

**FORM 1-1**  
**RESIDENT POPULATION**

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	130
[2]	Number at end of fiscal year	137
[3]	Total Lines 1 and 2	267
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	133.5
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	130
[7]	Number at end of fiscal year	137
[8]	Total Lines 6 and 7	267
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of all residents	133.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of all residents (Line 10) and enter the result (round to two decimal places).	100.00%

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service- interest only)	\$ 15,249,000
[a]	Depreciation	\$ 2,622,000
[b]	Debt Service (Interest Only)	\$ 3,188,000
[2]	Subtotal (add Line 1a and 1b)	\$ 5,810,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$ 9,439,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	100.00%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 9,439,000
[6]	Total Amount Due (multiply Line 5 by .001)	x .001
		\$ 9,439

**PROVIDER:** Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. DBA Brookdale Northridge  
**COMMUNITY:** Brookdale Northridge



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
12/30/2016

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 Willis of Illinois, Inc.  
c/o 26 Century Blvd  
P.O. Box 305191  
Nashville, TN 372305191 USA

CONTACT NAME:  
PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378  
E-MAIL: certificates@willis.com  
ADDRESS: certificates@willis.com

INSURED Brookdale Senior Living, Inc.  
111 Westwood Place  
Suite 400  
Brentwood, TN 37027

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Underwriters at Lloyd's London	15792
INSURER B: Continental Casualty Company	20443
INSURER C: American Casualty Company of Reading, PA	20427
INSURER D: National Union Fire Insurance Company of Pittsburgh	19445
INSURER E:	
INSURER F:	

**COVERAGES**

CERTIFICATE NUMBER: W1882909

REVISION NUMBER:

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			SB-LTCA-01532-16	12/31/2016	12/31/2017	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000
	<input type="checkbox"/> Professional Liability						MED EXP (Any one person) \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 1,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC						GENERAL AGGREGATE \$ 3,000,000
	OTHER:						PRODUCTS - COM/OP AGG \$ 1,000,000
							Deductible \$ 100,000
B	AUTOMOBILE LIABILITY			5082521525	01/01/2017	01/01/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB			SB-LTCA-01403-16	12/31/2016	12/31/2017	EACH OCCURRENCE \$ 15,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB						AGGREGATE \$ 15,000,000
	<input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER Per Statute
C	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)			5082521444	01/01/2017	01/01/2018	E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Ex. Employer Liab. & Auto Liab.			SB-LTCA-01529-16	12/31/2016	12/31/2017	Per Incident \$2,000,000
							Aggregate \$10,000,000

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

Insured: Brookdale Northridge, 17650 Devonshire St, Northridge, CA 91325

Other Named Insured: Horizon Bay Realty, LLC

SEE ATTACHED

INSURER AFFORDING COVERAGE: National Union Fire Insurance Company of Pittsburgh

NAIC#: 19445

POLICY NUMBER: 03-571-04-21

EFF DATE: 12/31/2016

EXP DATE: 12/31/2017

**CERTIFICATE HOLDER****CANCELLATION**

Brookdale Northridge  
17650 Devonshire St  
Northridge, CA 91325

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

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AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_



## ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

AGENCY Willis of Illinois, Inc.		NAMED INSURED Brookdale Senior Living, Inc. 111 Westwood Place Suite 400 Brentwood, TN 37027	
POLICY NUMBER See Page 1		EFFECTIVE DATE: See Page 1	
CARRIER See Page 1	NAIC CODE See Page 1		

## ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

TYPE OF INSURANCE:	LIMIT DESCRIPTION:	LIMIT AMOUNT:
Employment Practices Liability	Aggregate	\$10,000,000
	Limit Incl	Defense Costs
	Retention	\$250,000

INSURER AFFORDING COVERAGE: National Union Fire Insurance Company of Pittsburgh  
POLICY NUMBER: 03-571-04-23 EFF DATE: 12/31/2016 EXP DATE: 12/31/2017

NAIC#: 19445

TYPE OF INSURANCE:	LIMIT DESCRIPTION:	LIMIT AMOUNT:
Crime	Limit	\$5,000,000
	Deductible	\$50,000

## ADDITIONAL REMARKS:

Coverages Included: Inside/Outside Premises; Money Orders and Counterfeit Paper Currency; Depositors Forgery Coverage and Computer Coverage.

