5-3 and Form 5-4 for 2022

December 31, 2022

Reconciliation of Form 5-3 for 2022

Facility lease at Varena LLC	\$ -
Facility lease at Cardinal Point at Mariner Square LLC	2,751,500
	<hr/>
Total facility lease Per Consolidated Financial Statements	2,751,500

Reconciliation of Form 5-4 for 2022

Varena at Fountaingrove LLC and subsidiaries

Note to Form 5-4 reconciling total operating expense

Operating expenses Varena at Fountaingrove LLC	\$ 39,200
Operating expenses Varena LLC	14,634,300
	<hr/>
Total Operating Expenses Per Consolidated Financial Statements	14,673,500
Less: Facility Lease	-
Add: Amortization Expense	85,900
Add: Interest Expense Varena LLC (subtracted on line 1-b)	2,198,900
	<hr/>
Form 5-4, Line 1	<u><u>\$ 16,958,300</u></u>

Note to Form 5-4 reconciling total interest paid on long-term debt

Interest Paid Varena LLC	\$ 2,198,900
	<hr/>
Form 5-4, Line 2a	<u><u>\$ 2,198,900</u></u>

Note to Form 5-4 reconciling total depreciation

Depreciation Varena LLC	\$ 3,514,900
	<hr/>
Form 5-4, Line 2c	<u><u>\$ 3,514,900</u></u>

Note to Form 5-4 reconciling revenues received during the year for services to persons who did not have a continuing care contract

Noncontinuing care contracts Varena Apartments LLC	\$ -
	<hr/>
Form 5-4, Line 2e	<u><u>\$ -</u></u>

Varena at Fountaingrove LLC
DSS – Reserve Report – Part of Form 5-5
Description of Reserves under SB 1212
December 31, 2022

DSS - Reserve Report - Part of Form 5-5
Description of Reserves under SB 1212
Oakmont Senior Living

Audited Cash and Cash Equivalents	\$ 25,517,700	All Cash and Equivalents. No Investments or equities or lines of credit listed.
Less: Qualifying assets to satisfy Oakmont Debt Service Reserve	<u>(12,000,000)</u>	
Available Qualifying Assets after Oakmont Debt Service Deduction	13,517,700	
Less: Qualifying assets for Cardinal Point Operating Reserve	(3,000,000)	
Less: Qualifying assets for Varena at Fountaingrove Operating Reserve	<u>(3,000,000)</u>	
Total Excess Qualifying Assets	<u>\$ 7,517,700</u>	

Please note that there is no restricted cash or equivalents included in the \$25,517,700 listed for the liquid reserve requirement.

<u>Per Capita Cost of Operations (Cardinal Point)</u>			<u>Per Capita Cost of Operations (Varena)</u>		
Operating Expenses per Form 5-4 #1	\$	5,590,000	Operating Expenses per Form 5-4 #1	\$	16,958,300
Mean # of all Residents from Form 1-1 #10		97.5	Mean # of all Residents from Form 1-1 #10		226
Per Capita Costs of Operations	\$	57,333	Per Capita Costs of Operations	\$	75,037

FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2]**. Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.
2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.
3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.
4. Check *each* of the appropriate boxes.
5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: “projected costs, prior year per capita costs and economic indicators.” Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$1,900-9,096</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>3.5%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: May 15, 2022
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

Each fee increase is based on the Provider’s projected costs, prior year per capita costs, and economic indicators.

All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

Date of Notice: February 27, 2022 **Method of Notice:** Letter

At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. **Date of Meeting:** December 28, 2021

At the meeting with residents, the Provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

The Provider distributed the documents to all residents by [Optional - check all that apply]:

Emailed the documents to those residents for whom the provider had email addresses on file

Placed hard copies in resident cubby

Placed hard copies at designated locations

Provided hard copies to residents upon request, and/or

Other: [please describe] _____

Date of Notice: December 14, 2021

- The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: December 14, 2021

- The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

Date of Posting: December 14, 2021 **Location of Posting:** Main building Lobby Bulletin Board

- Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.

Date of Posting: December 1, 2021 **Location of Posting:** Main Building Lobby Bulletin Board

5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: Oakmont Senior Living / Varenna at Fountain **COMMUNITY:** Varenna at Fountaingrove

FORM 7-1 ATTACHMENT

Varena LLC

Line	Fiscal Years	2020	2021	Projected 2022
1	FY 2020 operating expenses ¹	(12,878,400)		
2	FY 2021 operating expenses ¹		(10,749,800)	
3	Projected FY 2022 operating expenses (excluding depreciation)			(10,838,400)
4	FY 2022 anticipated MCF revenue based on current and projected occupancy without a MCFI ²			13,297,800
5	Projected FY 2022 (net) operating results without a MCFI			2,459,400
6	Projected FY 2022 anticipated revenue based on current and projected occupancy and other with a MCFI of 3.5% ²			13,763,223
7	Grand total - projected FY 2022 net operating activity after 3.5% MCFI (line 3 plus line 6)			2,924,823

Adjustments explained

- ¹ Operating expenses per audited financials. Amounts exclude depreciation. Monthly Care Fee Increase 3.50%
- ² FY 2022 anticipated MCF revenue excludes amortization from entrance fees

FY 2022 projected increases

Wage pressure and low unemployment has caused labor costs to increase. Labor costs expected to increase 19% from FY 2021 actual. Projected increase of 10% in Employee Benefits is based on the expected increase in employee utilization and increased premium costs. Utilities are expected to increase 5% from FY 2021 actual.