**Qualifying Assets for Operating Reserves  
2016**

Listed qualifying assets of the provider to satisfy the reserve requirements are not pledged/designated for any other purposes.

Community	Qualifying Assets For:			
	Debt Service Reserve	Operating Reserve	Total	
Brookdale San Dimas	3,861,000	1,615,000	5,476,000	
Brookdale Northridge	3,188,000	1,940,000	5,128,000	
Brookdale Fountaingrove	3,594,000	1,782,000	5,376,000	
Brookdale Yorba Linda	3,363,000	2,117,000	5,480,000	
			<u>21,460,000</u>	Total Requirements
			<u>216,400,000</u>	Consolidated Brookdale Cash and Equivalents from 10-K (see below)
			<u>194,940,000</u>	Provider assets in excess of requirements

The following is a copy of the selected financial information from Brookdale Senior Living Inc's Form 10-K which is available at <https://www.sec.gov/Archives/edgar/data/1332349/000133234917000005/form10-k.htm#SelectedFinancialData>.

(in millions)	As of December 31,		
	2016	2015	2014
Cash and cash equivalents	\$ 216.4	\$ 88.0	\$ 103.1
Total assets	\$ 6,217.7	\$ 10,648.8	\$ 10,417.5
Total long-term debt and line of credit	\$ 2,548.8	\$ 2,941.8	\$ 3,997.0
Total capital and financing lease obligations	\$ 2,461.3	\$ 2,459.6	\$ 2,646.2
Total equity	\$ 2,077.7	\$ 2,438.7	\$ 2,892.7

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-32641

**BROOKDALE SENIOR LIVING INC.**

*(Exact name of registrant as specified in its charter)*

Delaware  
*(State or Other Jurisdiction of  
Incorporation or Organization)*

20-3068069  
*(I.R.S. Employer  
Identification No.)*

111 Westwood Place, Suite 400  
Brentwood, Tennessee 37027  
*(Address of Principal Executive Offices)*

*(Registrant's telephone number including area code)*

(615) 221-2250

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class  
Common Stock, \$0.01 Par Value Per Share

Name of Each Exchange on Which Registered  
New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

**LBMC**

**MAKE A GOOD  
BUSINESS BETTER**

**BLC Glenwood-Gardens AL-LH, LLC**

**S-H OpCo Camarillo, LLC**

**S-H OpCo Carlsbad, LLC**

**S-H OpCo Carmel Valley, LLC**

**S-H OpCo Rancho Mirage, LLC**

**S-H OpCo San Juan Capistrano, LLC**

**Emeritus Corporation d/b/a Brookdale**

**Northridge, Brookdale Fountaingrove,**

**Brookdale Yorba Linda and Brookdale**

**San Dimas**

**2016 Client Service Communication**



MAKE A GOOD  
BUSINESS BETTER

The Members and Board of Directors

BLC Glenwood-Gardens AL-LH, LLC; S-H OpCo Camarillo, LLC; S-H OpCo Carlsbad, LLC; S-H OpCo Carmel Valley, LLC; S-H OpCo Rancho Mirage, LLC; S-H OpCo San Juan Capistrano, LLC; and Emeritus Corporation d/b/a Brookdale Northridge, Brookdale FountainGrove, Brookdale Yorba Linda and Brookdale San Dimas (collectively the "Companies")

Dear Members and Board of Directors:

We have audited the continuing care reports Forms 5-1 through 5-5 ("the Reports"), prepared pursuant to the requirements of the report preparation provisions of California Health and Safety Code Section 1792, of the Companies for the year ended December 31, 2016, and have issued our report thereon dated April 26, 2017. Professional standards require that we provide you certain information related to the planned scope and timing of our audits. We have communicated such information in our engagement letter dated September 15, 2016. Professional standards also require that we communicate to you certain other matters related to our audits.

This information is intended solely for the use of the Members and Board of Directors, management and others within the aforementioned companies and is not intended to be, and should not be used by anyone other than these specified parties.

We appreciate the confidence you place in LBMC as your business advisor. We strive to help you stay compliant, manage risk, and improve performance in every way as you grow your business.

*LBMC, PC*

Brentwood, Tennessee  
April 26, 2017

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# Qualitative Assessments

Area	Detail
<b>Qualitative Aspects of Accounting Practices – Accounting Policies</b>	<p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We are not aware of any transactions entered into by the Companies during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the Reports in the proper period.</p>
<b>Qualitative Aspects of Accounting Practices - Estimates</b>	<p>Accounting estimates are an integral part of the Reports prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive due to: (i) their significance to the Reports; and (ii) possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Reports relate to:</p> <ul style="list-style-type: none"> <li>• <i>Calculation of revenue applicable to residents without a continuing care contract</i></li> <li>• <i>Depreciable lives of property and equipment</i></li> <li>• <i>Amortization period of resident leasehold intangibles</i></li> </ul> <p>We have reviewed and evaluated all areas where management's estimates significantly impact the Reports and have concluded that they are reasonable in the context of the Reports taken as a whole.</p>

## Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of our audit procedures.

## Interaction with Management, Independence, and Other Matters

Area	Detail
<b>Difficulties Encountered in Performing the Audit</b>	<p>For purposes of this report, "difficulties" may include matters such as:</p> <ul style="list-style-type: none"><li>• the unavailability of, or significant delays in management's providing information,</li><li>• an unreasonable time frame within which to complete the audit,</li><li>• extensive unexpected effort required to obtain audit evidence, or</li><li>• restrictions imposed on the auditor by management.</li></ul> <p>We encountered no significant difficulties in performing and completing our audits.</p>
<b>Disagreements with Management</b>	<p>For purposes of this report, professional standards define "disagreements with management" as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the reports or the auditors' reports. We are pleased to report that no such disagreements arose during the course of our audits.</p>
<b>Management Consultations with other Independent Accountants</b>	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If consultation involves application of an accounting principle to the Companies' Reports or a determination of the type of auditors' opinion that may be expressed on those Reports, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
<b>Management Representations</b>	<p>We have requested certain representations from management that are included in the management representation letter dated April 26, 2017.</p>
<b>Independence</b>	<p>We are not aware of any relationships between our firm and the Companies that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred during the period from January 1, 2016 through the date of this report.</p>

## Internal Control Related Matters

In planning and performing our audit of the Reports, we considered the Companies' internal control over accounting and financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Reports, but not for the purpose of expressing an opinion on the effectiveness of the Companies' internal control. Accordingly, we do not express an opinion on the effectiveness of the Companies' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Companies' Reports will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Client Service is a Priority

For additional information or if you have questions please contact the Audit Service Team Leader.

Andrew S. Bissonnette  
615-309-2209 Direct  
615-294-5502 Mobile  
[abissonnette@lbmc.com](mailto:abissonnette@lbmc.com)

**CONTINUING CARE  
RESERVE REPORT  
PART 5**



## INDEPENDENT AUDITORS' REPORT

Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. d/b/a Brookdale Northridge:

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 (the "Reports") of Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. d/b/a Brookdale Northridge (the "Company"), as of December 31, 2016. The Reports have been prepared by management using the report preparation provisions of California Health and Safety Code Section 1792.

### Management's Responsibility

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

### Auditors' Responsibility

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

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

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

### **Opinion**

In our opinion, the Reports present fairly, in all material respects, the liquid reserve requirements of the Company as of December 31, 2016, in conformity with the report preparation provisions of California Health and Safety Code Section 1792.

### **Basis of Accounting**

The accompanying Reports were prepared in accordance with the report preparation provisions 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. The Reports are not intended to be a complete presentation of the Company's assets, liabilities, revenues and expenses. Our opinion is not modified with respect to this matter.

### **Restriction on Use**

Our report is intended solely for the information and use of the Company and for filing with the California Department of Social Services and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*LBM C, PC*

Brentwood, Tennessee  
April 26, 2017



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					
2					
3					
4					
5					
6					
7					
8					
			\$0.00	\$0.00	\$0.00

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

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

PROVIDER: Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. d/b/a Brookdale Northridge

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					
2					
3					
4					
5					
6					
7					
8					
<b>TOTAL:</b>		\$0.00	\$0.00	\$0.00	\$0.00

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

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

**PROVIDER:** Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. d/b/a  
Brookdale Northridge

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

<u>Line</u>		<u>TOTAL</u>
1	Total from Form 5-1 bottom of Column (e)	\$ -
2	Total from Form 5-2 bottom of Column (e)	\$ -
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	\$ 3,188,000
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<u>\$ 3,188,000</u>