VARENNA

FORM 7-1 [5] Requirement:

Explanation of Increases in Monthly Care Fees, Fiscal YE December 31, 2022

Varenna's continuing care contract allows for monthly fees to be increased annually based on financial indicators. The Provider is responsible for reviewing financial indicators and determining the amount of increases. Increase amounts are scheduled to take place on the anniversary date of each individual contract being executed, beginning May 15, 2022.

For fiscal YE December 31, 2022, the increase in service fees for residents entering into Continuing Care Contracts was 3.5%. The total dollar amount of the increase for the community is reflected on Form 7-1 Attachment, Lines 6 & 7.

The methodology for calculating the 2022 service and fee increase included review of 2021 per capita costs, then projecting 2022 costs in consideration of the following economic indicators:

Wage pressure and low unemployment has caused labor costs to increase. California minimum wage increase will impact most hourly positions and will impact the increase of front-line employees. Labor costs expected to increase 19% from FY 2021 actual.

Projected increase of 10% in Employee Benefits is based on the expected increase in employee utilization and increased premium costs.

Utilities are expected to increase 5% from FY 2021 actual.

Any positive result of operations will be retained and applied towards future capital needs.

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

Date Prepared: 4/28/2023

FACILITY NAME: Varena at Fountaingrove
 ADDRESS: 1401 Fountaingrove Parkway, Santa Rosa, CA ZIP CODE: 95403 PHONE: 707-526-1226
 PROVIDER NAME: Varena at Fountaingrove FACILITY OPERATOR: Varena at Fountaingrove
 RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: N/A
 YEAR OPENED: 2007 # OF ACRES: 29 SINGLE MULTI- OTHER: Both MILES TO SHOPPING CTR: <1
 STORY STORY MILES TO HOSPITAL: <1.5

NUMBER OF UNITS:

RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO: _____	ASSISTED LIVING: <u>35</u>
APARTMENTS — 1 BDRM: <u>9</u>	SKILLED NURSING: _____
APARTMENTS — 2 BDRM: <u>127</u>	SPECIAL CARE: _____
COTTAGES/HOUSES: <u>27</u>	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: <u>98.69</u>	> _____

TYPE OF OWNERSHIP: NOT-FOR-PROFIT FOR-PROFIT ACCREDITED?: YES NO BY: _____

FORM OF CONTRACT: CONTINUING CARE LIFE CARE ENTRANCE FEE FEE FOR SERVICE
(Check all that apply) ASSIGNMENT OF ASSETS EQUITY MEMBERSHIP RENTAL

REFUND PROVISIONS: *(Check all that apply)* 90% 75% 50% FULLY AMORTIZED OTHER: 0%/100%

RANGE OF ENTRANCE FEES: \$ 160,000 - \$ 1,500,000 **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: N/A

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: Physician's Report

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): > _____
The Governing Body Member meets with residents and/or the resident association at least semi-annually. Residents can convey any concerns and provide input during those meetings or at any time to the community management team.

FACILITY SERVICES AND AMENITIES					
<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4-5</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>1-3</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER <u>Theater/Ballroom</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

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

PROVIDER NAME: Varena at Fountaingrove

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

Cardinal Point at Mariner Square

Alameda, CA

510-337-1033

Varena at Fountaingrove

Santa Rosa, CA

707-526-1226

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	\$13,516,900	\$49,542,300	\$46,202,600	\$20,427,000
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	\$13,776,900	\$53,824,700	\$44,937,400	\$18,148,900
NET INCOME FROM OPERATIONS	\$(260,000)	\$(4,282,400)	\$1,265,200	\$2,278,100
LESS INTEREST EXPENSE	\$(2,433,800)	\$(3,184,800)	\$(3,057,100)	\$(3,006,200)
PLUS CONTRIBUTIONS	\$29,800,000	\$102,730,500	\$30,231,300	\$5,204,700
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	\$300	\$64,600	\$655,500	\$83,800
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$27,106,500	\$95,327,900	\$29,094,900	\$4,560,400
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	\$(87,400)	\$7,673,700	\$8,460,500	\$8,038,400

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

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
See Attached					

FINANCIAL RATIOS (see next page for ratio formulas)