**PROVIDER:** Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. d/b/a Brookdale Northridge

FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 15,249,000
2	Deductions		
a	Interest paid on long-term debt (see instructions)	\$ 3,188,000	
b	Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
c	Depreciation	\$ 2,622,000	
d	Amortization	\$ -	
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ -	
f	Extraordinary expenses approved by the Department	\$ -	
3	Total Deductions		\$ 5,810,000
4	Net Operating Expenses		\$ 9,439,000
5	Divide Line 4 by 365 and enter the result.		\$ 25,860
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 1,940,000

**PROVIDER:** Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc.  
d/b/a Brookdale Northridge

**COMMUNITY:** Brookdale Northridge

FORM 5-5  
ANNUAL RESERVE CERTIFICATION

Provider Name: Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. DBA Brookdale  
 Fiscal Year Ended: December 31, 2016

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/16 and are in compliance with those requirements.

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

- [1] Debt Service Reserve Amount  
 [2] Operating Expense Reserve Amount

Amount	
\$	3,188,000
\$	1,940,000

- [3] Total Liquid Reserve Amount:

\$	5,128,000
----	-----------

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

Qualifying Asset Description

- [4] Cash and Cash Equivalents  
 [5] Investment Securities  
 [6] Equity Securities  
 [7] Unused/Available Lines of Credit  
 [8] Unused/Available Letters of Credit  
 [9] Debt Service Reserve  
 [10] Other: \_\_\_\_\_

Amount  
(market value at end of quarter)

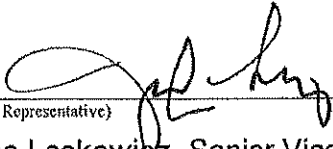
Debt Service Reserve	Operating Reserve
\$ 3,188,000	\$ 1,940,000
_____	_____
_____	_____
_____	_____
_____	(not applicable)
_____	_____

(describe qualifying asset)  
 See attached statement

Total Amount of Qualifying Assets  
 Listed for Liquid Reserve:  
 Total Amount Required:  
 Surplus/(Deficiency):

[11] \$	3,188,000	[12] \$	1,940,000
[13] \$	3,188,000	[14] \$	1,940,000
[15] \$	-	[16] \$	-

Signature:



(Authorized Representative)

Joanne Leskiewicz, Senior Vice President

(Title)

Date: 4/27/17

Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc.  
d/b/a Brookdale Northridge  
Reconciliation Schedule

Income Statement

Operating Expenses	9,439,000
Debt Service	3,188,000 A
Depreciation	2,622,000
Total operating expense	15,249,000
All Other Brookdale Senior Living Communities	4,992,814,000
Brookdale Senior Living Total Operating Expense	5,008,063,000

A The master lease that governs these communities was signed in 2014. At the beginning of 2015, we exercised a purchase option on nine communities in the lease. The capital lease liability was reallocated among the remaining communities as a result of the purchase. Hence the difference between the amortized schedule and the IS.

The following is a copy of the selected financial information from Brookdale Senior Living Inc's Form 10-K which is available at <https://www.sec.gov/Archives/edgar/data/1332349/000133234917000005/form10-k.htm#SelectedFinancialData>.