	2019 CCAC Medians 50th Percentile <i>(optional)</i>	<u>2020</u>	<u>2021</u>	<u>2022</u>
DEBT TO ASSET RATIO		.500	.514	.456
OPERATING RATIO		1.084	0.970	.883
DEBT SERVICE COVERAGE RATIO		1.04	2.47	3.71
DAYS CASH ON HAND RATIO		219	264	513

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2019</u>	%	<u>2020</u>	%	<u>2021</u>	%	<u>2022</u>	%
STUDIO								
ONE BEDROOM	\$5,837	3.9	\$6,123	4.9	\$6,582	7.5	\$6,812	3.5
TWO BEDROOM	\$7,470	3.9	\$7,836	4.9	\$8,424	7.5	\$8,719	3.5
COTTAGE/HOUSE	\$6,256	3.9	\$6,563	4.9	\$7,055	7.5	\$7,302	3.5
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE								

COMMENTS FROM PROVIDER: > _____
 > _____
 > _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{ Depreciation Expense} \\ - \text{ Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{ Interest, Depreciation, and Amortization Expenses} \\ \text{Amortization of Deferred Revenue} + \text{ Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{ Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

DESCRIPTION OF PROVIDERS CONSOLIDATED SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

12/31/2022

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Freddie Mac / Greystone Servicing Corp	\$ 50,354,100	4.25	Aug-15	Aug-25	10 Years
Summit State Bank	\$ 1,772,900	4.76	Jul-14	Jul-24	10 Years
Greystone Servicing Corp	\$ 17,500,000	4.55	Apr-17	May-27	10 years



500 Bicentennial Way, Santa Rosa, CA 95403

Corporate Office 500 Bicentennial Way, Santa Rosa, CA 95403 707-568-6000
Bicentennial 500 Bicentennial Way, Santa Rosa, CA 95403 707-568-6100
Healdsburg 1001 Vine Street, Healdsburg, CA 95448 707-433-5959
Montgomery Village 2300 Midway Drive, Santa Rosa, CA 95405 707-568-4975
Petaluma 100 Petaluma Blvd. South, Suite A, Petaluma, CA 94952 707-263-1120
Rohnert Park 10 Raley's Towne Centre, Rohnert Park, CA 94928 707-568-4955

Return Service Requested

00000159-0000317-0001-0001-TIMR8300891231224296

Page 1 of 1

OAKMONT SENIOR LIVING LLC
ESCROW ACCOUNT
9240 OLD REDWOOD HWY STE 200
WINDSOR CA 95492

RECEIVED JAN 14 2023

Account Number: *****3342
Date 12/31/22

Privacy Policy:

Federal law requires us to tell you how we collect, share, and protect your personal information. Our privacy policy has not changed, and you may review our policy and practices with respect to your personal information at summitstatebank.com/privacy_policies.php, or we will mail you a free copy upon request if you call us at (707) 568-6000.

MONEY MARKET CHECKING OAKMONT SENIOR LIVING LLC Acct *****3342
ESCROW ACCOUNT

Table with 4 columns: Description, Date, Amount, and Flag. Rows include Beginning Balance, Deposits / Misc Credits, Withdrawals / Misc Debits, Ending Balance, Service Charge, Interest Paid Thru 12/31/22, Interest Paid Year To Date, Annual Percentage Yield Earned, Number of Days for A.P.Y.E., Average Balance for A.P.Y.E., and Minimum Balance.

Deposits and Other Credits

Table with 3 columns: Date, Deposits, Activity Description. Row: 12/30, 251.47, INTEREST EARNED

Daily Balance Summary

Table with 6 columns: Date, Balance, Date, Balance, Date, Balance. Row: 12/30, 2,960,931.61



A BETTER SONOMA COUNTY. THAT'S OUR BUSINESS

CHECKS OUTSTANDING – (CHECKS WRITTEN BUT NOT SHOWN)			
CHECK NO.	AMOUNT	CHECK NO.	AMOUNT
TOTAL		\$	

BANK BALANCE SHOWN ON THIS STATEMENT	\$ _____
ADD + DEPOSITS AND OTHER AMOUNTS NOT CREDITED ON THIS STATEMENT (IF ANY)	\$ _____
TOTAL	\$ _____
SUBTRACT – CHECKS OUTSTANDING	\$ _____
BALANCE ★	\$ _____

★ SHOULD AGREE WITH YOUR CHECKBOOK BALANCE AFTER DEDUCTING SERVICE CHARGE (IF ANY) ON THIS STATEMENT.

DEPOSIT ACCOUNT INFORMATION

(Disregard if you have a Commercial Account)

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS

Please call or write us at the phone number or address on the front side of this statement as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer or receipt. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

1. Tell us your name and account number.
2. Tell us the dollar amount of the suspected error.
3. Describe the error or the transfer you are unsure about and explain, as clearly as you can, why you believe it is an error or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will credit your account for the amount you think is in error, so that you will have use of the money during the time it takes to complete our investigation.