	For the Years Ended December 31:		
	2016	2015	2014
(In thousands, except per share and other operating data)			
Total revenue	\$ 4,976,980	\$ 4,960,608	\$ 5,531,706
Facility operating expense	3,799,402	3,788,862	3,210,368
General and administrative expense	315,409	370,579	280,267
Transaction costs	3,990	8,252	66,949
Facility lease expense	373,633	367,574	323,830
Depreciation and amortization	520,402	733,165	537,035
Loss (gain) on acquisition	—	—	—
Asset impairment	248,515	57,941	9,992
Loss (gain) on facility lease termination	11,113	76,143	—
Costs incurred on behalf of managed communities	737,597	723,298	488,170
Total operating expense	5,008,063	5,125,814	4,916,611
Income (loss) from operations	(31,083)	(165,206)	(84,905)
Interest income	2,933	1,693	1,343
Interest expense	(385,617)	(388,764)	(248,138)
Debt modification and extinguishment costs	(9,170)	(7,020)	(5,385)
Equity in earnings (loss) earnings of unconsolidated ventures	1,680	(804)	171
Gain (loss) on sale of assets, net	7,218	1,270	446
Other non-operating income	14,801	8,537	6,789
Loss before income taxes	(399,258)	(530,364)	(330,721)
(Provision) benefit for income taxes	(5,378)	92,209	181,305
Net income (loss)	(404,636)	(438,155)	(149,416)
Net (income) loss attributable to noncontrolling interest	259	678	436
Net income (loss) attributable to Brookdale Senior Living Inc. common stockholders	\$ (404,397)	\$ (437,477)	\$ (148,990)
Basic and diluted net income (loss) per share attributable to Brookdale Senior Living Inc. common stockholders	\$ (2.18)	\$ (2.48)	\$ (1.01)
Weighted average shares of common stock used in computing basic and diluted net income (loss) per share	185,653	184,333	148,185
Other Operating Data:			
Total number of communities (at end of period)	1,055	1,123	1,143
Total units operated(1)	—	—	—
Period end	101,768	107,786	110,219
Weighted average	106,122	109,342	84,299
Occupied leased communities occupancy rate (weighted average)	86.0%	86.8%	88.3%
RevPOR(2)	\$ 4,468	\$ 4,310	\$ 4,357

	As of December 31,		
	2016	2015	2014
(in millions)			
Cash and cash equivalents	\$ 216.4	\$ 380.0	\$ 104.1
Total assets	\$ 9,217.7	\$ 10,046.6	\$ 10,417.5
Total long-term debt and line of credit	\$ 3,559.6	\$ 3,942.8	\$ 3,997.0
Total capital and financing lease obligations	\$ 2,453.3	\$ 2,489.6	\$ 2,649.2
Total equity	\$ 3,077.3	\$ 3,487.7	\$ 3,881.3

Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. d/b/a  
Brookdale Northridge  
Disclosures Form 5-5 per H&SC section 1790(a)  
December 31, 2016

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- i The per capita costs of operation for Emeritus Corporation d/b/a Brookdale Northridge continuing care retirement community:

Form 1-2 1. Total Operating Expense	<u>\$15,249,000</u>
Form 1-1 7. Number at end of year	137

Total costs per resident	\$111,307
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- ii The construction in progress was funded through for Emeritus Corporation d/b/a Brookdale Northridge own funds, no new financing were made in FY 2016 for construction. In addition, there were no funds set aside for future projects nor for any contingency amounts for Emeritus Corporation d/b/a Brookdale Northridge

In accordance with the Code, Emeritus Corporation d/b/a Brookdale Northridge has computed its liquid reserve requirement as of December 31, 2016, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

The restricted cash consists of reserve funds required by regulatory agencies for licensed continuing care retirement communities. As of December 31, 2016, the minimum liquid reserve ("MLR") funded by restricted cash was \$5.5 million. Of the \$5.5 million, \$3.9 million was for Debt Service Reserve, to service debt and \$1.6 million was for Operating Reserve, to cover operating expenses.



#### **Note 1 to the Continuing Care Reserve Report (Part 5)**

The continuing care reserve report included in Part 5 has been prepared in accordance with the report preparation provisions of the California Health and Welfare Code (the Code), Section 1792.

Section 1792 of the Code indicates that the Company should maintain at all times qualifying assets as a liquid reserve in an amount that equals or exceeds the sum of the following:

- The amount the provider is required to hold as a debt service reserve under Section 1792.3.
- The amount the provider must hold as an operating expense reserve under Section 1792.4.

In accordance with the Code, the Company has computed its liquid reserve requirement as of December 31, 2016, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

FORM 7-1  
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) _____	N/A	\$ 4,745	\$ 8,674
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) _____	N/A	3.80%	5.70%
<input type="checkbox"/> Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)			
[3] Indicate the date the fee increase was implemented: <u>11/1/16</u> (If more than 1 increase was implemented, indicate the dates for each increase.)			
[4] Check each of the appropriate boxes: <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.</li> <li><input checked="" type="checkbox"/> All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.</li> <li><input checked="" type="checkbox"/> At least 30 days prior to the increase in monthly service fees, the designator representative of the provider convened a meeting that all residents were invited to attend.</li> <li><input checked="" type="checkbox"/> 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.</li> <li><input checked="" type="checkbox"/> The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.</li> <li><input checked="" type="checkbox"/> 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.</li> </ul>			
[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.			
PROVIDER: Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. DBA Brookdale Northridge COMMUNITY: <u>Brookdale Northridge</u>			

Form 7-1 Note

[5] Monthly service fees increased due to rate changes from annual increases from both billing and market rate adjustments of 3.8-10%. Additional factors affecting average for the year include new or burning off incentives, resident turnover, and market evaluations.

**Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. DBA**

**Brookdale Northridge**

Statement of Cash Flows - Indirect Method

For the Period January 1, 2016 through December 31, 2016

(In Thousands)

	<u>2016</u>
Cash flows from operating activities:	
Net income (loss)	\$ (1,026)
Adjustments to reconcile net income (loss) to cash provided (used in) operations:	
Depreciation	2,622
Accounts receivable	(237)
Other current assets	(53)
A/P	(276)
Empl comp & benes	7
Property taxes	93
Accrued expenses	64
Other long term liabilities	<u>(2,147)</u>
Net cash provided by operating activities	<u>(953)</u>
Cash flows from investing activity:	
Change in property and equipment	<u>(304)</u>
Net cash used in investing activities	<u>(304)</u>
Cash flows from financing activity:	
Member contributions	<u>1,256</u>
Net cash provided by financing activities	<u>1,256</u>
Net decrease in cash and cash equivalents	(1)
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of period	\$ <u>(1)</u>

**Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. DBA**

**Brookdale Northridge**

**Cash Flows-Direct Method (in thousands)**

For the Period January 1, 2016 through December 31, 2016

(In Thousands)

	<u>2016</u>
Cash Flows from operating activities	
Cash received from residents	\$ 1,459
Cash paid to suppliers and employees	(2,412)
Net cash provided by operating activities	<u>(953)</u>
Cash flows from investing activities	
Expenditures to purchase PP&E	\$ (304)
Net cash used in Investing activities	<u>(304)</u>
Cash flows from financing activities - Principle Payments	1,256
Principle payments on long term debt	\$ 1,256
Net change in cash	(1)
Cash at beginning of year	-
Cash at end of Year	<u><u>\$ (1)</u></u>
Reconciliation of net income to net cash provided by operating activities:	
Net Income/(Loss)	\$ (1,026)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:	
Depreciation and amortization	\$ 2,622
(Increase) decrease in:	
A/R	\$ (237)
Other current assets	\$ (53)
Increase (decrease) in:	
A/P	\$ (276)
Empl comp & benes	\$ 7
Property taxes	\$ 93
Accrued expenses	\$ 64
Other long term liabilities	\$ (2,147)
Net cash provided by operating activities	<u><u>\$ (953)</u></u>

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

Date Prepared: 4/27/17

FACILITY NAME: Brookdale Northridge  
 ADDRESS: 17650 Devonshire Street, Northridge, CA ZIP CODE: 91325 PHONE: 818-886-1616  
 PROVIDER NAME: Brookdale Senior Living, Inc. FACILITY OPERATOR: Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc.  
 RELATED FACILITIES: Please see below for other CCRCs RELIGIOUS AFFILIATION: None  
 YEAR OPENED: 2001 # OF ACRES: 6.08 ☐ SINGLE ☒ MULTI- MILES TO SHOPPING CTR: 1  
 STORY STORY ☐ OTHER: \_\_\_\_\_ MILES TO HOSPITAL: 4

**NUMBER OF UNITS:**

**RESIDENTIAL LIVING**

**HEALTH CARE**

APARTMENTS — STUDIO: 0  
 APARTMENTS — 1 BDRM: 0  
 APARTMENTS — 2 BDRM: 0  
 COTTAGES/HOUSES: 0  
 RLU OCCUPANCY (%) AT YEAR END: 0

ASSISTED LIVING: 90 beds  
 SKILLED NURSING: 45 beds  
 SPECIAL CARE: 25 beds  
 DESCRIPTION: > Dementia Care

TYPE OF OWNERSHIP: ☐ NOT-FOR-PROFIT ☒ FOR-PROFIT ACCREDITED?: ☐ YES ☐ NO BY: \_\_\_\_\_

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

REFUND PROVISIONS: (Check all that apply) ☐ 90% ☐ 75% ☐ 50% ☐ FULLY AMORTIZED ☐ OTHER: \_\_\_\_\_

RANGE OF ENTRANCE FEES: \$ 2,000 - \$ 4,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: N/A

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): >

> A resident representative meets with a representative of the governing body periodically to discuss budgeting and other resident matters.

**FACILITY SERVICES AND AMENITIES**

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (____ TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (____/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 type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" 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 _____	<input type="checkbox"/>	<input type="checkbox"/>			

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

PROVIDER NAME: Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc. D/B/A Brookdale Northridge

	2013	2014	2015	2016
<b>INCOME FROM ONGOING OPERATIONS</b>				
<b>OPERATING INCOME</b>				
(Excluding amortization of entrance fee income)	14,104,000	13,483,000	12,834,000	13,309,000
<b>LESS OPERATING EXPENSES</b>				
(Excluding depreciation, amortization, and interest)	8,795,000	8,351,000	8,996,000	9,438,000
<b>NET INCOME FROM OPERATIONS</b>	5,339,000	5,132,000	3,838,000	3,871,000
<b>LESS INTEREST EXPENSE</b>	2,825,000	3,094,000	3,179,000	3,914,000
<b>PLUS CONTRIBUTIONS</b>				
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b>				
(excluding extraordinary items)				
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>	2,514,000	2,038,000	659,000	(43,000)
<b>NET CASH FLOW FROM ENTRANCE FEES</b>				
(Total Deposits Less Refunds)				

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD

\*\*\*\*\*  
**FINANCIAL RATIOS** (see next page for ratio formulas)

	2015 CCAC Medians 50 <sup>th</sup> Percentile	2014	2015	2016
<b>DEBT TO ASSET RATIO</b>	(optional)	0.32	0.34	1.15
<b>OPERATING RATIO</b>		0.87	0.85	1.01
<b>DEBT SERVICE COVERAGE RATIO</b>		0.78	1.20	1.90
<b>DAYS CASH ON HAND RATIO</b>		13	9	

\*\*\*\*\*  
**HISTORICAL MONTHLY SERVICE FEES** (Average Fee and Change Percentage)

	2013	%	2014	%	2015	%	2016
STUDIO	3,129	See note	3,525				
ONE BEDROOM	3,129	See note	4,645				
TWO BEDROOM	4,373	See note	6,345				
COTTAGE/HOUSE	2,545	See note	N/A				
ASSISTED LIVING	3,029	See note	N/A		4,572	3.8	4,745
SKILLED NURSING	10,416	See note	7,620	8.0	8,209	5.7	8,674
SPECIAL CARE	4,267	See note	4,470	3.0	4,623	10.0	5,085

\*\*\*\*\*  
**COMMENTS FROM PROVIDER:** >

>  
 >

PROVIDER NAME: Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc., d/b/a Brookdale Northridge

**OTHER CCRCs**

Brookdale Carlsbad

Brookdale Carmel Valley

Brookdale Rancho Mirage

Brookdale San Juan Capistrano

Brookdale Camarillo

Brookdale Riverwalk

Brookdale Northridge

Brookdale San Dimas

Brookdale Fountaingrove

Brookdale Yorba Linda

**MULTI-LEVEL RETIREMENT COMMUNITIES**

N/A

**LOCATION (City, State)**

Carlsbad, CA

San Diego, CA

Rancho Mirage, CA

San Juan Capistrano, CA

Camarillo, CA

Bakersfield, CA

Northridge, CA

San Dimas, CA

Santa Rosa, CA

Yorba Linda, CA

**LOCATION (City, State)**

**PHONE (with area code)**

(760) 720-9898

(858) 259-2222

(760) 340-5999

(949) 248-8855

(805) 388-8086

(661) 587-0182

(818) 886-1616

(909) 394-0304

(707) 566-8600

(714) -777-9666

**PHONE (with area code)**

**FREE-STANDING SKILLED NURSING**

N/A

**LOCATION (City, State)**

**PHONE (with area code)**

**SUBSIDIZED SENIOR HOUSING**

N/A

**LOCATION (City, State)**

**PHONE (with area code)**

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



**PROVIDER NAME:** Emeritus Corporation, EmeriCare, Inc., Brookdale Senior Living, Inc., d/b/a Brookdale Northridge

### **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.